

# Integrated Report

Nankai Group Integrated Report 2024



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## The Nankai Group is making changes to the community.

### To achieve this goal, the Nankai Group is also undergoing transformation.

The Nankai Group was first founded 139 years ago.

We have collaborated with the communities and society in the southern Osaka and Wakayama areas while also working to build the transportation network.

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

The Nankai Group will also undergo significant changes under our banner of "With an entrepreneurial spirit, Nankai is firmly committed to creating DiverCity\* in Kansai."

The approximately 9,000 people who work for the Nankai Group are currently challenging themselves to open up the future by combining their wisdom and vitality.

For the well-being of people and society  
For the happiness of each and every employee and their families

\* DiverCity: A term created by combining Diversity and Diverse City (a city filled with diversity).

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## Description of the cover

The Nankai Group is a pioneer in the private railway industry, and the spirit of its founding continues to this day and into the future. Inspired by these feelings and the warmth that comes with them, corporate stance is reflected in the design of the thread. Like threads that become stronger when woven together, the Nankai Group and the local community have built a strong relationship over many years. This design incorporates a hidden diamond motif that conveys numerous threads moving dynamically at the same time, along with the countless sparkles they create.





Corporate philosophy

Nankai will explore the future with wisdom and vitality.

Contributions to society

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

Customers first

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

Taking on challenges for the future

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

Lively places for people to work together

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

Group management policies

Thoroughly ensure safety and security

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

Environmentally driven

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

Ensuring compliance meticulously

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

Putting the customer's perspective first

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

Sustainability policy

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

Brand slogan

Bound for Good Times

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

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

Editorial policy

Purpose of publication and content of the report

By putting our corporate philosophy into practice, the Nankai Group seeks to increase its value as a sustainable company and help realize a sustainable society.

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

Key points in the Integrated Report 2024

Overall concept

We view value creation at the Nankai Group as a way to realize our Corporate Image in 2050. To this end, we have positioned information on "making steady progress in executing our growth strategy," and "sustainable management to support transformation (materiality initiatives)" as core content in this report.

We have leveraged our skills in the editorial process, such as planning three features from different perspectives, to express the energy of the Nankai Group as it continues to change.

Introduction	This section offers an overview of the past, present, and future of the Nankai Group. It describes how the value we provide has changed in tune with the times, our current businesses, revenue structure and presence, and the Corporate Image in 2050 that we aim to achieve in the future. The beginning of the report visually introduces the diverse human resources that support the Nankai Group.
Messages from Management	This section describes the CEO's strong desire to achieve the Diversity (DiverCity) outlined in the Corporate Image in 2050, while the COO's message describes the steady progress of the current Medium-term Management Plan and the Group's strong will to achieve sustainable growth.
Transformation toward Achieving Nankai's Corporate Image in 2050	This section describes our value creation activities, management capital, and management plan for realizing our Corporate Image in 2050. Special Feature 1 looks at the Nankai Group's diverse value creation through the history of the Airport Line, which is celebrating its 30th anniversary, and Namba Station. Special Feature 2 explains the human resources strategy being implemented by the Nankai Group.
Sustainable Management to Support Transformation (Materiality Initiatives)	This section describes the issues that we will work on within each of the three aspects of ESG with regard to our materiality—major themes that may impact the Nankai Group's corporate value. Special Feature 3 introduces the initiatives being taken to contribute to biodiversity in the Namba area. The Roundtable for Outside Directors includes an overview of the governance system through a talk between three Outside Directors.
Business Overview and Strategy	This section contains information that will help you understand the overall picture of the Nankai Group's business portfolio and the current and future state of each business. It also includes data that we believe will be useful in our dialogue with stakeholders.
Management Information	This section gives supplementary information that can help in understanding and analyzing the company.

Information disclosure matrix

	Financial Information	Non-financial Information
Dialogue	<ul style="list-style-type: none"><li>Announcement of Financial Results, Financial Results Briefing</li><li>Meetings with Institutional Investors and Analysts</li><li>General Meeting of Shareholders</li></ul>	<ul style="list-style-type: none"><li>Meetings with stakeholders</li></ul>
Reports	<div>Integrated Report</div> <ul style="list-style-type: none"><li>Financial Results</li><li>Securities Report</li><li>Materials for Financial Results Briefings</li><li>Fact Book</li><li>Monthly Data</li></ul>	<ul style="list-style-type: none"><li>ESG Data</li><li>Corporate Governance Reports</li><li>Safety Report</li></ul>
Web	Website IR Information	Website Sustainability

Notes on future forecasts

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

Applicable term

FY2023 (April 1, 2023 to March 31, 2024)

Some information, however, is from outside this period.

Issue date

September 2024

Organizations covered

Nankai Electric Railway Co., Ltd. and 52 consolidated subsidiaries

Guidelines referenced

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





# Our History of Value Creation

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

With a 139-year history of staying close to changes in the times and people’s values, the Nankai Group will continue to be a popular choice as we provide sustainable value going forward.

## 1885 – 1945 (From our founding until the end of WWII)

### Social trends

Private capital employed to build railway networks in line with the development of modern industry

### The value we provide

**Built an extensive railway network spanning from southern Osaka to Wakayama, serving as the foundation for local modernization**

The precursor to our company was founded by 19 people, including Jutaro Matsumoto, a prominent figure in Osaka’s business community. After launching a service between Namba and Sakai (Yamatogawa) in 1885, this organization expanded its lines across southern Osaka and Wakayama. The pioneering spirit, strong vitality, and enterprising attitude from that time still remain at our company.



1885 Opened a line spanning 7.6 km between Namba and Yamatogawa



1936 Deployed Japan’s first ever air-conditioned train car

## 1950s – 1980s

### Social trends

Rapid economic growth following World War II; increasingly diverse lifestyles

### The value we provide

**Developed a wide range of businesses in the areas along our railway lines and enriched people’s lives**

In line with the diversification in people’s lifestyles, we executed many large-scale projects in rapid succession alongside initiatives to develop our transportation network, such as engaging in large-scale residential area development in suburban areas along our railway lines, opening shopping centers, and managing leisure centers. Ever since then, we have helped to develop the areas along our railway lines through our diverse businesses and have continually supported people’s lifestyles.



1950 Built the Osaka Stadium as the home base for the Nankai Hawks professional baseball team



1978 Opened Namba City, and also entered the real estate and distribution businesses

## 1990s

### Social trends

Rapid change at the end of the 20th century: opening up to the world with the opening of Kansai International Airport

### The value we provide

**Opened the Airport Line to serve as a bridge connecting Kansai with the world**

In 1994, we opened the Airport Line to provide access to the newly opened Kansai International Airport. We also started service for our iconic Limited Express Rapit. This line triggered development in the areas along our railway lines, with a view toward increasing exchange with the world.



1994 Opened the Airport Line to link Kansai International Airport with Namba



1995 Our iconic Limited Express Rapit won a Blue Ribbon Award

## 2000s

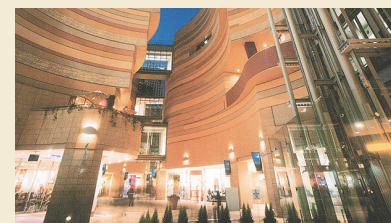
### Social trends

Decline in the productive population, maintenance of road networks, and adverse conditions for the railway business

### The value we provide

**Created liveliness through redevelopment in Namba and overcame the aftereffects of Japan’s economic bubble bursting as we took on challenges for the future**

We completed our Namba district redevelopment project, which had been underway for many years. Namba Parks saw its grand opening at this time, giving a major boost to development in the Minami area of Osaka. We overcame many challenges in a harsh business landscape, such as the decrease in railway passenger numbers and a fall in land prices. Our experience from this has fueled growth in the next generation.



2003 Opened Namba Parks with the concept of the city, people, and nature coexisting in harmony



2004 Koyasan registered as a World Heritage Site at the end of one of our railway lines

Our company was founded in 1885 as the first railway company in Japan to be entirely funded by private capital. Through numerous extensions, mergers, and divisions, we built a transportation network that is irreplaceable for many people who need to reach their destination. Besides our railway-related ventures, we have also made great strides in developing various businesses (such as our Bus Business, Tramway Business, and Ferry Business) by connecting individual “points” at communities to form “lines” in a network within our business area.

We have gone one step further to support wide-ranging “planar” benefits for the areas along our railway lines. These include urban center development in Namba Parks, large-scale residential area development in suburban areas along our railway lines, community revitalization projects carried out in collaboration with local governments and companies along our railway lines, and other initiatives that utilize the ample resources and human networks in the area. The Nankai Group places a strong focus on safe and secure mobility services as it continually makes people’s lives more convenient through a wide range of businesses. Seeking to solve social issues and realize an enriched, sustainable society that exudes “Bound for Good Times” for a better future, we drew from our roots within the local communities built through our continual support for people, towns, and lifestyles over the last 139 years.

## 2010s

### Social trends

Growth in inbound tourism, Osaka selected for EXPO 2025, and vitality for the Kansai economy

### The value we provide

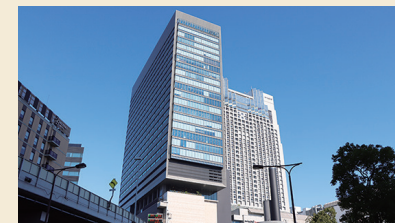
**Grew with a glocal\* perspective and created appeal for the areas along our railway lines**

We captured demand from overseas tourists, brought the current Semboku Rapid Railway into our group, opened NAMBA SkyO, and carried out various other activities as we grew together with the local area. We continue to play a role of linking the areas along our railway lines with many people both in Japan and abroad, as well as reinforcing connections with people and the areas along our railway lines.

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



2014 Acquired all Osaka Prefectural Urban Development stock and brought it into the Group as Semboku Rapid Railway



2018 Opened NAMBA SkyO as a hub for international exchange

## 2020s –

### Social trends

The COVID-19 pandemic brought significant changes to people’s lives and values regarding mobility

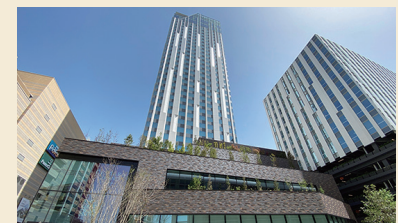
### The value we provide

**Seeking to realize an enriched and sustainable society with the Spirit of Nankai’s collaborative creation (Kyoso)**

The future is uncertain in a post-COVID world. In light of this, we established our Corporate Image in 2050 to fulfil our responsibility to continue providing our services. Going forward, we aim to obtain the most popular areas along railway lines and realize a sustainable society under the banner of collaborative creation with stakeholders.



2020 Promoted functionality enhancement of logistics facilities



2023 Opened Namba Parks South, a new location in the southern part of the Namba area



# The Nankai Group's Presence

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

## Corporate profile

(as of March 31, 2024)

Company name	Nankai Electric Railway Co., Ltd.
Founded	December 27, 1885
Registered Head Office	2-1-41 Shikitsu-higashi, Naniwa-ku, Osaka 556-8503, Japan
Share capital	72,983 million yen
Number of employees	2,642 (non-consolidated); 8,919 (consolidated)

### Transportation Business

**34 companies**

- Railway Business
- Tramway Business
- Bus Business
- Ocean Freight Business
- Cargo Transportation Business
- Vehicle Maintenance Business



Operating kilometers on railroads (Nankai + Semboku)

**169.1 km**



Number of passengers transported per year (Nankai + Semboku)

**260,755 thousand**



Number of cars (Nankai + Semboku)

**826**



Number of stations (Nankai + Semboku)

**105**

### Real Estate Business

**5 companies**

- Real Estate Leasing Business
- Real Estate Sales Business



Size of major rented office areas in the Namba area

**Approx. 100,000 m<sup>2</sup>**



Size of rented logistics facilities

**Approx. 450,000 m<sup>2</sup>**



Number of built-for-sale condominiums

**106**

### Distribution Business

**9 companies**

- Management of Shopping Centers
- Station Premises Business
- Other



Sales

**36.7 billion yen**

Number of customers going through cashiers

**11.64 million**



Sales

**26.2 billion yen**

Number of customers going through cashiers

**6.65 million**

### Leisure and Services Business

**20 companies**

- Travel Agency Business
- Hotels and Traditional Japanese Inns
- Boat Racing Facility Leasing Business
- Building Management and Maintenance Business
- Funeral Business
- Other



Number of customers going to Boat Race Suminoe

**1.09 million**



Number of golf facilities

**2**



Number of funeral halls

**17**

### Construction Business

**4 companies**

- Construction Business



Monetary amount of orders received for construction works (Nankai Tatsumura Construction Group)

**37.7 billion yen**

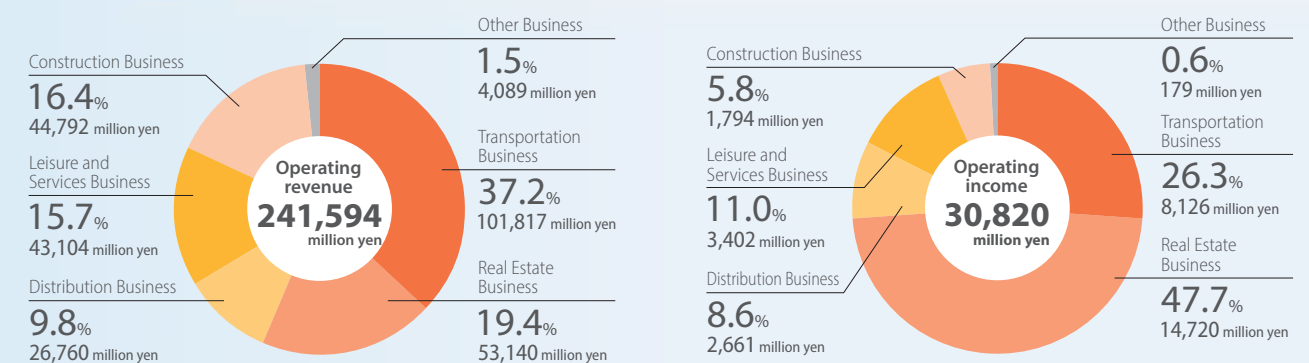


Monetary amount of orders received for civil engineering works (Nankai Tatsumura Construction Group)

**14.6 billion yen**



Segment operating revenue and operating income (in FY2023)



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

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

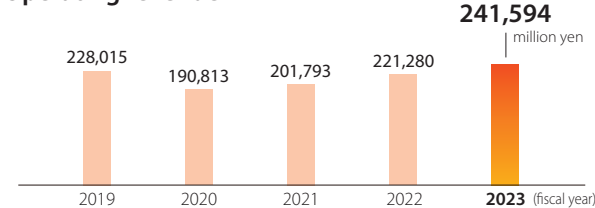
\* The Nankai Group comprises six segments, namely the five segments given above in addition to "Other Business (eight companies)." It consists of 76 companies: Nankai Electric Railway Co., Ltd., 52 consolidated subsidiaries, 17 non-consolidated subsidiaries, and six non-equity-method affiliates.



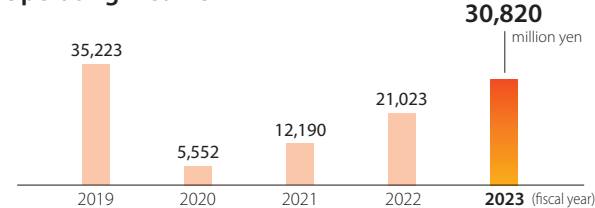
# Financial and Non-financial Highlights

## Financial

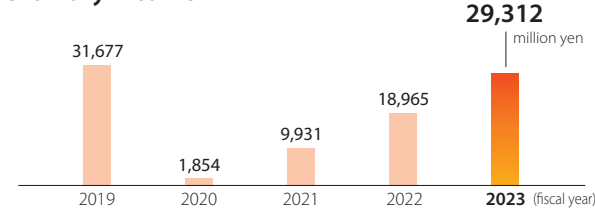
### Operating revenue<sup>\*1 \*2</sup>



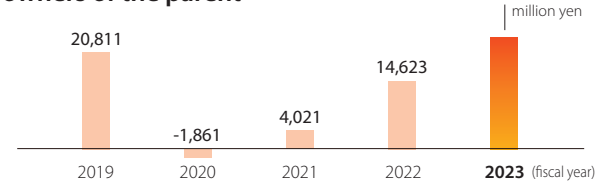
### Operating income



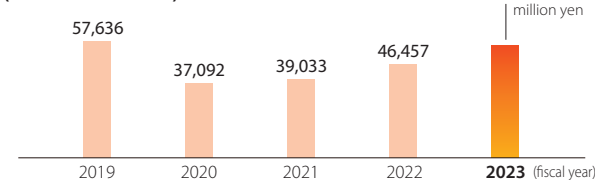
### Ordinary income



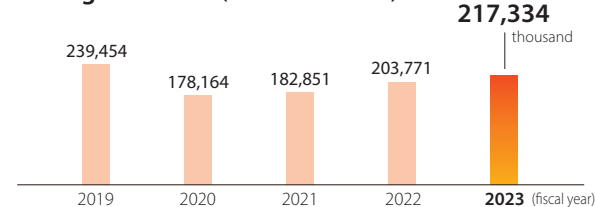
### Profit or loss attributable to owners of the parent



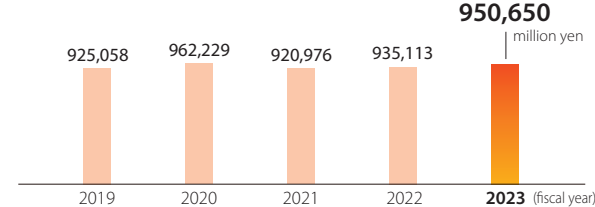
### Revenue from passenger transport (non-consolidated)



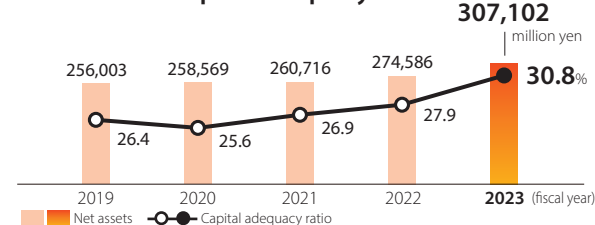
### Passengers carried (non-consolidated)



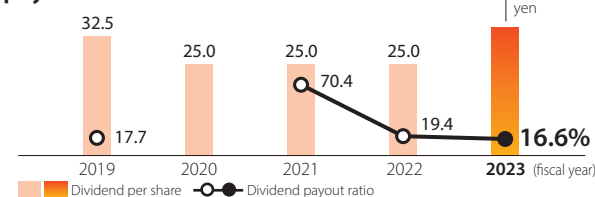
### Total assets



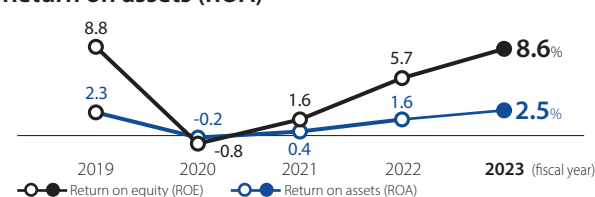
### Net assets and capital adequacy ratio



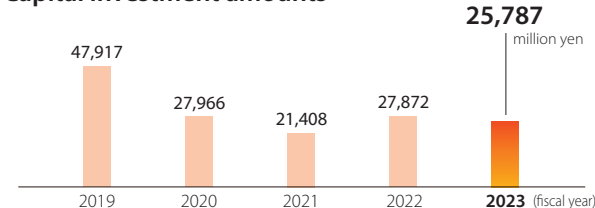
### Dividend per share and dividend payout ratio<sup>\*3</sup>



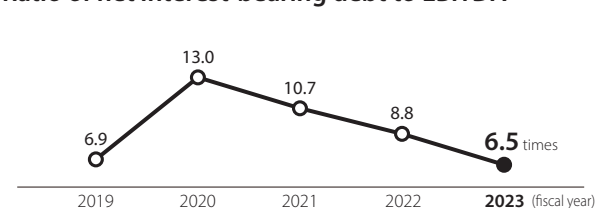
### Return on equity (ROE) Return on assets (ROA)



### Capital investment amounts



### Ratio of net interest-bearing debt to EBITDA<sup>\*4</sup>



\*1 Operating revenue does not include consumption tax, etc.

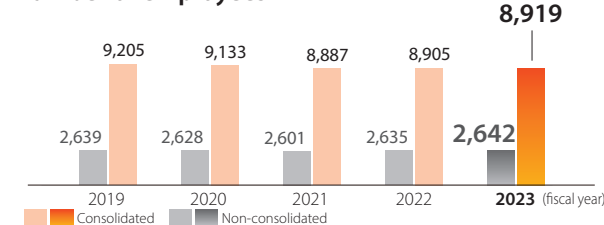
\*2 The "Accounting Standard for Revenue Recognition," etc., has been applied since the beginning of FY2021.

\*3 There was a net loss in FY2020, so the dividend payout ratio is not shown here.

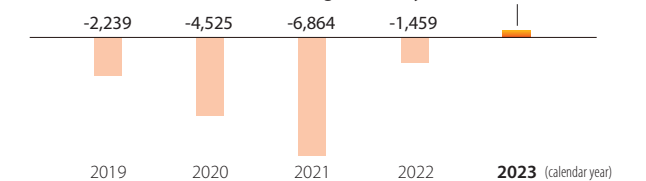
\*4 EBITDA: Operating income + Dividend income + Depreciation and amortization

## Non-financial

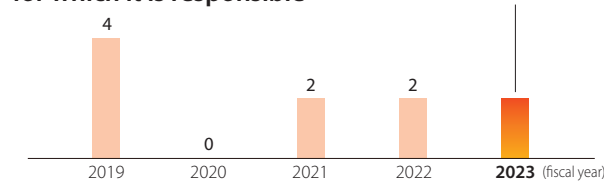
### Number of employees



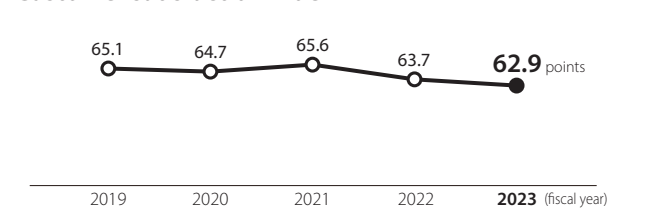
### Demographics along our railway lines (social increase or decrease) \* Excluding Osaka City



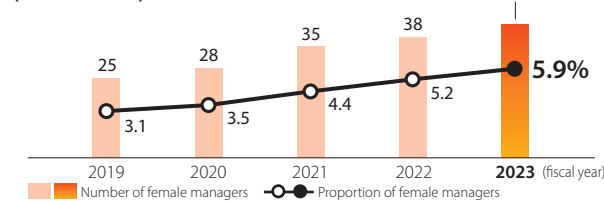
### Number of accidents, etc. in the railway business for which it is responsible<sup>\*5</sup>



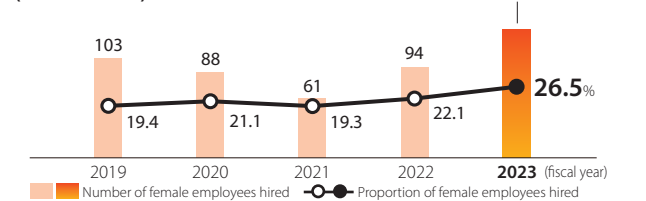
### Customer satisfaction index



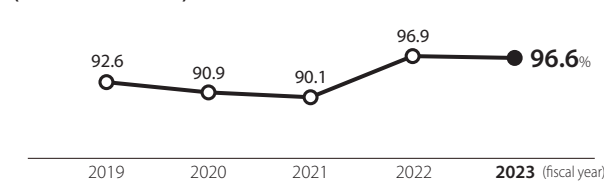
### Number and proportion of female managers (consolidated)<sup>\*6</sup>



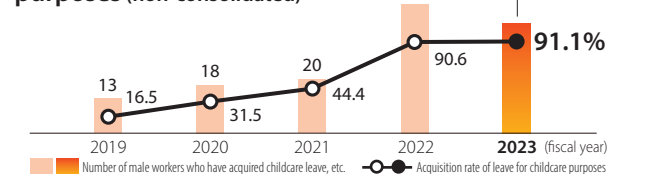
### Number and proportion of female employees hired (consolidated)<sup>\*7</sup>



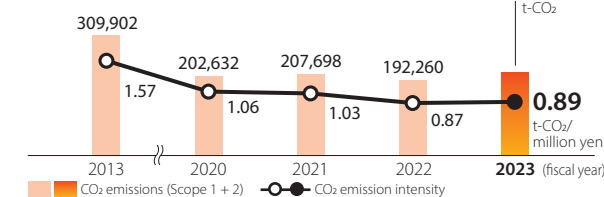
### Average acquisition rate of annual paid leave (non-consolidated)



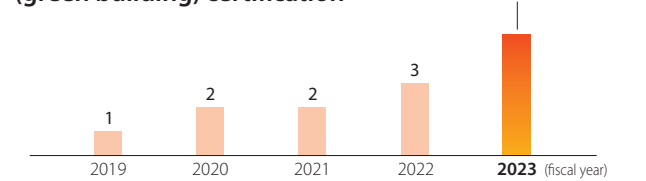
### Rate of male workers who have acquired childcare leave, etc. or leave for childcare purposes (non-consolidated)<sup>\*8</sup>



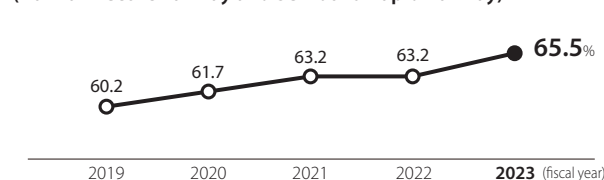
### CO<sub>2</sub> emissions and emission intensity (consolidated)<sup>\*9</sup>



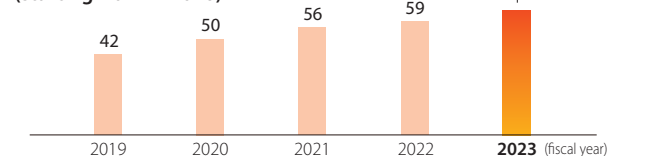
### Environmentally-friendly building (green building) certification<sup>\*10</sup>



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



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



\*5 Incidents in the railway business, transportation failures (limited to delays or suspensions of service for at least three hours), and other incidents for which we are responsible.

\*6 Definition up to FY2021: Management positions refer to supervisory and managerial positions that are not subject to working-hour restrictions, etc.

\*7 Refers to the number of full-time employees (total of new-graduate hires, mid-career hires, and part-time employees hired as full-time employees).

\*8 Definition until FY2021: Childcare leave only

\*9 CO<sub>2</sub> emission intensity (CO<sub>2</sub> emissions divided by operating revenue)

\*10 Based on the DBJ Green Building certification and CASBEE Real Estate Evaluation certification



# Corporate Image in 2050

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

In March 2022, the Nankai Group announced the Kyoso 140 Plan, which is the new Medium-term Management Plan covering FY2022 to FY2024, and its Corporate Image in 2050.

## Nankai's Corporate Image in 2050

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

Community coexistence and co-creation, diverse lifestyles

Together with local communities

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

Mobility

Mission as a public transportation operator

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

Diversity and globality

"Think Globally, Act Locally"

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

Nankai identity

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

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

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

\* DiverCity: A term created by combining Diversity and Diverse City (a city filled with diversity).

## Specific approach in the four elements

The four elements of our Corporate Image in 2050 indicate our policy of upholding our fundamental stance while also pursuing new growth strategies. They reflect our commitment to a global perspective while also steadily moving forward in a grounded way that resonates with our Nankai identity.

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

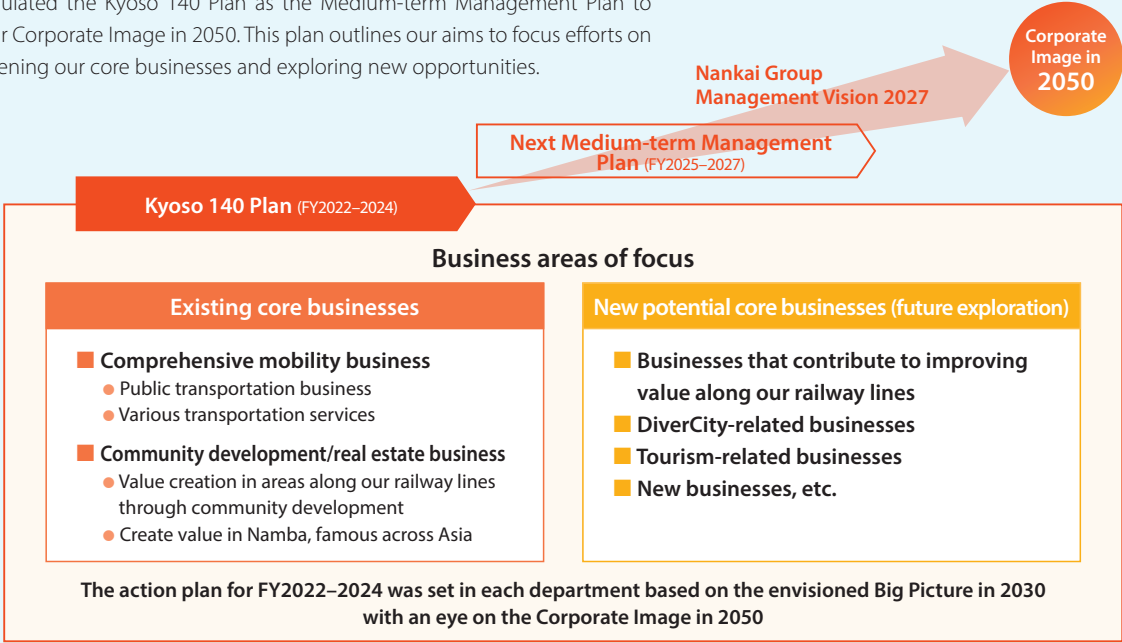
## Process for establishing our Corporate Image in 2050

Some 70 people—from young and mid-level employees to board members—participated in establishing our Corporate Image in 2050, which was developed over half a year and discussed multiple times at board meetings.



## Toward achieving Nankai's Corporate Image in 2050

We formulated the Kyoso 140 Plan as the Medium-term Management Plan to attain our Corporate Image in 2050. This plan outlines our aims to focus efforts on strengthening our core businesses and exploring new opportunities.





## CEO's Message

# Unlock the potential of local communities and continue to achieve innovation to realize our Corporate Image in 2050

### Why is the Nankai Group seeking to build DiverCity?

**At the Nankai Group, we have a sense of crisis regarding population decline in the areas along our railway lines. We aim to realize DiverCity to tackle social issues.**

The Nankai Group engages in a wide range of initiatives with a focus on our railway business in local communities from the south of Osaka to Wakayama and beyond. Ever since our founding in 1885, we have provided a broad selection of services that are rooted in the areas along our railway lines, with our efforts centered around delivering safe, secure, and pleasant transportation. Through these activities, we have grown and developed alongside the people who live in and visit the areas along our railway lines. With our corporate philosophy of "Nankai will explore the future with wisdom and vitality" alongside the key concepts of "contributions to society," "customers first," "taking on challenges for the future," and "lively places for people to work together," we have made forward strides alongside local communities.

The phrase "areas along Nankai's railway lines" has come to be used by many people as a term of endearment for the regions in which we do business. The image of the Nankai Group in the hearts and minds of the people who live and visit the areas along our railway lines, and the image of these local communities, are often seen as intertwined and overlapping concepts. As such, we have maintained a firm conviction that we share a common destiny with these communities. Over the past 139 years, both industry and community have significantly developed in the areas along our railway lines. The lifestyles and values of the people in local communities have shifted along with the times. In the face of these changes, we have endured as a company for many years while contributing in our own way to the development of the areas along our railway lines through our business activities. We are extremely proud of this achievement.

At the same time, one question has continued to weigh on my mind in recent years: How do we envision the future for the areas along our railway lines? Japan has a declining birthrate and aging population, and the areas along our railway lines are similarly experiencing a continual fall in their populations. Looking at the

demographic predictions from the Osaka Prefectural Government, there are no signs that the population decline will stop in the Semboku, Sennan, and Minamikawachi regions—three key locations that overlap with the areas along our railway lines. These communities may decline if we do not take action, so I have an urgent sense of crisis regarding the future of these regions.

In light of these circumstances, the Nankai Group established its Corporate Image in 2050, which it announced in March 2022. Rather than dwell on the upcoming population decline and worry about the future of the areas along our railway lines, we decided to envision an overall picture as the ideal destination, consider what should be done to reach this destination, and take action ourselves to serve as an example. Extensive discussions were held when defining our corporate image, with participants ranging from young and mid-level employees all the way up to officers. Through this process, we have sketched out the following corporate image: "With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating DiverCity in Kansai."

The term DiverCity combines two meanings within it: Diversity and Diverse City. This concept represents our desire to build a city filled with diversity and a wide range of functions in which a diverse selection of people can lead active lifestyles regardless of age, gender, or nationality. Fortunately, the areas along our railway lines include Kansai International Airport, the gateway for people visiting the Kansai area from across Asia and the rest of the world. There is also the Namba area, an appealing city that draws many people from across Asia and around the globe. Going forward, we have a firm resolve to make maximal use of these strengths while working with people in the areas along our railway lines to build communities that attract people from Japan and the rest of the world and that are highly convenient for both long-time local residents as well as a diverse range of visitors. Our Vision for FY2027 is described in our management vision and represents a milestone in the near future toward realizing our Corporate Image in 2050. We are taking steady steps to build highly desirable communities and become the most preferred corporate group through efforts to "develop the most popular areas along railway lines" and "deepen and expand the real estate business" in line with this vision.

Representative Director and  
Chairman, CEO

**Teruhiko  
Achikita**

Pictured in Parks Garden on the rooftop of Namba Parks



Nankai's Corporate Image in 2050

Community coexistence and co-creation, diverse lifestyles

Together with local communities

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

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

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Building DiverCity

The areas along our railway lines in the context of Greater Minami: Our expectations for Kansai International Airport and our philosophy for the Naniwasuji Line guide us toward DiverCity

Nankai's collaborative creation (Kyoso) with local communities: Our approach for revitalizing the areas along our railway lines

Over the past two years, I have spoken to people both inside and outside the company about the passion encapsulated within our Corporate Image in 2050. I did this with the desire to gain new partners who would empathize with our philosophy and join in Nankai's collaborative creation. As I continued to communicate with people, I became increasingly aware of the importance of "community coexistence and co-creation, and diverse lifestyles," one of the key elements of our corporate image. It is crucial to work hand-in-hand together with a wide range of stakeholders, including local governments and companies. There are expectations for so-called regional revitalization projects to serve as a trump card for curbing population decline in local communities. However, there is a limit to what a single company—or even individual local governments—can do in terms of measures for revitalizing communities.

In light of these circumstances, the Osaka Chamber of Commerce and Industry established a new organization called the Greater Minami Committee in February 2024. In general terms, Greater Minami means the southern half of Osaka Prefecture. More specifically, it represents the area that links the Senshu and Minamikawachi regions in the prefecture, with Namba and other southern urban locations in Osaka City taking a central role. The committee seeks to revitalize the whole region as a unified urban economic zone, thereby contributing toward Osaka's overall economic growth. Greater Minami includes a majority of the areas along our railway lines.

The southern area of Osaka Prefecture has a lower population density and smaller economic scale compared to northern Osaka, and estimates predict that southern Osaka will encounter a more significant population decline going forward. However, this area is at the center of Osaka's agriculture and fishing industries, and it also boasts strengths in construction material production and energy supply. With its World Heritage Sites, lush nature, and—last but not least—Kansai International Airport serving as a gateway for visitors from around the world, the region has a significant impact on its surroundings. The committee recognizes that its most pressing issue is executing concrete actions for regional revitalization that are not bound to precedent. It has defined three categories of measures: food, decarbonization, and the "Project for Attracting and Housing People from Outside Japan" utilizing the area's proximity to Kansai International Airport.

I have served as the head of the committee since its inception. Competition between communities is growing fierce with respect to maintaining and increasing population, and local governments and companies are all carrying out a wide range of initiatives on an individual basis. We seek to integrate these efforts together under the general framework of Greater Minami and create a movement that strings individual points together in lines, and then expands these lines to form wide-reaching planes. I aim for the member companies in the committee to work alongside the chambers of commerce of local governments to exert every effort toward revitalizing Greater Minami. These activities will also achieve a firm step toward realizing our goal for "community coexistence and co-creation, and diverse lifestyles," as well as for tackling social issues.

Expectations for more people using Kansai International Airport and our philosophy for the Naniwasuji Line

Kansai International Airport is a core element of the regional economy and celebrated its 30th anniversary in 2024. It has steadily gained greater value through an increase in users over three decades, and it serves as a vital driving force for accelerating regional development. When it first opened, the airport did not have many airborne passengers, but this number has grown ever

since Japan's first full-scale, dedicated LCC terminal opened in 2012. It served some 29 million people in FY2018 before COVID-19 struck, and overcame the trials that accompanied the pandemic, with a rapid recovery to approximately 25 million passengers in FY2023. In addition, it seeks to expand its capacity to accommodate around 40 million people in the near future, among other efforts such as renovating the international departures area.

The increase in people using Kansai International Airport brings about rippling effects that serve as a growth driver. In addition, the opening of the Naniwasuji Line in 2031 is another growth driver that will dramatically boost the value of the areas along our railway lines at the core of Greater Minami. The Naniwasuji Line will realize our long-held goal of directly linking our railway lines with Shin-Osaka and central Osaka, situated on the national core route. This large-scale project for the Nankai Group also bears a strong social significance. For example, it will encourage people to live in the lush and highly diverse region of southern Osaka and commute to northern Osaka, thereby offering the potential for an increase in the non-resident population (e.g., tourists) and resident population in the Greater Minami area.

We seek to synergize with these initiatives while gradually developing a more detailed picture of our Corporate Image in 2050.

Expanding existing businesses while exploring new areas to serve as a pillar of revenue

The Kyoso 140 Plan is in its final stages. We seek to develop a business to become our third pillar as we optimize our business portfolio.

Having started in FY2022, the Kyoso 140 Plan is our three-year Medium-term Management Plan. It outlines a period of restructuring businesses that suffered damage in the COVID-19 pandemic and building foundations for future growth. The second year of these efforts has ended, and we are now in the final stretch of the plan. We will continue to engage in initiatives to evolve our public transportation business into a comprehensive mobility business with sustainable management to bolster our functions in community development, with the aim of developing the most popular areas along our railway lines and to nurturing the business into a third pillar of revenue.

Optimizing our business portfolio

The stable revenue from our real estate business covered the severe damage suffered by our transportation business during the COVID-19 pandemic. Going forward, we seek to grow while bolstering the areas of our business with a proven resilience against risk. To start with, we will realize our goals of "evolving into a comprehensive mobility business" and "bolstering our functions in community development" to refine our two core businesses: the transportation business and the real estate business. Our businesses span across a wide range of fields, so we aim to identify and invest management resources into areas where we demonstrate a competitive edge, thereby achieving an efficient and powerful business structure.



We need an extra pillar of revenue in addition to our two core businesses to actively pursue future business opportunities in the face of predicted population decline over the medium to long term. We have defined future exploration as efforts to nurture this third pillar as our third business strategy within the framework of the Medium-term Management Plan.

In April 2023, we carried out a bold change in our management structure with a view toward optimizing our business portfolio. One year has passed since this change, and the new management structure is clearly on the right track.

Evolving into a comprehensive mobility business

As a result of the change in our management structure in April 2023, we merged the railway business with the divisions in charge of the Group companies running the transportation business, thereby establishing the Public Transportation Group. To continue fulfilling our fundamental role as an operator in the public transportation business, we aim to develop our existing railway business, bus business, and other initiatives, and evolve them into a "comprehensive mobility business." Specifically, we will streamline operations in the bus business by driving DX, run on-demand buses in collaboration with local governments, and carry out other efforts to provide diverse transportation services for the last mile. Through these activities, we seek to revitalize local communities. We are currently at the testing stage, but we plan to utilize the data gained through testing and carry out an ongoing process of trial and improvement to evolve our services and provide an even greater standard of quality.

Bolstering our functions in community development

The real estate business is a major pillar of revenue for us, and we aim to utilize the insight and expertise accumulated in this field as we bolster our functions in community development. We have taken our real estate development and management operational functions that contribute to medium- to long-term revenue and integrated them with our long-term community development functions. These functions are now carried out by our newly established Community Development Group. We are building physical assets such as offices, shopping centers, and homes, while also bolstering our socially oriented initiatives, such as the creation of





thriving communities. We aim to achieve community development in Namba and the areas along our railway lines with an approach that achieves synergy between these physical and social approaches.

Our logistics facility leasing business has been a stable source of income even during the COVID-19 pandemic, and it shows potential for future growth owing to our favorable locations for efficient transportation as transit points between eastern and western Japan. As such, we are working to expand revenue by converting our facilities from single- to multi-story, among other upgrades.

#### Future exploration

With a view to swiftly nurturing a third pillar to follow after our transportation business and real estate business, thereby bolstering our current business portfolio, we have established future exploration as the third business strategy in the framework of our Medium-term Management Plan, and centralized relevant operations in the newly established Business Strategy Group. With future exploration, we have defined a set amount for investment, and we have allowed new investments even in cases that may not bring short-term returns. Specific examples of businesses that we have launched include an e-sports business, tourism business, and a business to promote living in harmony with non-Japanese people. However, all of these businesses are currently at the stage of trial and improvement, and there are many challenges to overcome before we can get them on track. Exploring and nurturing new business fields present daring challenges, but we will remain resolute and steadfast as we make swift progress.

#### Enhancing the power of our human resources and organizations through innovation in the Nankai style

#### We will give the next generation our DNA of taking on challenges without fear of change.

The Nankai Group learned many lessons through the COVID-19 pandemic. We witnessed ordinary and commonplace things changing practically overnight. To be sensitive and aware of new

circumstances and take appropriate actions, it is crucial to have a freeform mindset, the ability to create innovation, and the capability to adapt. I believe that many people now have firsthand experience in how these qualities affect a company's competitiveness. For the Nankai Group to continue growing in an age of constant change, we must tackle new challenges and take a bold stance without fear of change within ourselves.

The Nankai Group's DNA has always been to take on challenges without reluctance toward the unknown and it has passed on this DNA across generations. Hankai Railway is the precursor to Nankai and was the first railway company in Japan to be entirely funded by private capital. Japan's first railway service was launched in 1872, running between Shimbashi in Tokyo and Yokohama, and the country's railway network has gradually expanded ever since. At the start, all services were carried out as state businesses or as public-private collaborative businesses. Amid these circumstances, the predecessors of our company established a railway company in 1885 entirely through private efforts—the first endeavor of its kind in Japan—and created railroad facilities. The corporate culture has been filled with a pioneering spirit ever since its founding. I feel that this culture is embedded in the Nankai Group's DNA. We will cultivate a corporate culture with innovative ideas in our daily business activities, be they in new businesses or our railway business, predicated on safety and security.

As I mentioned in my message last year, changes and speed are key for sustainable growth. To firmly embed these elements within the organization, we are building a structure for making rapid decisions within each business while also delegating authority. In addition, to avoid the negative effects of vertical organizational structures, we are building deeper collaboration between divisions and ensuring that everyone shares a common philosophy of carrying out future-oriented efforts to boost corporate value.

We are also focusing efforts toward reforming the internal mindset, drawing from our experience during the COVID-19 pandemic. For some time now, I have believed that human resources are the most important management resource. I am strongly aware that human resources have a particularly large impact on business success, having learned this through experience in many different projects. The reason behind this fact is as follows: it is vital to make the necessary decisions at the right time to ensure business continuity, and these decisions are made by the human resources inside the organization.

We have defined the purpose of human resources management as achieving "a state whereby all employees strive for innovation in all businesses and operations." We seek to boost the synergy between individuals' strengths and the organization's strengths. We also recognize the changes in perspective among Group employees as we continue to drive reforms in our human resource system and make earnest efforts to enhance our human resources and transform our organizational culture.

To achieve the optimal human resources portfolio to support business transformation, we recognize the importance of having a wide-reaching system that accepts a diverse range of human resources as we work to expand the scope of our business. A feeling of satisfaction in work is extremely important—just as

much as wages and other forms of compensation. I believe that one of the most significant responsibilities of top management is to build an environment in which people can work with a sense of pride, achievement, and duty. I have carried our measures to this end, and I will continue to provide opportunities for talented and motivated human resources to significantly expand their scope of activity. Even when working in a completely new field, people can feel themselves growing and satisfied in proportion to the efforts that they have expended. Our human resources and overall organization become more robust as more and more employees experience this feeling for themselves. I will actively invest in human resources to pass on the philosophy of innovation in the Nankai style to the next generation.

#### The connection between environmental preservation and corporate value improvements

#### We will help realize a sustainable society by building strengths in business activities through kindness toward people and the planet.

Working to reduce our environmental burden is essential for achieving thoroughly sustainable management and is also extremely important in terms of business continuity as well. At the Nankai Group, we seek to grasp the various risks and opportunities that arise from climate change and have started to incorporate this information into our business strategy.

We have also been making active efforts for some time in biodiversity—a topic that has garnered global attention in recent years. We are working to nurture forests within our business areas and preserve green spaces owned by local governments. Parks Garden deserves particular attention in terms of preserving biodiversity in urban areas. This expansive terraced garden is situated on the roof of Namba Parks, a shopping complex that opened some 20 years ago in the center of Namba. It is like a sprawling forest within the city and has become home to a wide range of birds and insects, owing to the careful attention paid to it over two decades. Many people visit this location to relax, as well. We carried out a major renovation at this location from fall 2023 to spring 2024, helping it gain even more appeal. I recognize that it is the Nankai Group's duty to bring a positive impact to the global environment through initiatives like these, and I believe that these efforts will also contribute to a sustainable increase in corporate value over the long term.

#### Challenges undertaken by the Nankai Group

#### We will tackle the challenge of population decline in local communities, and unlock the potential of the local area. The Nankai Group will continually take on new challenges.

Each business segment achieved strong results in FY2023, owing to a recovery in transportation demand and an increase in demand

from overseas tourists in the post-COVID era. As a result, we attained the quantitative goals set in our Medium-term Management Plan a year earlier than expected in terms of operating income and ratio of net interest-bearing debt to EBITDA. With regard to finances, we are placing top priority on recovering our financial position to pre-COVID levels, and we have made some headway toward this goal. However, we are aware that our net worth is behind the general level of other companies in the same industry, so we must continue to focus on bolstering our capital in light of the various risks that may arise from changes in the business landscape.

To achieve sustainable management, we aim to not only solidify our foothold, but also drive active growth investments with a certain level of risk control to sustainably expand our cash flows. In addition, we aim to optimize our business portfolio to boost capital efficiency and increase our ROE.

As I mentioned earlier, the areas along our railway lines and our business locations are facing a major issue regarding population decline. Nevertheless, these regions have enormous potential.

Based on the concept of stakeholder capitalism, which has been gaining attention worldwide in recent years, we aim to provide a wide range of value to many different stakeholders and achieve ongoing growth in the Nankai Group as well. The Namba area is the main location of the Nankai Group, and we are promoting community development efforts here through collaborative creation with stakeholders in line with the Greater Namba concept. In addition, to revitalize an increasingly larger area to cover Greater Minami, we will take on challenges for even broader collaborative creation initiatives with a significantly more diverse range of stakeholders.

Although there is ongoing difficulty in steering management within an uncertain business landscape, I will always focus on two main approaches in my management decisions: "assembling our collective knowledge" and "maintaining a leading role." The former involves communicating with a broad range of people, and making appropriate decisions based on this information. The latter involves acting with personal dedication, a clear viewpoint, and specific goals. Going forward, I aim to focus on these two approaches while making full use of the internal corporate governance functions to carry out smart management decisions.

Kansai International Airport celebrated its 30th anniversary in 2024, and EXPO 2025 will be held in 2025. These events pose opportunities for major achievements for the areas along our railway lines and the areas in which the Nankai Group engages in business. We will seize these opportunities with both hands and boldly tackle many adversities as we work to realize our Corporate Image in 2050. I hope you will enjoy watching the Nankai Group's future endeavors.

Representative Director  
and Chairman, CEO

遠北 光彦





Representative Director and  
President, COO

**Nobuyuki  
Okajima**

Pictured in front of the Limited Express Rapi:t at Kansai Airport Station

## COO's Message

# With steady progress in the Kyoso 140 Plan, we will deliver safety and security to customers and meet the expectations of our stakeholders

**The Nankai Group has grown more robust during the three years of the COVID-19 pandemic**

**We have attained the numerical targets in the Medium-term Management Plan a year early. While we have some way to go in future exploration, our core businesses are bringing strong results.**

Since the Nankai Group significantly changed during the COVID-19 pandemic, our businesses experienced a considerable setback as we faced unprecedented adversities. We saw this as a test and faced up to it by adapting to changes and building our capabilities to respond in a flexible and robust manner. This process helped us build valuable experience.

Over the past year, I have focused my efforts as president toward achieving the goals in the Kyoso 140 Plan, which is the Medium-term Management Plan. As a result, we have realized that our performance in FY2023 that has surpassed expectations. We also achieved our goals ahead of schedule in the Medium-term Management Plan for operating income and ratio of net interest-bearing debt to EBITDA. This has been enabled by the recovery after COVID-19 and the increase in demand from overseas tourists, but these results are all thanks to the dedicated efforts of all Group employees. I would like to take this opportunity to express my gratitude to you all.

On the other hand, our investments in future exploration, investments to expand profits, and other forms of growth investments still need to undergo trial and improvement as we refine our measures in this area. Going forward, we must maintain a stance of flexibly responding to changes in the business landscape, swiftly identifying businesses that may serve as a future pillar of revenue, and rapidly investing management resources as needed.

The organization is steadily growing stronger and stronger. In April 2023, we changed the structure of our business organization with two aims: to bolster segment management and to delegate authority to divisions in charge of business execution. In this way, we have made efforts to accelerate management and boost the effectiveness of measures. Our organizational transformation is demonstrating tangible results. In the Public Transportation Group, the railway business at Nankai Electric Railway works together with the Group companies involved in the bus business, tramway business, and other areas of transportation, making it easier to consider measures for boosting the convenience of services that help local people move around. In the Community Development Group, we

have built a structure for driving two integrated areas of our businesses: our real estate business, which has functions for managing and operating existing income properties aimed at securing revenue, and our community development business, which aims to increase the population along the railway lines over the medium to long term. Through these transformations, we are now able to achieve cooperation between businesses at all short-term, medium-term, and long-term. By delegating authority and expanding the scope of matters to be judged by on-site managers, we are working to enable faster response and more flexible management in all business divisions. Members of management are now able to make bolder decisions, which also has a positive impact on nurturing human resources who will engage in management going forward. On the other hand, further creative measures regarding the operations of these systems and enhancing the quality of decision-making are crucial. Going forward, we will continue to hold trials regarding organizational operations while implementing the PDCA cycle and preparing ourselves against risks, thereby making the organization even more robust.

**Completing our efforts toward “building the foundation for growth” through the Medium-term Management Plan**

**In the public transportation business, we are focusing on boosting the value of local communities.**

**In the real estate business, we are working to further expand revenue and boost capital efficiency.**

**In future exploration, we are investigating the possibilities within a wide range of fields.**

I would like to discuss our progress in the Medium-term Management Plan, starting with quantitative elements first. Looking at the revenue environment, we can expect to see ongoing robust performance, particularly in the transportation business, due to the continued favorable conditions in tourism from overseas and the fare revision that we carried out in the second half of FY2023. Several risks are present, such as increases in costs owing to rising product prices, and the possibility of rising interest rates, but we will seek to overcome these difficulties. In terms of operating income for FY2024, we expect to absorb the impact of higher costs through a greater recovery in demand from overseas tourists than expected and fare revisions in the transportation business. Therefore, we anticipate achieving almost 4 billion yen in extra



income compared to initial plans. Similarly, in the real estate business, we expect to achieve over 1 billion yen in extra income owing to strong progress in the real estate leasing business. Meanwhile, we expect to see results that are below our original plan for our Leisure and Services Business, owing to the impact of delays in monetizing e-sports and other new businesses. Nevertheless, we expect to achieve an overall operating income that is comparable to the favorable results of FY2023, with an estimate of 4.2 billion yen above our initial plan.

Next, I would like to describe the progress we have made in our three major business strategies. We are committed to focusing all our efforts on our core theme of “building the foundation for growth.”

1. Sustainable management of the public transportation business

Our most significant mission in sustainable management within the public transportation business is to ensure safety and security, and our divisions related to work-site operations are making efforts on a daily basis to fulfill our responsibility accordingly. However, an accident occurred in February 2024 at Railroad Crossing No. 1 in Nishi-tengachaya, resulting in distress and disruption. We have worked swiftly to identify the causes and conduct emergency inspections at all railroad crossings on all lines. In addition, we will conduct thorough prevention measures so that a similar incident will never occur again.

The growing severity of natural disasters in recent years has brought increased risks, and we are making active investments to respond to these risks. There are also labor shortage issues, with a particularly pressing need to secure bus drivers. In light of these circumstances, we are pursuing proactive investments in human resources while also utilizing digital technologies to achieve efficient operations and greater convenience for passengers.

From the perspective of comprehensive mobility, our approach to fulfilling the mobility needs of local communities is a vital challenge. An effective solution to implement at the start would be to achieve smooth cooperation between railways, buses, and other existing forms of transportation. One option that could achieve this is to switch to new modes of transportation other than railways in certain areas, with profitability in mind. Eliminating all modes of transportation in a community owing to poor business profitability is inadvisable, as this would reduce the area's value. We will cooperate with local governments and all other stakeholders to explore the possibilities for many modes of transportation and respond flexibly to social changes as we continue to provide valuable services to our customers.

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

The Group's initiatives for community development through Nankai's collaborative creation serve to support solutions to social issues in the areas along our railway lines and to carry out area branding, thereby increasing the resident population, related population, and non-resident population (e.g., tourists) of these areas. The area around Namba Station is our most crucial business location. Here, we are renewing existing properties, acquiring new properties, and actively developing the properties we own, based

on the Greater Namba concept.

The Namba area is a lively tourist destination with many restaurants and leisure facilities, so it has benefitted from the demand among overseas tourists. To achieve even more significant momentum, we are working to attract companies and businesspeople by constructing offices. Namba is close to the downtown area, giving it advantages as a town for work. Companies seeking to realize new ideas and freeform working styles will likely see this area as a highly diverse city that facilitates innovation.

The Namba Hiroba opened in front of Nankai Namba Station in November 2023 to further enhance Namba's unique appeal. The site was previously an ordinary road with a large volume of car traffic, owing to its location in front of the large terminal station in the heart of town. However, it has now transformed into a unique space for pedestrians to relax. In this way, we aim to develop more refined communities with measures that cover both physical aspects, such as office building development, as well as social aspects, such as Namba Hiroba and various events.

Our growth strategy for the real estate business is to continue exploring options for boosting investment efficiency. In addition to development efforts in our landlord business with long-term holdings, we will also roll out a rotational real estate business using REITs to expand revenue and increase capital efficiency.

We are also upgrading our logistics facilities in the Kita-Osaka Logistics Center and the Higashi-Osaka Logistics Center. With a great location, high occupancy rate, and expansive premises, these facilities fuel the Nankai Group's competitive edge in the logistics business.

3. Future exploration

Our current challenge in developing new businesses is the unexpected time that it takes to launch full-scale operations. We will exert further efforts to approach markets swiftly.

We have particularly strong expectations for the tourism business, so we are looking at the Wakayama area as a new location for attracting tourists in light of further growth in demand from overseas tourists as well as the emergence of overtourism as a social issue. I previously worked at a Group company in Wakayama Prefecture, where I witnessed the area's merits firsthand. Wakayama is easily accessible from Kansai International Airport and the urban areas of Kyoto, Osaka, and Kobe. It boasts a rich natural environment with the sea, mountains, and rivers, as well as the Kumano Kodo pilgrimage route and other historical sites. The area has immense potential as a site for many different kinds of tourism. In addition to utilizing our existing assets, we will work alongside our partners who drive local collaborative creation as we further deepen the tourism business in Wakayama.

Our e-sports business is currently undergoing trial and improvement from many different angles as it works toward monetization. We will continue to pursue all possibilities for growth in line with the market's future potential.

In terms of DX strategies, our measures using data marketing have already exhibited considerable results in sending customers to shopping centers within the areas along our railway lines. Going forward, we will utilize data analysis linked with point services and deepen our customer touchpoints while encouraging further use of our services to create new business opportunities.

Aiming for major achievements in the next Medium-term Management Plan  
We will focus on developing human resources and fostering a culture to open the way to the future by taking on challenges and achieving innovation.

In FY2025, we will establish our next Medium-term Management Plan using a similar approach to our current plan—namely, a backcasting based on our Corporate Image in 2050. The scheduled projects for the Osaka IR and Naniwasuji Line are significant milestones for enhancing the value of the areas in which we operate. We are positioning the next Medium-term Management Plan as a period to prepare for these projects. As a result, we will execute strategic measures with a focus on exploring areas that will contribute to our future, including public transportation, community development, tourism, and coexistence with non-Japanese people. In addition, measures related to sustainability management are vital for the Nankai Group, where areas include investment for safety, management integration with the Semboku Rapid Railway, governance reform, human capital, and environmental response.

We place particular importance on developing human resources and fostering a culture to boost the effectiveness of the segment management system that we are currently developing and achieve tangible results in our three business strategies. In FY2023, we spent considerable time in multiple rounds of discussions regarding the ideal state for human capital management at the Nankai Group. As a result, we have clarified a direction and a specific process. The Nankai Group is rich in talent, with employees showing great potential. It is vital to build systems and a culture so that each and every individual can stay highly motivated, maximize their own potential and contribute to the organization's collective strengths with a force greater than the sum of its parts. We are entering an age in which companies must also consider how providing robust support for employees' lives—such as by providing an employment environment that can support them while they engage in childcare or elderly care—can boost their engagement and help them achieve better performance in work. Based on this, we aim to realize many different stages of employment with a focus on different work styles. Our series of discussions also clarified the requirements regarding candidates for the next generation of managers and the key human resources needed to execute important strategies. Going forward, we will exert every effort to actively seek out and systematically develop human resources who can eventually take over management.

To all our stakeholders  
Safety and security in public transportation services are the fundamental elements in all our activities.  
As we realize sustainable growth in the Nankai Group, we will strive to deliver happiness to employees and value to stakeholders.

We want to emphasize that in FY2023, we attained the quantitative



goals set in our Medium-term Management Plan a year earlier than expected in terms of operating income and the ratio of net interest-bearing debt to EBITDA. These results are a huge source of pride for all of us at the Nankai Group.

Our long-running financial measures, particularly our reduction in interest-bearing debt, have improved our finances and helped to improve our credit rating. We are currently engaged in discussions regarding the financial strategies in our next Medium-term Management Plan, which will begin in April 2025. We seek to go one step beyond our policy of giving the utmost priority to financial health by considering capital efficiency and viewing ROE as a key management metric. Additionally, we want to accurately grasp the capital costs in each business group and incorporate this information into the plan. We seek to enter a phase in which we encourage management to focus on boosting capital efficiency while also refining balance sheet management and transforming our business portfolio. With respect to shareholder returns, we will maintain our policy of long-term stability in dividends while also considering the implementation of quantitative metrics in light of the increase in our accumulated capital.

The growth of the Nankai Group is supported by public transportation services in which safety and security are fundamental elements. It is our top priority to make tireless efforts so that our customers can reach their destination safely and with peace of mind. Our goal is to provide our customers not only safety but also an exceptional feeling of security so that they will repeatedly use our services. As president of the Nankai Group, I pledge to continue building systems that promote safety and to deliver services that customers can use with peace of mind.

In our discussions regarding human capital, I felt a renewed appreciation of the importance of happiness, satisfaction in work, and growth for all people working in the Nankai Group, alongside customers' safety and security. I will continue to exert every effort among all employees at the Nankai Group to deliver value to all stakeholders on an ongoing basis through the Group's businesses.

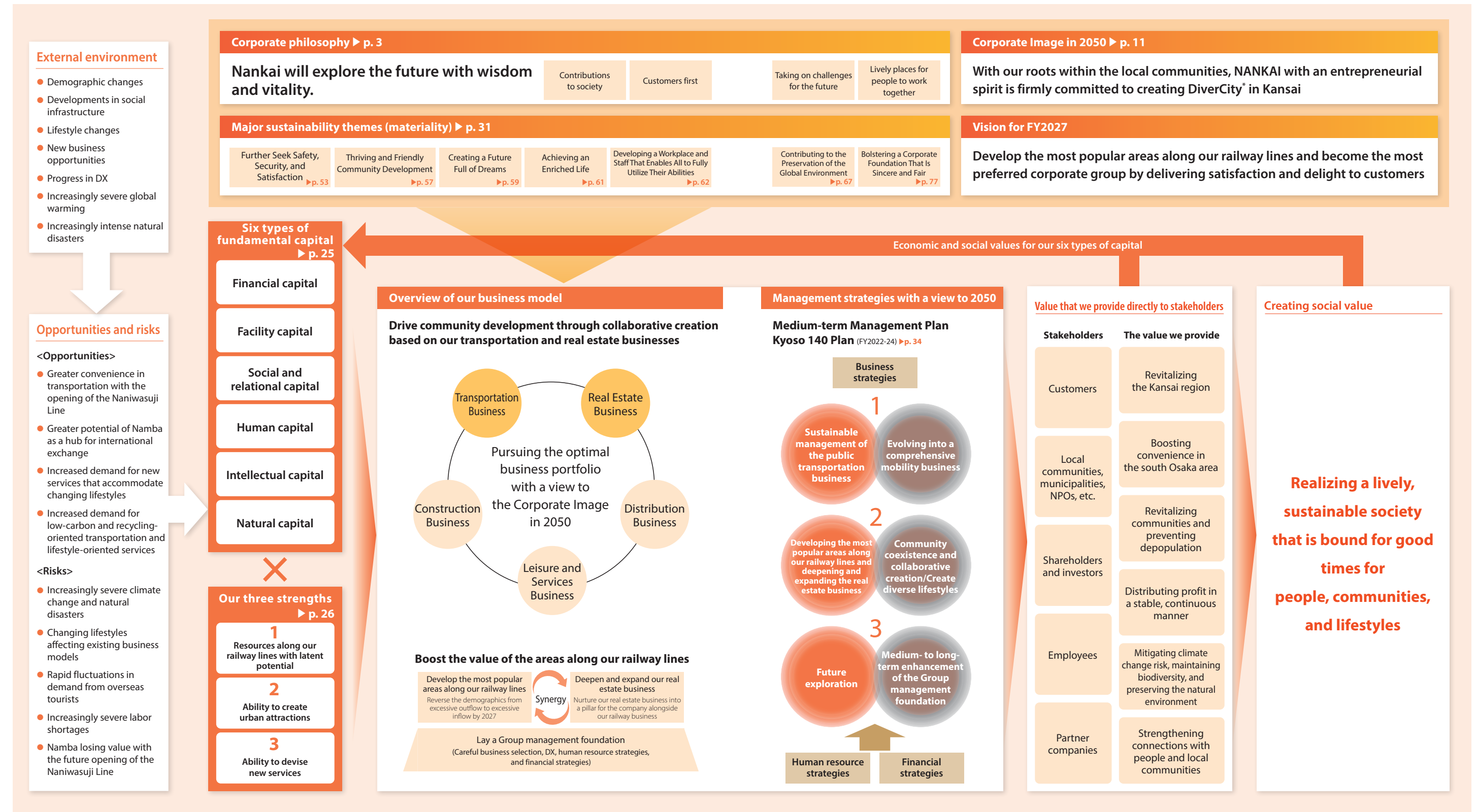
Representative Director  
and President, COO

岡嶋信行



## Our Value Creation Process

The essence of our business is to add color to people, communities, and lifestyles with ideas that are characteristic of the Nankai Group, deliver the created value to various stakeholders, and improve the value of the areas along our railway lines. We aim to enhance the cycle of value creation by refining our management capital and strengths and steadily working to enhance our business model.



\* DiverCity: A term created by combining Diversity and Diverse City (a city filled with diversity).



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

We have refined our management capital while demonstrating the strengths that we have cultivated over our long history in various aspects of our business activities. We will continue to optimize the allocation of management capital, improve our efforts to do so, and drive value creation activities with an eye toward the future.

Management capital	Promoting management capital enhancement	Strengths that should be exploited
<div>Financial capital</div> <div>Characteristics</div> <ul style="list-style-type: none"><li>A well-balanced business portfolio established over time that delivers a stable revenue flow</li><li>A stable financial foundation we have established</li></ul>	<div>Kyoso 140 Plan numerical results and forecast</div> <div><ul style="list-style-type: none"><li>Improve the return on equity (ROE)</li><li>Improve the asset efficiency</li><li>Optimize financial leverage</li></ul></div> <div><p>*1 Operating income + Dividend income</p><p>*2 Operating income + Dividend income + Depreciation and amortization</p></div>	<div>Strength 2</div> <div>Strength 3</div>
<div>Facility capital</div> <div>Characteristics</div> <ul style="list-style-type: none"><li>Traffic service assets such as extremely safe railway infrastructure</li><li>Railway lines to access Kansai International Airport</li><li>Highly profitable real estate properties and shopping centers</li></ul>	<div>3 Future exploration 8.0 billion yen</div> <div>1 Sustainable management of the public transportation business 59.2 billion yen</div> <div>2 Developing the most popular areas along our railway lines and deepening and expanding the real estate business 71.4 billion yen</div> <div>Capital investment plan for the Kyoso 140 Plan (138.7 billion yen)</div> <div><ul style="list-style-type: none"><li>Open the Naniwasuji Line</li><li>Carry out planned updates of aging facilities</li></ul></div>	<div>Strength 2</div>
<div>Social and relational capital</div> <div>Characteristics</div> <ul style="list-style-type: none"><li>The international, state-of-the-art district of Namba</li><li>The resources along our railway lines with latent potential</li><li>Strong relationship of trust with local communities and municipalities</li></ul>	<div><p>Social experiment at Namba Hiroba</p></div> <div><ul style="list-style-type: none"><li>Improve the value of assets in areas along our railways (Environmental friendliness, etc.)</li><li>Address the declining population along our railway lines</li><li>Explore tourism resources, promote tourism strategies</li></ul></div>	<div>Strength 1</div> <div>Strength 2</div> <div>Strength 3</div>
<div>Human capital</div> <div>Characteristics</div> <ul style="list-style-type: none"><li>Highly specialized human resources with business expertise</li><li>Human resources dedicated to contributing to society</li><li>Higher motivation to generate innovation</li></ul>	<div>Proportion of female managers (Consolidated)* (%)</div> <div>Proficiency level of innovation skills (Non-consolidated) (%)</div> <div><ul style="list-style-type: none"><li>Promote HR strategies in line with management and business strategies</li><li>Secure and train expert human resources who will drive the business transformation</li><li>Increase employee engagement</li><li>Promote diversity and inclusion and create innovations</li></ul></div> <div><p>* Total of workers at manager level and positions higher than manager level (excluding executives)</p></div>	<div>Strength 2</div> <div>Strength 3</div>
<div>Intellectual capital</div> <div>Characteristics</div> <ul style="list-style-type: none"><li>Outstanding trust and prominence in areas along the Nankai railway lines</li><li>Expertise in providing safe, reliable, and high-quality transportation services</li><li>Ability to create urban attractions</li><li>Ability to devise new services</li></ul>	<div><p>Poster displayed at train stations to improve the Nankai brand</p></div> <div><ul style="list-style-type: none"><li>Fully implement future exploration</li><li>Deploy measures based on data marketing</li><li>Further strengthen the Nankai brand</li></ul></div>	<div>Strength 2</div> <div>Strength 3</div>
<div>Natural capital</div> <div>Characteristics</div> <ul style="list-style-type: none"><li>Rich natural environment in the areas along our railway lines that are within commuting distance from urban districts</li><li>Facilities for environmental conservation</li></ul>	<div><p>Namba Parks rooftop park Parks Garden</p></div> <div><ul style="list-style-type: none"><li>Address and help combat climate change</li><li>Contribute to conserving biodiversity</li><li>Develop with a reduced environmental burden</li></ul></div>	<div>Strength 1</div> <div>Strength 3</div>

## Strength 1

Resources along our railway lines with latent potential

## Home to both advanced international cities and historical heritage sites

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

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

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

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

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

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

## Strength 2

Ability to create urban attractions

## Strength 3

Ability to devise new services

## Envisioning future services based on groundbreaking ideas not bound to precedent

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

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



## The Diverse Values Created by Airport Line and Namba: Growing Together with Kansai International Airport

Kansai International Airport, which is celebrating its 30th anniversary, is a leading international airport in Japan. With approximately 30 million passengers passing through each year, our Airport Line plays a central role in airport transportation. Our Group is revitalizing the areas along our railway lines in conjunction with the opening of the airport, and we have transformed Namba, our largest business hub, into a city befitting a gateway.

In this special feature, we look at the growth trajectory of the Airport Line and Namba and Namba's community development vision for 2050.

### A bridge between the world and Kansai

## The Airport Line that continues to advance

### Features of the Airport Line and the Rapi:t

Our company's Airport Line began operating at the same time as the opening of Kansai International Airport, serving as an airport access railway line connecting Kansai International Airport with Namba and other areas along our railway lines. There are currently four Airport Express trains and two Limited Express Rapi:t trains, for a total of six trains per hour.

In particular, the Limited Express Rapi:t is a symbol of our company and is very popular and well-known both in Japan and abroad. Even 30 years after its launch, it still has a strong following. The design concept is retro-futuristic, featuring a head shape that combines strength and speed with human-like curves and elliptical windows inspired by the image of an aircraft. In recent years, we have also focused on wrapped trains, and the wrapped Rapi:t trains for EXPO 2025 have also been in operation since April 2024.



The Limited Express Rapi:t, a German word meaning fast, has a top speed of 120 km/h.

### The path to growth and acceleration into the future

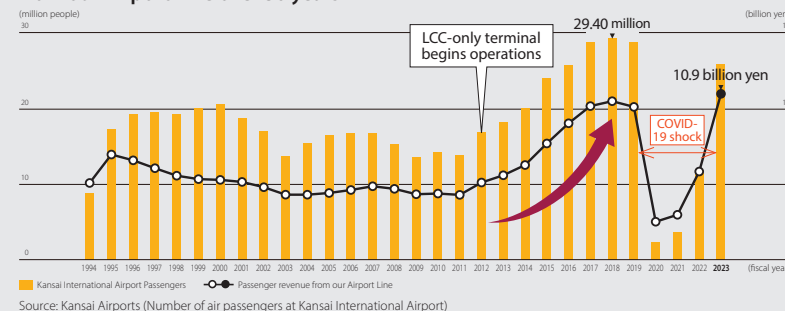
Demand for the Airport Line was slower than expected when it first started operation. Nonetheless, after LCCs began flying to Kansai International Airport, the number of users steadily increased, taking advantage of the location's proximity to Asia and the economic development of the Asian region. Despite the downturn caused by the COVID-19 pandemic, the Airport Line has continued to grow in line with the development of the tourist city of Namba, recording the highest number of users ever in the most recent FY2023.

Future growth is expected to be driven by major events, such as the expanded use of Kansai International Airport, EXPO 2025, and the Osaka IR (Integrated Resort). The Naniwasuji Line, which is scheduled to open in 2031, will connect the Kita area, including Umeda. As transportation to airports is a growth driver that will support our future, we will focus on further enhancing its value.



The occupancy rate of the Limited Express Rapi:t has remained at a high level of around 70%.

### Kansai International Airport: Number of airline passengers and passenger revenue from our Airport Line over 30 years



### Kansai International Airport

Kansai International Airport, which opened in 1994, is one of Japan's leading international airports. The airport is open 24 hours a day and serves 64 cities\* in Japan and abroad. It is used by many customers, not only from Japan but also from overseas, especially from other Asian countries.

Demand is expected to continue growing going forward with the opening of the new international departure area and the airport's overall capacity of approximately 40 million passengers.

\* Passenger flight results for the winter of 2023

## Kansai International Airport

Image courtesy of Kansai Airports



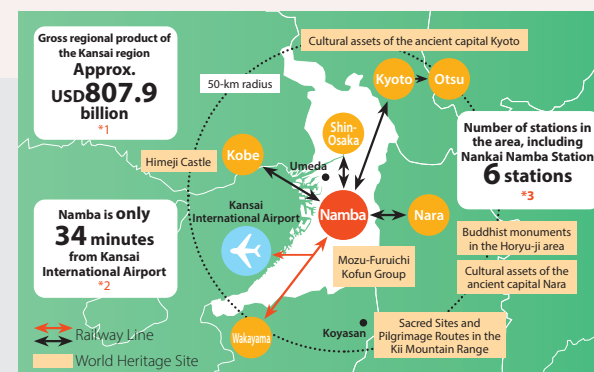
## Namba



### Namba

Namba, which is directly connected to Kansai International Airport and serves as a gateway to Kansai from around the world, is one of Japan's representative terminal cities, with a daily passenger volume of approximately 900,000.

With its wealth of tourism resources, including gourmet restaurants, shopping centers, and Dotonbori (the center of entertainment culture), Namba is a popular destination for people from Japan and overseas as a center for disseminating the unique culture of Osaka.



\*1 Source: Osaka City website, data for FY2020. Kansai is made up of six prefectures: Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama. \*2 Use of our Limited Express Rapi:t (according to our research)  
\*3 The number of stations includes the Kintetsu Railway, Hanshin Electric Railway, Osaka Metro, and JR lines.

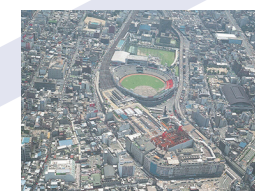
### A place for the accumulation of diverse values

## Namba, our Group's largest base

### Opening of Kansai International Airport and community development in Namba

Ever since its founding in 1885, our Group has positioned Namba as its largest base for business. The Group has grown together with the area while aiming to be at the forefront of current trends in community development efforts. Starting with the construction of Kansai International Airport to set the area on a new path of development, we established a council with companies based in the Namba area in 1989 and promoted the development concept for the Namba area.

Based on the concept of valuing Osaka identity and Namba identity, Namba Parks (a complex of offices and commercial facilities) was opened in 2003 under the concept of "Future City: Naniwa New Capital." Namba Parks, which has one of the largest rooftop parks in Japan, has significantly changed the atmosphere of Namba. With the opening of the PARKS Tower office building, it has become an opportunity to provide value not only to visitors but also to workers.



Namba in the late 1980s

### Extension of the Airport Line and further development of Namba

Even after the opening of Namba Parks, we continued to work to further enhance the value of the Namba area, including the revitalization project for the Nankai Terminal Building. In 2018, in response to the booming demand for the Airport Line, NAMBA SkyO was opened with the development concept of "To the World's Namba." As a base for international exchange where people, goods, and events from Japan and abroad come and go, NAMBA SkyO is organically connected to the rest of the globe and stands as a landmark that creates new value for the world.

Taking advantage of the increase in visitors to the city through the Airport Line, the Namba area continues to develop as an international tourist city and enhance its urban functions. To further develop and evolve the city, we will continue to promote our community development concept, in which local stakeholders work together to create and develop key locations in the Namba area where people of all ages and nationalities can gather.



NAMBA SkyO

### Stakeholder's message



Mr. Shinya Hashizume

Ph.D. in Engineering, Special Professor at the Organization for Research Promotion, and Director of the Research Institute for Tourism Industry at Osaka Metropolitan University

### Changing with history, Namba drives Kansai's sustainable development

The Namba area is part of Minami, one of Japan's most famous entertainment districts. Particularly in the modern era, the area developed as a terminal-type commercial district around Namba Station, which opened in 1885, and adjacent to entertainment and show districts. Later, in the early Showa period, Takashimaya Nankai (now Takashimaya Osaka) was opened. During the postwar reconstruction period, Takashimaya added a New Broad Floor extension, and Osaka Stadium and Nankai Kaikan were completed. After that, the entire Namba City shopping center opened in 1980. The area has always created new excitement in response to the changing times and the demands of society.

The turning point was the opening of Kansai International Airport in 1994. The Airport Line's express service, known as the Limited Express Rapi:t, became a hot topic as it was entrusted with the function of being a gateway between Osaka and the rest of the world. Meanwhile, the redevelopment of the site of the former Osaka Stadium, based on the concept of "Future City: Naniwa New Capital" is progressing, and Namba Parks has been opened. In recent years, the Namba area has entered a new phase. The number of high-rise condominiums in the area has also increased, and hotels have opened. In 2018, Namba SkyO opened, and the development of Namba Hiroba, which has become a new hub for the area, also progressed. The Namba area is beginning to transform from a traditional commercial center to an urban center that combines functions such as work, living, and leisure. In the future, the value of the Namba area is expected to increase even more with the improvement of the Naniwasuji Line and the construction of new stations.

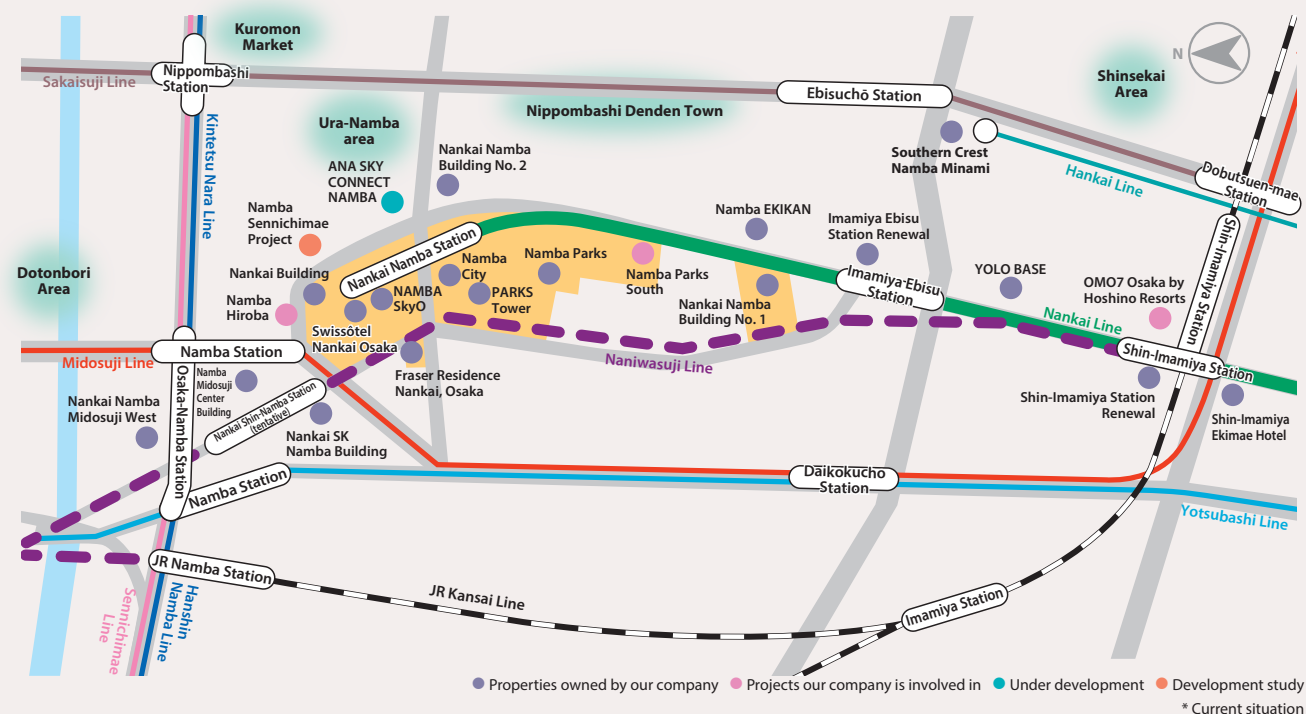
Following the COVID-19 pandemic, inbound tourism has recovered, and the hosting of EXPO 2025 will be a good opportunity for Osaka to attract attention from around the world. The Namba area is expected to function as a gateway to the international tourist city, creating night culture and accumulating new entertainment more than ever before. It is hoped that Nankai Electric Railway will contribute to the sustainable development of Osaka and the Kansai region by enhancing the attractiveness of the Namba area.



# Namba City Planning for 2050

## Current location

### The changing Namba, a hub for a new future

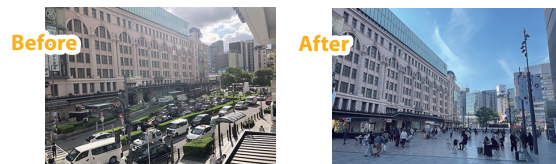


#### Collaborative creation project 1

### Namba Hiroba: The face of Osaka is changing, becoming a people-centered space

As a member of the community, we are transforming the area in front of the station, which is the symbol of Namba, into a people-centered plaza where visitors from Japan and abroad can stay. At Namba Hiroba, which was partially opened to the public in November 2023, we are inviting events and conducting social experiments to promote walking around the area centered around the Hiroba.

After the development of Nansan Street, which is located southeast of Namba Hiroba, the entire project is scheduled to be completed in March 2025, before the opening of EXPO 2025. Compared to before the opening of Namba Hiroba, both the number of visitors to the district and the duration of their stay in the Hiroba have increased, and the effects are beginning to be felt. We will continue to accelerate co-creation with the city of Osaka and local stakeholders to create a new symbolic space that will serve as a base to get around in Namba.



Before and after Namba Hiroba: Transforming from a space centered around cars to a space centered around people

#### Collaborative creation project 2

### Namba Parks South: Bringing new vitality to the Namba area

The new district, Namba Parks South, opened in July 2023 on a site of approximately 9,000 square meters to the south of Namba Parks, creating a new spread of energy and growth in the Namba area.

The new district—which consists of three facilities, including Centara Grand Hotel Osaka, a luxury hotel from Thailand making its first foray into Japan, and Parks South Square, which provides new office space in the Namba area—has complemented and expanded the functions of lodging, living, and working. It has been a little more than a year since the opening of this district, and it is off to a strong start as a base for sightseeing and business in the Namba area. It is a facility that embodies the Greater Namba concept that our company has been advocating, with the expansion of the area to the south.

NAMBA  
PARKS  
SOUTH

Namba Parks South:  
As a new base for activities in Namba, we are seeing a response to the revitalization of the south side of Namba Station



To realize the Corporate Image in 2050, community development in Namba is an essential mission for our company.

Based on co-creation and collaboration with local stakeholders, such as the government and local shopping districts, we will accelerate the Greater Namba concept to revitalize the Namba area by expanding its scope to include a broader region and work with the local community to create the next generation of Namba.

## Future vision

### Greater Namba vision

#### Our approach to community development

#### Vision of our declared Greater Namba 2050

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

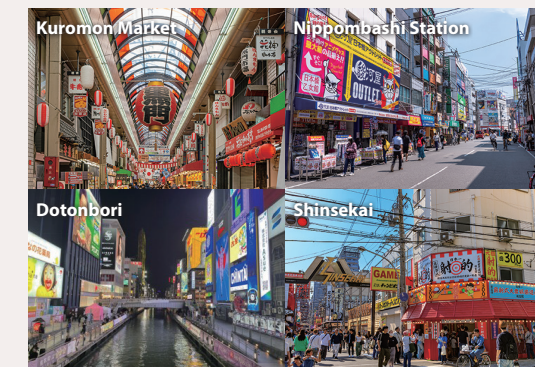
#### Our community development policies

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

#### Target impact

$$\begin{matrix} \uparrow & \uparrow & \uparrow & \uparrow \\ \text{Opportunities} & \text{Number of visitors} & \text{Duration of stay} & \text{Frequency of visits} \\ \text{for consumption} & \text{to the district} & \text{Time} & \text{Frequency} \\ \text{Chance} & \text{Number} & & \end{matrix} =$$

Going forward, various opportunities are expected to arise that will stimulate the Kansai economy, and it is hoped that momentum will grow to shape the future of Namba. Our Group has formulated the Greater Namba Vision and aims to realize Entertainment Diversity (ENTAME-DIVER-CITY) as the next generation of Namba through the implementation of various measures. By building a foundation for both social and physical infrastructure, such as



Major spots that make up the Greater Namba area

deepening existing facilities, real estate development, public space utilization, and human resource development, we aim to increase the number of visitors to the district, the duration of their stay, and the frequency of their visits. In turn, this will increase opportunities for consumption, thereby enhancing the sustainability of the Namba area and helping to create a sustainable liveliness.

### Social impact of the Greater Namba concept

With the Greater Namba concept in mind, our Group invested approximately 13 billion yen in community development in Namba under the previous Medium-term Management Plan, the Kyoso 136 Plan. Under the current Medium-term Management Plan, the Kyoso 140 Plan, we plan to allocate a similar amount of money to investments aimed at increasing profits in the Namba area.

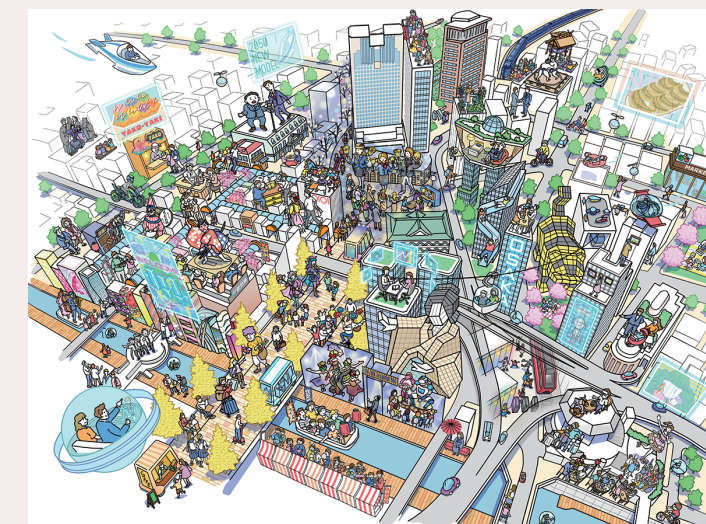
On the site facing Nansan Street on the east side of Namba Station, we are considering the commercialization of a large high-rise complex building with a joint business partner, which is in line with the urban planning decisions of Osaka City. With the opening of the Naniwasuji Line in mind, we will also be looking for properties in the area around Nankai Shin-Namba Station (tentative name) in order to take action against the risk of Namba becoming a transit area. We plan to continue to invest management resources with the highest priority in initiatives for Greater Namba in the future.

In addition, we are also focusing on soft initiatives, such as providing worker support for the approximately 15,000 people who work in the office buildings and commercial facilities we manage in the Namba area, overseeing the operational management of Tombori Riverwalk (the Dotonbori River promenade), engaging in area management activities through the Minami Community Development Network, and carrying out a Creator-in-Residence program to develop opportunities for creative activities in the Namba area.

By sharing the goal of "making Namba an even better community" with a wide range of stakeholders and striving to

create an area that is even more exciting with entertainment at its core, we hope to create a virtuous cycle that will contribute to increasing the social value of the Nankai brand by co-creating a community that is full of liveliness and charm, and by increasing the appeal of working and living near such a community.

#### The future image of the Namba area, which is growing as an international tourist city



Taken from the community development vision announced in April 2022 by the Community Development Conference for Enhancing the Urban Status of the Namba Area Through Public-private Collaboration (Secretariat: Osaka Chamber of Commerce and Industry and our company). This perspective drawing has been created to give you an idea of the vision and has not been created with the consent of the organizations or landowners involved.



# Major Sustainability Themes (Materiality)

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

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

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

\* After the publication of the Nankai Group Integrated Report 2023, we spoke with external experts, shareholders, and investors.

Sustainability Policy

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

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

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



See below for the details of the identification process

<https://www.nankai.co.jp/en/sustainability/materiality/process>



### System to promote the Sustainability Policy





# History of the Medium-term Management Plan and Overview and Progress of the Kyoso 140 Plan

Our Group has achieved sustainable growth by capturing changes in the external environment and implementing the Medium-term Management Plan that promotes internal reform. For the three years from FY2022 to FY2024, under the theme of “creating new value together with stakeholders,” we are continuing to use the term “Kyoso” (collaborative creation) in the name of our plan (as in the previous Medium-term Management Plan) and are promoting the Kyoso 140 Plan with the aim of realizing the Nankai Group Management Vision 2027 and Corporate Image in 2050.

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

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

Corporate Image in 2050

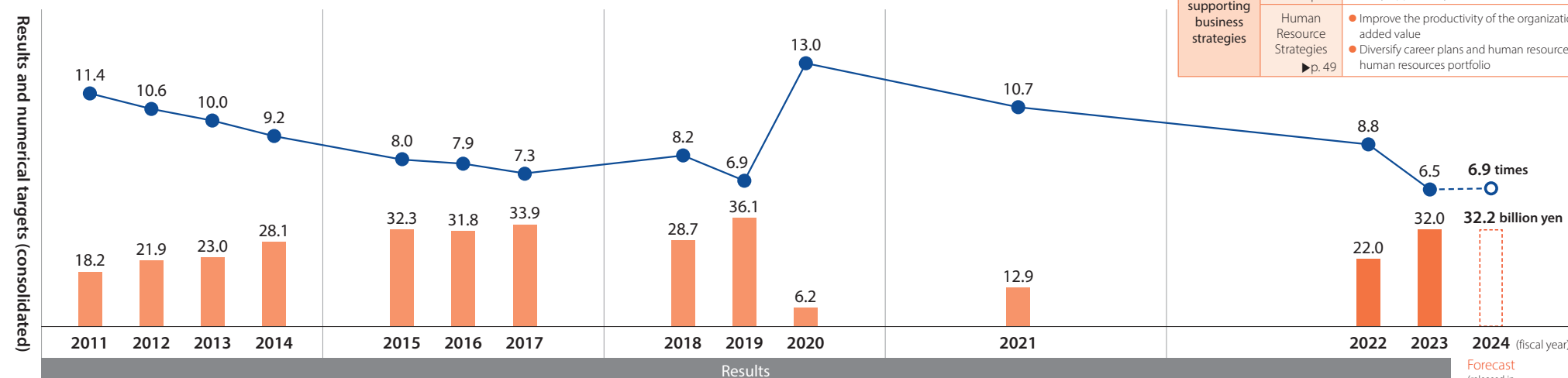
▶ pp. 11–12

Nankai Group Management Vision 2027



### Operating income and ratio of net interest-bearing debt to EBITDA

Operating income<sup>\*1</sup> (billion yen) Ratio of net interest-bearing debt to EBITDA<sup>\*2</sup> (times)



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

The two pillars supporting business strategies	Financial Strategies ▶ p. 47	<ul style="list-style-type: none"> <li>• Maintain financial soundness</li> <li>• Ensure the funding needed for business strategies</li> <li>• Clearly prioritize and execute capital investments to capture every opportunity</li> </ul>
	Human Resource Strategies ▶ p. 49	<ul style="list-style-type: none"> <li>• Improve the productivity of the organization to produce more added value</li> <li>• Diversify career plans and human resources to build a new human resources portfolio</li> </ul>

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

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

Consolidated operating income<sup>\*1</sup> **45.0 billion yen**

Ratio of the interest-bearing debt to EBITDA<sup>\*2</sup> **Around 6 times**



Progress of the Kyoso 140 Plan

In FY2023, the second year of the Kyoso 140 Plan, the company achieved its numerical targets for the final year (FY2024) of the plan, including an operating income\*1 of 28 billion yen and a ratio of net interest-bearing debt to EBITDA ratio\*2 of 7.5 times or less. This was one year ahead of schedule (operating income of 32 billion yen and net interest-bearing debt to EBITDA ratio of 6.5 times) due to factors such as a recovery in demand from the COVID-19 pandemic and an increase in inbound tourism. As a result, we achieved record net income for the period.

On the other hand, the company had set a total investment budget of 160 billion yen over the three-year period in line with the three business strategies, but it is expected to be 138.7 billion yen, which is below the planned amount. The early achievement of the ratio of net interest-bearing debt to EBITDA ratio is also due to a lack of investment in profit expansion and measures to explore the future.

With this in mind, we will promote safety renewal investments in the public transportation business in FY2024. In addition to deepening and expanding the real estate business, such as acquiring highly profitable real estate and promoting real estate development in areas along our railway lines, we will also focus on cultivating a third business, thereby we will invest management resources in building the foundation for growth which is the basic concept of the Kyoso 140 Plan. In addition, we will work to achieve an operating income of 32.2 billion yen, which is 15% higher than the original operating income target of 28 billion yen.

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

Progress by business strategies

Sustainable management of the public transportation business	FY2022	Key results of FY2023	FY2024
1 Systematic promotion of safety measures and disaster countermeasures		Continuous overpass constructions (in Takaishi and Sakai cities)/Slope disaster prevention measures in mountainous sections Seismic reinforcement work for elevated bridges, station facilities, etc./Advancing barrier-free conversion work, etc. Installation of security cameras inside train cars (installation to be completed in one-third of all train cars by the end of FY2024) Start of platform doors on Platform 4 at Nakamozu Station Takashinohama Lines: Whole line elevated	
2 Utilization of digital technologies: Establishment of new technologies and frameworks and enhancement of preventive maintenance		Consideration of increase in one-person operated trains by FY2024 to cover some sections of the Nankai Line Start of testing for autonomous operation using test-run trains ▶ Review and evaluation by a third-party committee Opening of the Station General Information Center	
3 Strengthening of profitability and improvement of brand services		Renewal of train cars/Remodeling of station facilities and restrooms/Acceleration of promotions in preparation for EXPO 2025 Expansion of the use of the touch payment system service and promotion of the use of QR tickets Fare revision (from October 2023)	
4 New services: Evolving into a comprehensive mobility business		Examination of land, sea, and air transportation systems/Promotion of MaaS initiatives Promotion of the comprehensive mobility business Release of the KANSAI MaaS app Testing of the on-demand bus service (Semboku area)	

Developing the most popular areas along our railway lines and deepening and expanding the real estate business	FY2022	Key results of FY2023	FY2024
1 Community development through Kyoso (collaborative creation)		Solving social issues in areas along our railway lines/Area branding ▶ Aiming to increase the resident population, related population, and non-resident population Various events were held, such as the "Community Open House" and "Smile for Families +1"	
2 Acceleration of the Greater Namba concept (creating "Namba, famous across Asia")		Acquisition of properties, development of owned properties, renewal of existing properties Namba Hiroba partially opened to the public ▶ Improvement of the Nansan Namboku-Dori avenue (scheduled to be completed at the end of FY2024) Namba Parks South grand opening Ebisucho Land Development (shared-style rental apartments completed)	Namba Sennichimae Office Building (ANA SKY CONNECT NAMBA) scheduled to be completed
3 Sustainable development of Semboku New Town		Promotion of the Izumigaoka Station-Front Vitalization Project (postponement of new construction work, review of business plan) Semboku New Town Smart City Strategy Promotion	
4 Functionality upgrades to logistics facilities	Completion of Building E upgrade	Kita-Osaka Logistics Center Phase II Building enhancement work (scheduled to be completed by the end of FY2025) Higashi-Osaka Logistics Center upgrade planning	
5 Establishment of a private REIT (to accelerate community development)	Establishment of AM	Nankai Private Reit Inc. established and operations commenced	

Future exploration	FY2022	Key results of FY2023	FY2024
1 Acceleration of initiatives for new businesses		Fully launch the e-sports business ▶ Establish its position in the e-sports industry, make it profitable as soon as possible "Fly beyond," a business creation support program (for employees)/"beyond the Border," a business creation support program (for external parties) Achieved profitability in the tennis court reservation business	
2 Coexistence with non-Japanese people		Promotion of sustainable community development with non-Japanese people from both social and physical aspects Japal, an overseas IT human resources placement service: 7 business tie-ups, 58 people introduced in total	
3 Enhancement of tourism-related businesses		Enhancement of tourism content/Promotion of attraction of passengers by implementing effective PR/Creation of travel products Refinement of tourism strategies, discussion on their commercialization Promotion of the Wakayama area strategy	
4 Provision of new services in the new-normal era		Creation of new lifestyle services Exclusive camping event in a garage (first for a railway company) Liefce Sakai-Higashi, a directly managed shared office, opens (3rd location)	
5 DX strategy: Establishing digital customer contact points and creating new value		Improving the ease of living by expanding digital customer contact points/Building a portal site that connects local people and a variety of services Launched the new minapita reward point service	

Business strategies

1

Sustainable Management of the Public Transportation Business

Message from Head of Public Transportation Group

Aiming to evolve into a sustainable comprehensive mobility business with an eye on 2050, we will promote the deepening of the public transportation business and co-creation with the community.



Naoto Ashibe

Senior Managing Corporate Officer, Head of Public Transportation Group

A review of the year

We aim for sustainable management with an eye on the Corporate Image in 2050, and our Public Transportation Group is aiming to evolve into a comprehensive mobility business that provides a variety of services up to the last mile by developing existing railway and bus businesses over the medium to long term.

Public transportation is one of the key ways people move around, and the Group is on a mission to work with their communities to continue ensuring their safety and security. The transportation services that the Group operates are diverse, including railways, trams, buses, ferries, and more. Recently, however, in response to behavioral changes following the COVID-19 pandemic, these businesses have been forced to make a fundamental shift from traditional values. Therefore, visionary initiatives have become even more crucial. During these challenging times, we have reorganized our Group structure this fiscal year to accelerate planning and implementation by speeding up and deepening decision-making.

We are working to provide transportation services that are suited to the local area, with the goal of seamless travel and mutual use of services through improved connectivity within the Group's transportation network and with the awareness of moving from points to lines and from lines to areas, while also working with local governments in areas along our railway lines.

Current issues and future developments with a view to the next Medium-term Management Plan

With the aim of achieving sustainable management of the public transportation business and continuing to provide familiar, high-quality transportation services, it is necessary to identify the values that society needs and to make planned capital investments.

To ensure that everyone in the areas along our railway lines can use our services as a matter of course, we are systematically and intensively investing in safety equipment to reduce and eliminate risks that impede safe and stable transportation. Past initiatives include seismic reinforcement of structures in preparation for the Nankai Trough Earthquake, measures to prevent scouring of river bridges, and systematic removal of hazardous trees. In recent years, however, the severity of natural disasters has continued to increase. For our Group, which has many business areas in coastal and mountainous regions, the need

to take action against these disasters has become more urgent and important than ever before.

In addition, to stop the decline in revenue caused by the decline in the population in areas along our railway lines and the decline in the use of public transport due to behavioral changes triggered by the COVID-19 pandemic, we must constantly seek the most appropriate, safe, and secure methods for the times, while also making appropriate use of digital technology. This fiscal year, we implemented the following service enhancements: the launching of the SURUTTO QRtto service, the expansion of the number of ticket gates that accept touch payments and digital tickets, and the addition of EXPO 2025 support services to the KANSAI MaaS app.

In addition, we plan to integrate our operations with Semboku Rapid Railway Co., Ltd. for early FY2025 at the earliest. We will also focus on improving operational efficiency and transforming our profit structure by creating new frameworks, such as the Group-wide development of customer satisfaction (CS) activities and brand improvement measures.

To all our stakeholders

With the countdown to EXPO 2025 now underway and the development of integrated resort (IR) planned for the future, there are many topics that will have a positive impact on the environment surrounding our company. The Naniwasuji Line is scheduled to open in 2031, and our company is expected to play a socially significant role in strengthening the urban railway network and enhancing Kansai's urban and international competitiveness by connecting Kita and Minami.

To realize the future vision without missing these business opportunities, it is more important than ever to revitalize the areas along our railway lines. With the number of non-Japanese residents increasing, as well as the number of inbound tourists, we will continue to explore measures to keep the area along our railway lines vibrant. To this end, we will consider whether the existing transportation services alone are sufficient and what modes of transportation are best suited to accommodate the influx of new groups of people. We want to build a sustainable corporate group that will exist as a matter of course for years and decades to come, taking into account all possibilities, such as improving the comfort of connections, improving services, and providing new transportation services.



## 1 Sustainable Management of the Public Transportation Business

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

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

## 1 Systematic promotion of safety measures and disaster countermeasures



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



Sustainable management of the public transportation business

Evolving into a comprehensive mobility business

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

## 3 Strengthening of profitability and improvement of brand services



## 4 New Services: Evolving into a comprehensive mobility business



## 1 Systematic promotion of safety measures and disaster countermeasures

We promote the strengthening of a safe and stable transportation infrastructure to improve the sustainability of the railway business and the enhancement of services that meet social demands, such as barrier-free measures.

We are currently installing onboard security cameras to improve security and prevent crime on trains. By the end of FY2024, we expect to have completed the installation of such cameras in one-third (232 cars) of the 698 cars (including cable cars) we own, and we aim to have the cameras operational in all cars by the end of FY2028.

In addition, in April 2024, the railway elevation work for the continuous overpass construction of the Nankai Line and Takashinohama Line (Takaishi City) was completed, eliminating a total of 13 railway crossings.

We will continue systematic capital investment for safety and security and work to sustainably create safety, security, and trust, which are the core of our brand.

Development of a safe and secure usage environment

Enhancement of slope disaster prevention measures in mountainous sections

Anti-seismic measures for the anticipated Nankai trough earthquake

## Reduction and elimination of risks that impede safe and reliable transportation

To achieve this objective, systematically invest a total of **59.2 billion yen\*** over three years

\* When the Kyoso 140 Plan was formulated: 52.0 billion yen



Security camera installed in a car

Nankai Line/Takashinohama Line (Takaishi City)  
Continuous overpass construction project

## Management integration with Semboku Rapid Railway Co., Ltd.

Our company and Semboku Rapid Railway Co., Ltd. have reached a basic agreement on management integration, and we are currently proceeding with investigations and preparations for management integration as early as FY2025.

## &lt;Background on the decision to integrate management&gt;

- The decline in population along the railway line and changes in lifestyle due to the COVID-19 pandemic have led to a structural decline in demand for the railway business, which shows no signs of stopping.
- It is certain that in the future it will be difficult to find human resources to continue the business.
- In order to realize the Corporate Image in 2050, we have decided that the best course of action is to integrate two companies with similar businesses—the railway and real estate leasing businesses—and establish a sustainable business structure.

## &lt;Effects of management integration&gt;

## (1) Achieving sustainable management (public transportation and community development)

- Securing railway human resources and promoting their active participation
- Improving management efficiency by integrating railway facilities and integrating various functions
- Concentrated investment of management resources in upgrading the functionality of logistics facilities

## (2) Further revitalization and deepening the value improvement of the Sakai and Semboku areas

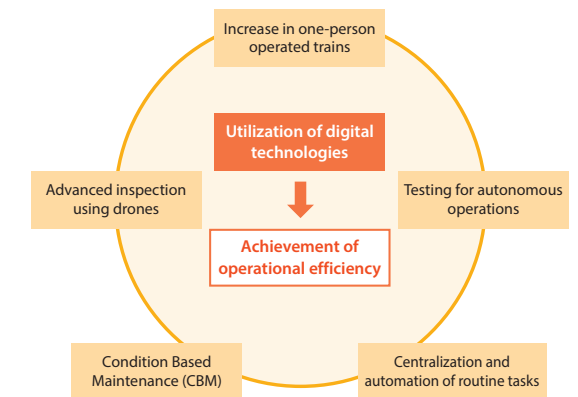
- Further deepening of community development and brand enhancement under unified decision-making
- Improving customer convenience by eliminating the need to pay the basic fare twice, etc.

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

Because the use of digital technology contributes to the provision of new value and is important for compensating for future labor shortages, we are taking on the challenge of various initiatives.

Specifically, we are working on the introduction of GOA2.5 automated driving on the Takashinohama Line and Wakayamako Line, conducting automated driving tests and verifying safety, streamlining and consolidating station ticket counter operations by opening the Station General Information Center, testing the introduction of an AI-based railroad crossing abnormality detection system, and inspecting railway facilities using drones.

We will also continue to promote the use of digital technology, which contributes to sustainable business operations, by enhancing preventive maintenance and streamlining operations in railway maintenance.



## 3 Strengthening of profitability and improvement of brand services

We are working to improve customer convenience and create new mobility needs through the use of digital technology, as well as to maintain high-quality spaces through vehicle upgrades and station beautification.

Specifically, we are striving to enhance the convenience of our customers from Japan and abroad by promoting cashless payment methods, such as touch payment credit cards and QR tickets. We will continue to enhance our services by expanding the range of card brands and stations where they can be used and developing special tickets, such as the Nankai Digital Ticket.

In addition, FY2024 will mark the 30th anniversary of the opening of Kansai International Airport and the 20th anniversary of Koyasan being listed as a World Heritage Site. As a result, we will work to strengthen profitability by promoting measures to attract

customers to mark these anniversaries. Moreover, by continuing to work toward the further advancement of services that meet social demands, we will improve the quality of our services to our customers and enhance our brand.



Credit card touch payments

Main visual for the 30th anniversary event of the Limited Express Rapit

## Efforts for EXPO 2025

## Mission of our Group

EXPO 2025, which will run for six months from April 2025, is expected to attract a large number of visitors. As a transportation operator, our Group will do its utmost to meet society's expectations by providing railway and bus transportation services to connect the venue in Yumeshima with hubs such as Kansai International Airport and will respond to transportation demand.

In addition, we are considering various projects based on transportation access. Specifically, for EXPO 2025, we will target tourists from Japan and abroad who visit the Kansai region. We will work on measures to attract visitors to areas along our railway lines by using the KANSAI MaaS App and the QR ticket SURUTTO QRtto.

## Transportation by shuttle bus

Our Group bus company will provide shuttle bus services to the EXPO 2025 site from our main bases at Namba Station, Sakai Station, Sakai-Higashi Station, and Kansai International Airport. We are currently coordinating with the relevant parties and making preparations.

We want to provide customers from Japan and abroad with comfortable transportation to the EXPO site, including seats and reservations. We also want them to stay in Namba or Sakai City on their way back from the EXPO site and enjoy the attractions of the areas along our railway lines through sightseeing and dining.

In addition to providing more choices for customers, the shuttle bus service also helps alleviate congestion and distribute traffic on the subway and other routes. Furthermore, to alleviate traffic congestion, our company and our Group companies have registered as EXPO TDM Partners. They will work to avoid traffic congestion by reducing the number of trips and deliveries during the EXPO period and by avoiding congested times and routes.



1 Sustainable Management of the Public Transportation Business

4 New services: Evolving into a comprehensive mobility business

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

In addition to the existing public transportation business, we will work with local governments to provide new services that will

cover last miles and evolve into a comprehensive mobility business.

Based on the fundamental principles of safety, security, and improved service quality that are essential for public transportation services, we will aim to both solve social issues for the areas along our railway lines, such as the declining birthrate, aging population, and depopulation, and achieve sustainable growth for our Group by upgrading the existing railway and bus services.

Initiative  
1

Development and utilization of the KANSAI MaaS app

Seven railway companies in the Kansai region, including our company, have established MaaS-related study groups and a consortium, and are developing applications to realize new next-generation transportation services.

In September 2023, we released the smartphone app KANSAI MaaS, which includes a number of convenient functions for traveling around Kansai. In addition to services such as multimodal transfer searches, electronic ticketing, and tourist information on recreation, accommodation, and model courses, mainly in the Kansai region, we also provide one-stop information services unique to the seven railway companies, such as station maps and train location information.

We are currently working to improve the functionality of the services, with plans to support shuttle buses to the EXPO site, QR tickets, and foreign languages (English) in preparation for EXPO 2025.

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



KANSAI MaaS poster

Initiative  
2

Demonstration project for an on-demand bus service in the Semboku New Town area

Our company and Nankai Bus, together with Sakai City, run an AI-driven on-demand bus demonstration project. The purpose is to encourage residents in Semboku New Town area to go out and about, improve the convenience of transportation to destinations, and create a new way to get around the area.

The demonstration project has been in operation since FY2022. In its second year (FY2023), the number of bus stops increased significantly from the previous year (from 29 to 50), and the average number of passengers per day also increased significantly from 14 to 28. In a user survey, 96% of respondents answered that they thought the on-demand bus would increase the number of opportunities to go out, and it has been well received.

To explore the commercialization of on-demand buses, which are expected to play a role in the “last mile,” we will conduct a third demonstration project starting in October 2024, expanding the area and duration, and inviting local businesses to participate as supporters.

\* This demonstration project was selected for the Ministry of Land, Infrastructure, Transport and Tourism's Kyoso (collaborative creation) model test operation project for FY2024, and is being implemented using the subsidy.



Using the on-demand bus

Initiative  
3

Initiatives in cooperation with local governments

Kawachinagano City will be the main body implementing the project, and our company, Nankai Bus, and others will work together to conduct tests in FY2024 to build a sustainable public transportation system in the city. This test is being conducted as a Kyoso (collaborative creation) model test operation project subsidized by the Ministry of Land, Infrastructure, Transport and Tourism. It aims to understand and collect data on travel demand in order to consider improving the efficiency and reorganization of public transportation in the city by operating a community bus on a test route and selling one-day free train and bus tickets in the city using QR codes. As for QR tickets, the system will be set up so that you can use both modes of transportation by having the QR code read by the automatic ticket gate for trains and the QR code visually checked by the bus driver.

In addition, we participate in regional public transportation conferences held by local governments in areas along our railway line. We also work on initiatives and studies in various locations to provide new transportation methods and appropriate transportation options that are appropriate for the local area.

\* QR Code is a registered trademark of Denso Wave Incorporated.



Testing poster

Business strategies

2

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

Message from Head of Community Development Group

We will promote sustainable community development by maintaining and improving the relationships we have built with the local community over the past 139 years.



Yoshinori Nikaya

Managing Corporate Officer, Head of the Community Development Group

A review of the year

Our main mission as the Community Development Group is to use the profits we make from our real estate business to work on community development in areas along our railway lines from a medium- to long-term perspective—both in terms of social and physical infrastructure—and to apply this to drive the growth of our company. In terms of our most recent performance, sales at shopping centers (SCs) have recovered to the level before the COVID-19 pandemic, and office buildings and hotels are also performing well. We have achieved the final target figures of the Kyoso 140 Plan ahead of schedule in FY2023, the second year of the plan. In addition, the private REIT was also launched in November 2023, and preparations have been made to promote community development with a sense of speed through the acceleration of rotational real estate business. We are also working to strengthen our ties with a variety of stakeholders, such as working with local governments to implement various measures, including the Community Open House event, to revitalize the area along our railway lines.

In terms of systems, we are also working to optimize our business promotion systems and accelerate decision-making based on our policy of promoting segment management. In FY2024, we are working on preparations for the next Medium-term Management Plan with the aim of achieving further growth.

Current issues and future developments with a view to the next Medium-term Management Plan

The COVID-19 pandemic has brought about major changes in our lifestyles, including the spread of teleworking and the expansion of the online shopping market. In the management of SCs, we are working to develop hands-on facilities, such as the large-scale upgrading of Parks Garden based on the concept of touching nature, and the establishment of the Namba Parks Museum as a base for disseminating information and culture, including pop culture. Promoting energy and growth through the emergence of new synergies between the Namba Hiroba (opened in November 2023) and our facilities, as well as through a comprehensive expansion that includes the Nankai Shin-Namba Station (tentative name) area with the aim of creating “Namba, famous across Asia,” is an important issue in realizing the Greater Namba concept. We also believe that enhancing the value of the Namba area will contribute to improving the value of areas along our railway lines, which are directly connected to the Namba area, and addressing social issues.

In office buildings, we are working to enhance the significance of being based there, for example, by providing a place for tenant

companies from different industries to interact and by strengthening the environmental value of energy saving and internally generated energy, which also contributes to the promotion of tenant companies' SDGs.

Even in the face of the unavoidable issue of a declining population along the railway lines, we are working with local governments to promote various measures to make the area more attractive to live, work, and visit. These include events for the child-raising generation, support for recruitment by companies in the areas on our railway lines, and promotion of tourism, including Koyasan. In particular, in Semboku New Town, we are focusing on the early realization of the redevelopment of the area in front of Izumigaoka Station, which is currently under review due to increased construction costs. We are also focusing on revitalization measures in terms of social infrastructure through initiatives such as the SENBOKU Smart City Consortium, which we are working on with Sakai City and other organizations, and through our own area management activities.

The expansion of the online shopping market is a headwind for physical SCs, but it is a tailwind for our logistics business. Construction has begun on the Phase II Building of the Kita-Osaka Logistics Center, which will have a total floor area of approximately 180,000 m². We will continue to put the finishing touches on the upgrading and modernization of the center in Phases III and IV to take full advantage of its overwhelming locational advantages.

To all our stakeholders

For 139 years, our company has enjoyed a close relationship with the people of the local community. The process of community development requires a steady accumulation of effort, so it is important that the employees working on it are healthy in body and mind, feel a sense of mission and purpose, and maximize the added value that comes from this motivation. In addition, added value is created not only by our employees but also through our relationships with various stakeholders, and maintaining and improving relationships that make them feel good about working with Nankai is the cornerstone of sustainable management.

Although we face many challenges, such as rising construction costs, we will take the lead in tackling them head-on and diversify the revenue base of our real estate business. This includes the full launch of our rotational business while making strategic investments without delay.

We thank all of our stakeholders for their continued understanding and support.



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

Business strategies and specific measures under the Kyoso 140 Plan

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

1 Community development through Kyoso (collaborative creation)



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

Community coexistence and collaborative creation/Create diverse lifestyles

2 Acceleration of the Greater Namba concept (creating "Namba, famous across Asia")



5 Establishment of a private REIT to promote and accelerate community development

3 Sustainable development of Semboku New Town



Source: Sakai City

4 Functionality upgrades to logistics facilities



1 Community development through Kyoso (collaborative creation)

By creating collaboratively with stakeholders to solve various problems facing areas and communities along our railway lines, we are promoting community development to make them more attractive to visitors and provide better places to live and work.

We aim to revitalize the local community in the long term and increase resident population, related population, and non-resident population (e.g., tourists) through measures such as promoting the appeal of the living environment in cooperation with local governments in areas along our railway lines, supporting the recruitment and open factory initiatives by companies in the areas, and providing information on child-raising and outings in the areas.

2 Acceleration of the Greater Namba concept (creating "Namba, famous across Asia")

In order to improve the value of the Namba area and expand its revenue base, we are accelerating our efforts to create Greater Namba by developing the areas near Nankai Shin-Namba Station (tentative name) on the Naniwasuji Line (scheduled to open in 2031) and Namba Station, with the aim of creating "Namba, famous across Asia."

In July 2023, the new district of Namba Parks South was opened, bringing hotels, shops, and offices to the site south of Namba Parks, while in November 2023, the shared-style rental apartment of Southern Crest Namba Minami was opened in front of Ebisuchō Station on the Hankai Line. In addition, to make the area in front of Namba Station a people-centered space, the Namba Hiroba, which has been developed through collaboration between the public and private sectors, was partially opened to the public in November 2023.

Social issues and needs of areas along our railway lines



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

Furthermore, in preparation for EXPO 2025 in spring 2025, we are working to enhance the value of living, working, and visiting the area by expanding the pedestrian area on Nansan Street, which runs southeast of Namba Hiroba, and constructing a new office building—ANA SKY CONNECT NAMBA—on a site facing Nansan Street.

We will develop urban functions that do not rely solely on inbound visitors and tourism, and create a diverse town that serves as a hub for socializing between visitors and residents and sharing new culture and information. We will also continue to develop communities where new services and businesses are based in Namba form.



Illustrative image of Nansan Street after the opening of ANA SKY CONNECT NAMBA

3 Sustainable development of Semboku New Town

Semboku New Town is a representative example of community development through collaborative creation with local governments in areas along our railway lines.

Located in Sakai City, for which we have been promoting a vitalization plan since 2014, the Izumigaoka Station area is the main area in Semboku New Town. We are promoting the Izumigaoka Station-Front Vitalization Project and Semboku New Town Smart City Strategy to take advantage of the opportunities

4 Functionality upgrades to logistics facilities

The Kita-Osaka and Higashi-Osaka Logistics Centers, which the Group operates, are logistics transit points between eastern and western Japan. Situated close to central Osaka and the nearest highway interchange, they are strategically located with excellent accessibility and transportation efficiency. In addition, they are located in an inland area and within a distribution business district, have no risk of tsunami, can operate 24 hours a day, 365 days a year, etc., and their great location, high occupancy rate, and expansive premises are their main strengths.

Currently, we are carrying out functionality upgrades to the Phase II Building of the Kita-Osaka Logistics Center, which is the largest building. Construction work began in June 2024, with a target completion date of March 2026. We will construct a truck terminal and delivery center with six floors above ground and a total floor area of approximately 180,000 m² at a total project cost of around 35 billion yen.

In addition, we will find a way to improve for the Higashi-Osaka Logistics Center by making effective use of the site. To that end, we will begin to formulate a plan for its functionality upgrades, as it has not been commercialized for a long time.

Although the number of logistics facilities is increasing and expanding due to the COVID-19 pandemic, rental rates are also steadily increasing because of solid demand.

To capitalize on these strengths and opportunities, we will promote the functional upgrading of our logistics facilities and strive to increase profits. We will also work to stabilize our business portfolio by further developing our logistics business.

created by the relocation of Kindai University's Faculty of Medicine and Kindai University Hospital to the Izumigaoka Station district, as well as the influx of new residents due to the UR redevelopment projects (public housing condominiums).

However, the Izumigaoka Station-Front Vitalization Project has been postponed, and the business plan is being reviewed due to the recent global situation and rising construction costs. As a pilot model for the regeneration of the new town, we will work to restart the new plan as soon as possible in order to realize more attractive, lively, and sustainable community development.



Facility name		Kita-Osaka Logistics Center	Higashi-Osaka Logistics Center
Site area		Approx. 326,000 m²	Approx. 213,000 m²
Size of rented areas		Approx. 329,000 m²	Approx. 122,000 m²
Occupancy rate	Truck terminal	99.4%	100.0%
	Distribution warehouse	100.0%	100.0%

\* As of the end of FY2023



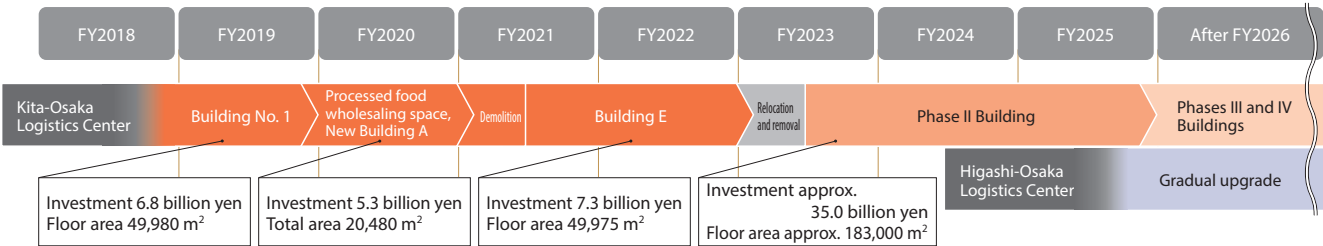
Kita-Osaka Logistics Center



Higashi-Osaka Logistics Center

Overall timeline for upgrading the logistics facilities

\* Current plan





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

5 Establishment of a private REIT (to accelerate community development)

Nankai Private Reit Inc. was established in July 2023, and in November 2023, private REIT management began with Nankai REIT Management Co., Ltd. as the asset management company.

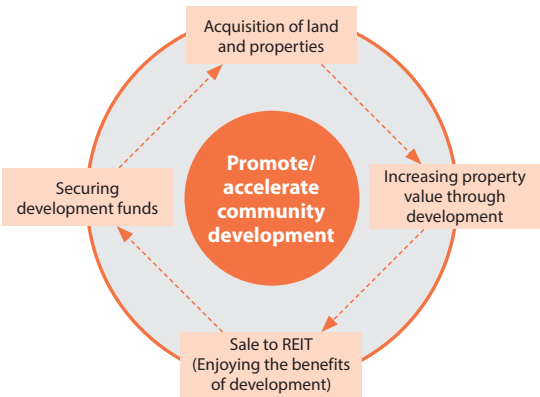
The investment corporation aims to be a diversified REIT with properties in areas along our railway lines, including Namba, which is our Group's business foundation, as its core. When management began, it had total assets of approximately 21 billion yen, with nine properties of our Group centered on Namba Parks (7.5% of co-ownership of condominium interests).

The purpose of establishing a private REIT was to secure development funds while controlling interest-bearing debt by selling the Group's real estate properties to the private REIT. The aim was also to accelerate the promotion of community

development through collaborative creation by reinvesting in community development in Namba and other areas along our railway lines. In addition, we plan to enjoy profits derived from development, collect funds, and transfer assets to off-balance sheet items. At the same time, we diversify real estate earnings by creating a fee-based business where our Group will earn related fees (PM and BM) for sold properties.

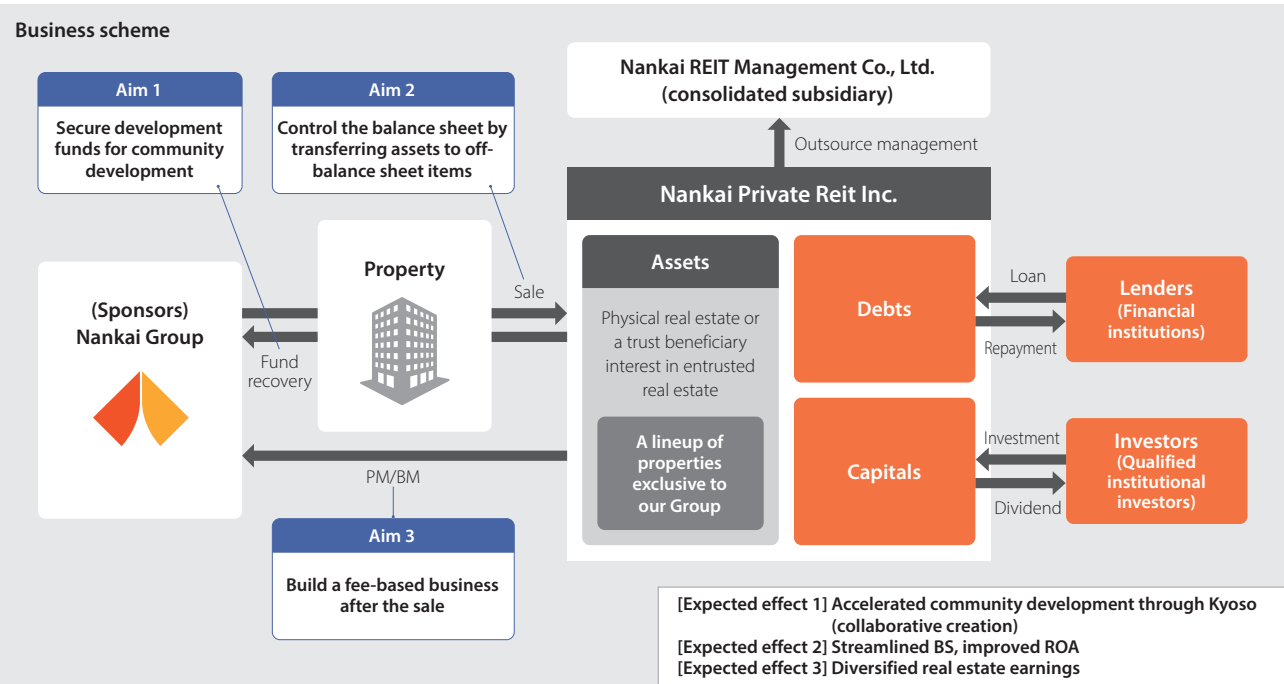
From now on, we will work to incorporate additional properties with the aim of increasing the scale of our asset management to around 50 billion yen in three to five years. We will also fully implement a rotational real estate business using private REITs, and we will work to update our real estate business, increase profits, and improve capital efficiency by moving away from the ongoing development and landlord business that is based on long-term holdings.

Aim of establishing a private REIT



Overview of our investment corporation

Name	Nankai Private Reit Inc.
Date established	July 3, 2023
Investment target	Offices, shopping centers, residences
Asset size	Approx. 21.0 billion yen (at the start of management)
Number of properties incorporated/main properties	9 properties/Namba Parks (including PARKS Tower)* * 7.5% of co-ownership of condominium interests
Date of commencement of management	November 16, 2023
Asset management company	Nankai REIT Management Co., Ltd. (consolidated subsidiary)



Business strategies

3

Future Exploration

Message from Head of Business Strategy Group

We will strive to put diversity into practice by creating new businesses that will become the third pillar of our company and by developing human resources that will support our future.



Yasuyuki Matsumoto

Managing Corporate Officer, Head of Business Strategy Group, CSO

A review of the year

The mission of our Business Strategy Group is to create a business that will become the third pillar of the future, alongside public transportation, and community development and real estate. FY2024 is the last year of the Kyoso 140 Plan (the Medium-term Management Plan), and we have shifted to segment management since FY2023. From this year onward, the Business Strategy Group will focus on creating new businesses, such as e-sports, and coexistence with non-Japanese people. In some cases, this requires thinking about things on a different time axis or looking at the market from a different perspective. It requires a mindset that is willing to change what needs to be changed and to take on new challenges without fear of failure. In this sense, our Group, which consists of a mix of new and existing businesses (such as tourism and international logistics), is a group that embodies diversity in terms of human resources.

Although the characteristics of our Group, which consists of several different businesses, are different from those of public transportation and community development groups, which have very clear missions, we are required to create new businesses and make changes to our existing international logistics business to ensure its survival amid current turbulent changes. In addition, we aim to develop our tourism business into a new offering that is unique to Nankai. In this sense, we are accelerating our evolution and exploration, with the top priority of making bold changes in order to survive in the market in all of our businesses.

citizens. The results are beginning to show that through the summer e-sports camp for high school students, which has been held for two consecutive years, and the parent-child spring break event, we are seeing the birth of e-sports players in every age group. In addition, the International Olympic Committee (IOC) has decided to hold the Olympic E-Sports Games in Saudi Arabia in 2025, which is expected to increase the recognition of e-sports and expand the market. Next year's EXPO 2025 will also feature e-sports events, and we see this as a good opportunity to expand our business.

Furthermore, we will resume the tourism business in the second half of FY2024. Unlike the past model of independent tourism businesses, we are planning and promoting the development of new tourism businesses through collaborative creation with local governments, businesses, and related companies along our railway lines, mainly through Wakayama Prefecture.

To all our stakeholders

As the head of the Business Strategy Group, my mission is, of course, to create as many new business seeds as possible that will become the pillars of the future, but what I think about just as much, if not more, is creating as many human resources as possible that can do that. As with any business, no matter how brilliant the strategy, it is the people who implement it who make it a success. In particular, creating a new business requires unconventional thinking, methods, and decision-making skills. I can assure you that this kind of experience will help develop the human resources to open up and support the next generation and the future of Nankai.

We will work to develop the businesses that are currently in the process of growing new buds into large businesses. By providing the human resources that support the development of these businesses with opportunities to gain diverse experience, we will strive to increase the number of businesses that become our third pillar and the number of human resources that support the future of Nankai. I would like to ask all our stakeholders to continue to provide us with strict but warm guidance and encouragement.

Current issues and future developments with a view to the next Medium-term Management Plan

During the three years of the Kyoso 140 Plan, our main goal was to accelerate our search for the future by laying the foundation for several new core businesses. Nonetheless, in terms of the time frame for launching new businesses, we recognize that it is taking a little longer than expected.

In our third year of e-sports, we have been working with local governments in areas along our railway lines to establish e-sports as a sport that can be enjoyed by a wide range of people, not only young people, such as junior high and high school students, but also kindergarten children, elementary school students, and senior



## 3 Future Exploration

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

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

## 1 Acceleration of initiatives for new businesses



## 2 Coexistence with non-Japanese people



Future exploration

Medium- to long-term enhancement of the Group management foundation

## 3 Enhancement of tourism-related businesses



## 4 Provision of new services in the new-normal era



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

## 1 Acceleration of initiatives for new businesses

Through the Business Creation Support Program, which helps transform the ideas of passionate employees into actual enterprises, we are promoting the cultivation of a culture that encourages and embraces trying new things. We are working to accelerate the speed of business creation by soliciting ideas not only from inside the company but also from outside.

We are also taking various measures to promote the e-sports business, whose market is expected to grow in the future. We are seeing a positive response to the management contracts awarded to us by local governments with high revenue stability, and we will work to expand revenue opportunities and further develop our business based on the management contract model with local governments. (▶p. 46)

## 2 Coexistence with non-Japanese people

The areas along our railway lines are close to Kansai International Airport, and the growth rate of non-Japanese people in local governments in these areas is increasing. Taking advantage of these opportunities, we are promoting efforts to create a sustainable community with comfortable social and physical infrastructure for both Japanese and non-Japanese people.

Regarding physical infrastructure, we have successfully attracted a dormitory for international students to our facilities in the Shin-Imamiya area. As for social infrastructure, we are working on the Japal business, a placement service that introduces overseas IT human resources to Japanese companies. While forming business partnerships with financial institutions, education companies, and real estate companies, we have placed a cumulative total of 58 human resources in 41 companies as of the end of FY2023.

## 3 Enhancement of tourism-related businesses

With a focus on our Group's businesses, we will work to create a virtuous cycle and economic benefits within the region by unlocking tourism resources, increasing awareness of their appeal, and creating new exchanges, jobs, and industries based on the tourism industry. In addition, we will promote initiatives that create synergies with existing businesses, such as transportation and real estate, and help raise the overall level of our business. (▶p. 46)

## 4 Provision of new services in the new-normal era

We are working to create new lifestyle services, such as our three Lieffice By NANKAI shared offices, which are directly managed by our company and cater to a variety of usage styles. Based on the concept of "services that make life more convenient," we will continue to refine our ability to create new services with groundbreaking ideas that are not bound to precedent.

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

We are advancing our DX strategy with the goal of providing services from the customer's perspective by leveraging data from all areas, including railway, real estate, and distribution, across businesses. In November 2023, we renewed the minapita reward point service operated by our Group and focused on sending customers to shopping centers. We will continue to strengthen our digital customer touchpoints and work to improve the customer experience.

## Introduction of a tourism strategy and e-sports business initiatives

In order to realize the Corporate Image in 2050, our Group is promoting future exploration to create a third core of business after transportation and real estate. As we enter the final year of the Kyoso 140 Plan, we will introduce the concept and topics of our tourism strategy and e-sports business, which we are working to accelerate with various partners, including local communities.

## Tourism strategy

In our tourism strategy, we will work to deepen our area solutions centered on Wakayama Prefecture in order to make the most of the high-potential tourism resources that are the strength of our Group. Wakayama Prefecture has a wealth of tourist resources, including the Koyasan World Heritage Site and the Kumano Kodo pilgrimage routes. It has great potential to attract inbound tourists to the region, but the problem is that the tourist attractions are scattered.

With this in mind, we will work to promote a type of tourism that involves staying in the area and traveling around, which we have named Round Trip Wakayama. We will also utilize the resources of our Group in the Wakayama area to improve the environment for traveling around the prefecture by public transportation and to redevelop tourist and accommodation bases.



Koyasan



The azure island accommodation Kumano-bettei NAKANOSHIMA (facility owned and operated by our Group)

Going forward, we will establish a base in Wakayama Prefecture and work with various collaborative creation partners to promote new initiatives that are rooted in the local community, with the goal of expanding the local GDP.

## Topic

## Nankai Electric Railway, Wakayama Prefecture and The Kiyo Bank, Ltd. sign comprehensive partnership agreement

In July 2024, our company, Wakayama Prefecture, and The Kiyo Bank, Ltd. signed a comprehensive partnership agreement. Based on this agreement, we will promote cooperation in regional revitalization, such as sustainable regional development and the creation of a thriving atmosphere, as well as tourism promotion, such as the attraction and promotion of resort facilities and accommodation facilities. In the future, we plan to promote regional development, industry, and employment, and create a virtuous economic cycle by developing the entire area, including attracting luxury hotels, which are currently in short supply in Wakayama Prefecture.



The signing ceremony for the comprehensive partnership agreement

## e-sports business

While the e-sports market in Japan is expected to continue growing, our Group has been involved in the e-sports business since 2022. In addition to operating e-sports facilities, we are also committed to solving social issues by working on the education and welfare of children and the welfare of senior citizens through events that utilize e-sports.

Currently, we are working on building a business model that targets light users, who are the fan base of the players. In particular, Izumisano City in Osaka Prefecture, a local government in an area along our railway lines, has entrusted us with the operation of the e-Stadium Izumisano facility and the hosting of events. We have positioned this business as a BtoG model. Its profitability is very stable and has growth potential as the market expands.

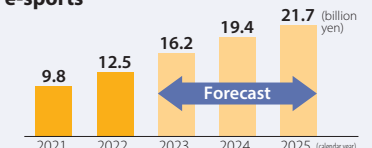
Going forward, we will continue to expand our revenue opportunities through collaborations and partnerships with private companies in a variety of geographies.



An event hosted by Izumisano City

## Changes in the scale of the e-sports market in Japan

\* Source: Japan eSports Union (JeSU)  
Japan E-Sports White Paper 2023



## Topic

## e-sports facility, e-Stadium Namba Main Store, grand opening

In August 2024, the e-Stadium Namba Main Store was reopened in Namba Parks. The e-Stadium has eight locations throughout Japan, including Kansai and Kyushu, and this facility, which serves as the main store, is also a major entertainment facility with a metaverse room and a cafe supported by several companies. In addition to enjoying e-sports, we will also operate facilities that can be used to create local communities that use e-sports and as places to learn digital communication skills.



e-Stadium Namba Main Store



# Financial Strategies

Message from Head of Corporate Strategy Group

We will optimize cash allocation and drive financial and management strategies in an integrated manner.



Takahiro Otsuka

Managing Corporate Officer, Head of Corporate Strategy Group, CFO

### Journey to completing the Kyoso 140 Plan

In the Kyoso 140 Plan (the current Medium-term Management Plan), we are promoting three business strategies, as well as the financial and human resource strategies that support them. As the Kyoso 140 Plan enters its final year, I have been appointed as the head of the Corporate Strategy Group while continuing in my role as CFO. My aim is to further strengthen the three-pronged approach of management, financial, and sustainability strategies and ensure that this approach is carried forward into the next fiscal year and beyond.

The first year of the Kyoso 140 Plan had a difficult start, with the effects of the COVID-19 pandemic still strongly felt, but there was a significant turnaround in the second year, FY2023. Furthermore, due to factors such as the recovery in demand from the COVID-19 pandemic, we were able to achieve our numerical targets for operating income<sup>\*1</sup> and the ratio of net interest-bearing debt to EBITDA<sup>\*2</sup> a year ahead of schedule, as well as achieving a record profit attributable to owners of parent for the period.

On the other hand, while we had planned to invest a total of 160.0 billion yen in line with the three business strategies outlined in the Kyoso 140 Plan, the current estimate is that the total will be around 140.0 billion yen. I will discuss the reasons for this later, but one aspect of achieving our target for the ratio of net interest-bearing debt to EBITDA ahead of schedule is that the planned investments did not proceed. As a result, we cannot be overjoyed that we have achieved our target. In addition to the declining population in areas along our railway lines, major changes have

occurred in recent decades, such as rising prices, labor shortages, and increasing interest rates. With this in mind, in FY2024, we will invest management resources in each business strategy and work toward the completion of building the foundation for growth, the basic concept of the Kyoso 140 Plan.

### Progress and prospects of investments by business strategy

The measures for each business strategy are as follows. In “1. Sustainable management of the public transportation business,” we are steadily implementing initiatives to continuously create safety and security, while at the same time working to expand revenue through measures that stimulate demand for travel in Japan and overseas. Regarding these capital investments, we plan to bring forward some of the construction work planned for FY2025 and beyond, and we expect to increase the amount by approximately 7 billion yen from the initial plan to 59.2 billion yen. In addition, we will promote safety renewal investments that were suppressed due to the COVID-19 pandemic.

Regarding “2. Developing the most popular areas along our railway lines and deepening and expanding the real estate business,” we plan to invest the largest amount among the three business strategies. Nonetheless, we expect to reduce it by about 15% from the initial plan to 71.4 billion yen. The main reasons for this were that the Izumigaoka Station-Front Vitalization Project was revised due to an environment requiring careful judgment, including uncertainty in the real estate market and trends in

construction material prices, and we were unable to acquire new properties that met our requirements. In FY2024, in addition to investing a total of 20 billion yen in real estate acquisitions, focusing on the Namba area and the Naniwasuji Line area, we will upgrade our logistics facilities through the development of the Phase II Building of the Kita-Osaka Logistics Center. While promoting investments to expand profits in this way, we will accelerate our community development efforts.

Finally, regarding “3. Future exploration,” we are implementing various measures to build a third pillar of business after transportation and real estate. We are implementing various measures, such as e-sports business, tourism strategy, and projects to promote coexistence with non-Japanese people, but there are also cases where specific investments have not been made. Consequently, the investment amount is expected to be 8 billion yen, which is below the initial plan. At this point, it looks like it will take a little longer to monetize, but we will continue to focus on developing our third business by boldly taking on challenges and without fear of failure.

The plan is to invest 39 billion yen in sustainable investments, including disaster countermeasures, DX promotion, CO<sub>2</sub> emission reduction, and brand enhancement. Above all, as one of the KPIs related to sustainable management, we have set a goal to reduce CO<sub>2</sub> emissions by 46% or more in FY2030 compared to FY2013, so we will invest an amount (19 billion yen) in this area in particular as initially planned to accelerate the reduction of CO<sub>2</sub> output.

### The direction of our financial strategy aimed at increasing corporate value

To enhance corporate value in the medium to long term, the Nankai Group must strive to improve its capital profitability and advocate our growth strategy to sustainably expand the cashflows. In executing our financial strategy, we will focus on optimizing cash allocation and improving capital profitability.

In terms of financial issues, we have so far given priority to improving our financial position, including setting a numerical target in our Medium-term Management Plan for the ratio of net interest-bearing debt to EBITDA and working to improve it, as the ratio of interest-bearing debt is relatively high. As a result, we believe there have been certain positive outcomes, such as an improvement in our credit rating and a recovery in profitability, which had been temporarily impacted by the COVID-19 pandemic.

As our financial health improves in this way, we will seek to optimize our cash allocation, taking into account the balance between investing in growth and returning capital to shareholders.

In addition, in response to the Tokyo Stock Exchange's request for management with awareness of capital cost and stock price, we have positioned ROE as an important management indicator, and are working to accurately track our company's capital costs and capital profitability, using this information in business operations and management decisions. We will continue to consider the introduction of management control using indicators such as WACC and ROIC, with the aim of formulating our next Medium-term Management Plan, which will begin in FY2025.

Regarding shareholder returns, in addition to the steady recovery from the COVID-19 pandemic, we recorded a one-time gain from the sale of assets in FY2023. Based on factors such as our record net income, we set the dividend at 35 yen per share (year-end dividend), an increase of 10 yen over the previous year. As our company is in a highly public sector industry with the railway business at its core, our basic policy is to pay stable dividends by working to further improve earnings while securing a stable management foundation for the long term and strengthening our financial position. However, while continuing to base our policy on long-term stable dividends, we will now deepen our consideration of the ideal shareholder return policy, taking into account the current situation in which capital accumulation is progressing.

Finally, we understand that holding dialogues with our shareholders, investors, and other stakeholders is beneficial for improving our corporate value. These dialogues will also help everyone to understand the Group's Management Policy and strategies from a medium- to long-term perspective. We believe that listening to the opinions of our stakeholders and incorporating their views into our management will lead to an increase in value as a sustainable company. In addition to continuing to disclose appropriate information in a timely manner, we will also engage in proactive investor relations activities that will help reduce the cost of equity and foster growth expectations, while promoting both financial and non-financial disclosure in a comprehensive manner. As CFO, I will take the lead in working to improve management through constructive dialogue with all stakeholders and make every effort to meet their expectations.

### Kyoso 140 Plan numerical results and forecast

	FY2022 results	FY2023 results	FY2024 forecast (released in April 2024)
Operating income <sup>*1</sup>	22.0 billion yen	32.0 billion yen	32.2 billion yen
Net interest-bearing debt	436.1 billion yen	387.6 billion yen	419.7 billion yen
Ratio of the net interest-bearing debt to EBITDA <sup>*2</sup>	8.8 times	6.5 times	6.9 times

<sup>\*1</sup> Operating income + Dividend income  
<sup>\*2</sup> Operating income + Dividend income + Depreciation and amortization

### Capital investment plan for the Kyoso 140 Plan

Capital investment amounts (3-year total) 160.0 billion yen → 138.7 billion yen

1. Sustainable management of the public transportation business  
**59.2 billion yen:** To maintain a sustainable transportation network, make systematic investments in safety and renewals
2. Developing the most popular areas along our railway lines and deepening and expanding the real estate business  
**71.4 billion yen:** While securing development funds through a REIT, make concentrated investments in the Namba and Izumigaoka areas and for the functionality upgrade of logistics facilities
3. Future exploration  
**8.0 billion yen:** Allocate funds in the budget for building a third core business, following railway and real estate businesses, from a medium- to long-term perspective

### Kyoso 140 Plan capital investment results and forecast

	FY2022 results	FY2023 results	FY2024 forecast (released in April 2024)
Total capital investment amounts <sup>*</sup>	30.1 billion yen	29.7 billion yen	78.8 billion yen
Future exploration	0.8 billion yen	0.2 billion yen	7.0 billion yen
Revenue expanding	9.9 billion yen	3.5 billion yen	39.9 billion yen
Safety and renewal	19.4 billion yen	26.0 billion yen	31.9 billion yen

<sup>\*</sup> Includes values before inter-company transaction eliminations, investments, etc.

### Rating information (as of September 3, 2024)

Rating agency	Rating
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating A (Stable)
Rating and Investment Information, Inc. (R&I)	Issuer Rating A- (Positive)

<sup>\*</sup> In addition to the fact that the company's profits are expected to increase due to factors such as the capture of inbound demand and the gradual completion of logistics facilities, the company's financial foundation has also been strengthened by measures such as the reduction of interest-bearing debt. Furthermore, the Japan Credit Rating Agency (JCR) has upgraded the company's credit rating to A (stable) for the first time since 1998, after 26 years.



# Human Resource Strategies

Message from Head of General Administration & Human Resources Group

By consistently implementing our human resource strategy and focusing on the development and growth of our employees, we aim to become a NANKAI with an entrepreneurial spirit that is firmly committed to creating DiverCity\* in Kansai.

**Takahiko Nishikawa**

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



### A review of the year

The COVID-19 pandemic has had a major impact on society as a whole. Our Group, whose main business fields are transportation, real estate, and distribution, was particularly hard hit in terms of sales due to restrictions on the movement of people.

On the other hand, as with many other companies, we were also forced to create a work system centered around telecommuting, and during this period, the digitization of work progressed rapidly. The Kyoso 140 Plan has begun with a renewed focus on planting our feet on the ground as the effects of the COVID-19 pandemic begin to fade.

The General Administration & Human Resources Group focuses on the basic policy of this Medium-term Management Plan, which is to build the foundation for future growth. In particular, we have worked to enhance the IT environment that is now essential to our business, such as by moving our core systems to the cloud and strengthening information security measures, including those for our Group companies. Furthermore, with regard to information security, we have been working continuously to strengthen standards throughout the Group, including the establishment of a foundation for strengthening IT governance of the Nankai Group and the development of a system for responding to information security incidents, which we began in FY2024. In addition, we have revised internal rules to speed up decision-making and worked to create a better working environment, such as by extending our leave program to make it easier for employees with time constraints due to childcare or nursing care to work.

### Current issues and future developments with a view to the next Medium-term Management Plan

In our current Medium-term Management Plan, we are taking on the challenge of exploring the future. For example, this includes entering new business fields, such as e-sports and tourism, and DX strategies that use digital technology to create customer touchpoints. The problem we faced there was the issue of human resources. Due to the need for human resources with specialized skills and experience, as well as the diversification of work in existing business fields and the demand to respond to increasingly sophisticated external requests for disclosure work, the workload

has increased, making it difficult to secure sufficient manpower. At present, there is a shortage of labor in many industries. During the annual spring wage offensive in 2024, some companies in some industries fully accepted workers' wage demands and implemented wage increases to secure and retain human resources. At the same time, we are implementing pay increases that have not been seen in recent years, and we are working to secure human resources by significantly increasing the number of mid-career (experienced) hires starting in 2022, in addition to the large-scale hiring of new graduates.

However, while it is important to get recruitment right, we are also entering an era of human resource fluidity, so it is also important to take steps to prevent employees from leaving. In the transportation business, which is the main operation of our Group, employees gain specialized skills through experience, so the loss of employees is a significant setback. However, the reality is that the number of employees who voluntarily leave their positions is increasing every year, which is a cause for concern. In this context, we have established the Nankai Group Human Resources Strategy to minimize the number of employees leaving the company. We have decided to invest in our people so that we can create an environment in which each and every employee can experience happiness, fulfillment, and growth.

### To all our stakeholders

I see it as my mission to continuously implement the systems defined in this human resources strategy and to make them part of the company's culture. The goal of the human resources strategy is not only to ensure that employees are satisfied with their work environment but also to focus on their development and growth. I believe that this will lead to changes in the behavior of each individual. If this ultimately leads to improved skills, it will be a significant force that greatly contributes to improving corporate performance.

Our Corporate Image in 2050 declares the following: With our roots within the local communities, NANKAI with an entrepreneurial spirit is firmly committed to creating DiverCity in Kansai. We are taking the first steps to ensure that we can continue to produce professional human resources with outstanding drive, deep expertise, and a strong entrepreneurial spirit.

\* DiverCity: A term created by combining Diversity and Diverse City (a city filled with diversity).



# The Nankai Group Human Resources Strategy Leading to Value Creation: Investing in People to Achieve Innovation in the Nankai Style

### Direction regarding human capital management

Our Group regards human resources as our greatest asset, and we believe that people are the source of corporate value creation. Based on this idea, we actively invest in people and promote human capital management initiatives.

### Nankai Group Human Resources Strategy

To further accelerate our efforts in human capital management, our Group formulated the Nankai Group Human Resources Strategy in FY2024, which is linked to our management strategy. The relevant human resources strategy consists of a human resources acquisition and development policy and an internal environmental improvement policy. The themes for human resources acquisition and development are "Diverse human resources and enhancing diverse expertise" and "Promoting shared values within the Group and improving skills," while those for internal environmental improvement are "Creating an environment where people can work with energy and good health" and "Creating an environment that fosters innovation." Based on these

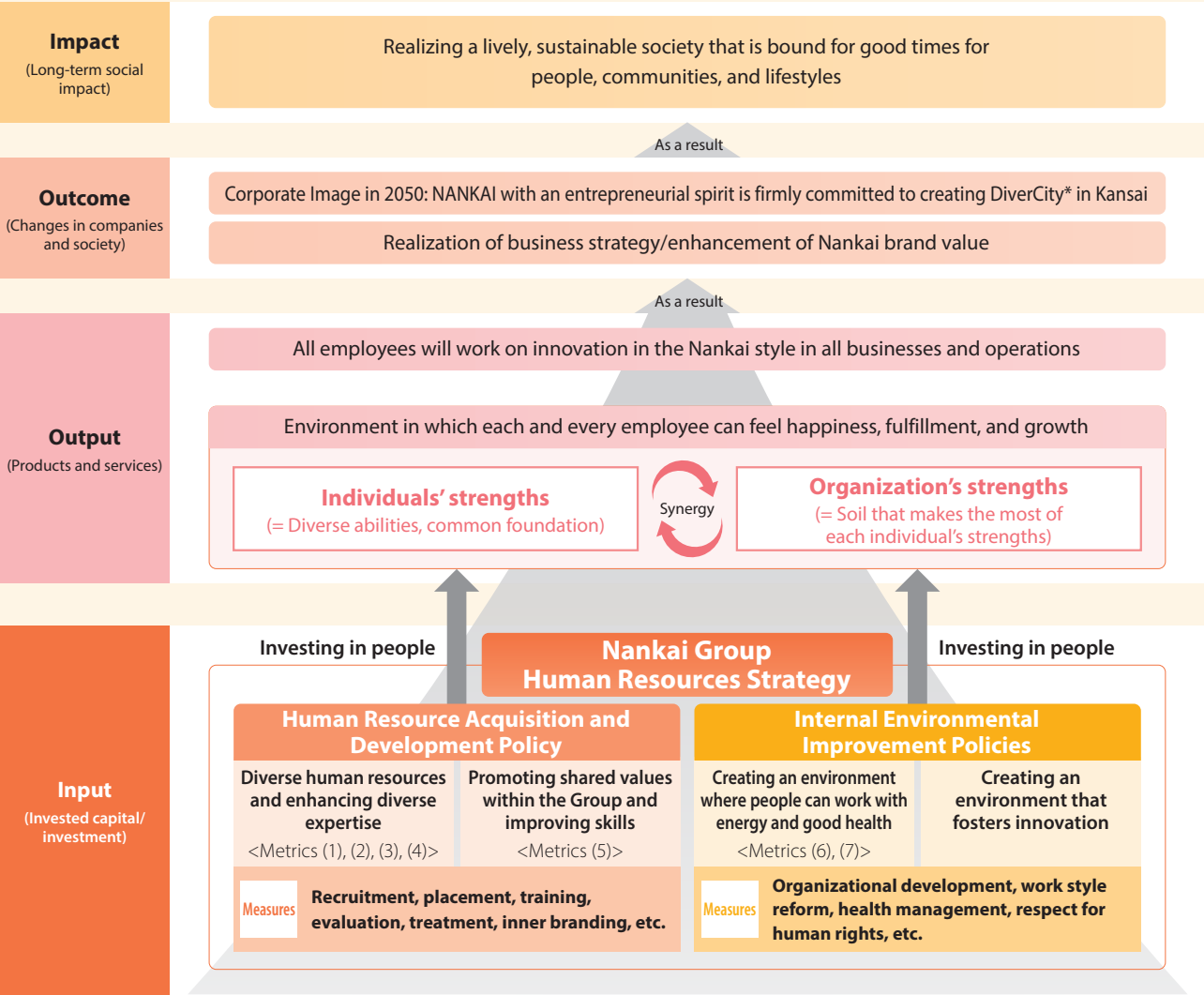
themes, we will plan and implement various human resources measures.

Based on our human resources strategy, or "investment in people," we aim to create an environment in which each and every employee can feel happiness, fulfillment, and growth. In addition, by creating an environment in which a diverse range of human resources can work with energy, we hope to achieve a situation in which all employees—regardless of their business, duties, or position—work on innovation in the Nankai style.

By enhancing our most important assets—our people and organizations—we hope to realize our business strategies, increase our value as a sustainable company, and achieve the goals of a sustainable society and the Corporate Image in 2050 that our Group has set for itself.

By implementing human resource strategies, we will create an environment in which people who work for the Nankai Group feel that it is bound for good times. Not only that, but by having both employees and the company grow together, we will connect with the "Bound for Good Times" of society and customers.

Nankai Group Human Resources Strategy: Connecting the "Bound for Good Times" in working people to the "Bound for Good Times" in society and customers



Metrics (1) to (7) are listed in the table on p. 51, "Investing in people to work on 'innovation in the Nankai style.'" Please see the following URL for information on our Human Resource Acquisition and Development Policy and Internal Environmental Improvement Policy: [https://www.nankai.co.jp/en/sustainability/materiality/05human\\_resources/human\\_resource\\_strategy](https://www.nankai.co.jp/en/sustainability/materiality/05human_resources/human_resource_strategy)



**The Nankai Group Human Resources Strategy Leading to Value Creation:**  
Investing in People to Achieve Innovation in the Nankai Style

**What is innovation in the Nankai style?**

Innovation in the Nankai style is what we call the innovation that our Group aims to achieve by having each and every employee take a fresh look at the business and operations they are currently involved in and by capturing and realizing what society and customers really want, no matter how big or small. By addressing

these issues, we believe we will be able to achieve results such as business creation, value enhancement of existing businesses, and business reform. All employees will work on innovation in the Nankai style across all businesses and operations to realize the vision of the Nankai Group.

**Innovation that the Nankai Group strives for (innovation in the Nankai style)**

To take a fresh look at the businesses and operations we are currently working on, and to recognize and achieve what society and our customers really want, no matter how big or small.

**1 Business creation**

- Development of new businesses and services in new fields and peripheral fields of existing businesses

**2 Value enhancement of existing businesses**

- Increasing revenue and profits
- Reviewing the business structure
- Improvement of customer satisfaction, recognition, and attachment

**3 Business reform**

- Contribution and support for business activities, business creation, and value enhancement of existing businesses
- Fundamental review of business processes, effective use of time (reduction of effort)
- Improving ease of understanding and accuracy, etc.



**Investing in people to work on innovation in the Nankai style**

The Group's investment in people is based on its human resource acquisition and development policy and its internal environmental improvement policy. The themes for human resources acquisition and development are "Diverse human resources and enhancing diverse expertise" and "Promoting shared values within the Group

and improving skills," while those for internal environmental improvement are "Creating an environment where people can work with energy and good health" and "Creating an environment that fosters innovation." Based on these themes, we will implement measures to address these issues.

In addition, we will establish metrics for each policy and monitor the progress and results of our initiatives.

Theme	Measures	Metrics	Target	Results (FY2023)
Human Resource Acquisition and Development Policy	Diverse human resources and enhancing diverse expertise	(1) Proportion of female managers (consolidated) <sup>*1</sup>	Improve to about 10% (by FY2030)	5.9%
		(2) Proportion of women among newly hired employees (consolidated) <sup>*1</sup>	Improve to about 30% (by FY2030)	26.5%
		(3) Management Course <sup>*2</sup> Proportion of women among newly hired employees (non-consolidated)	Maintain at more than 40% (by FY2026)	44.8%
		(4) Proportion of managerial positions filled by mid-career hires (non-consolidated)	Maintain at or above the FY2021 level (7.4%)	11.1%
Internal Environmental Improvement Policies	Promoting shared values within the Group and improving skills	(5) Proficiency level of innovation skills (non-consolidated)	30% of the total number of people reach the target level (by FY2026)	17.6%
	Creating an environment where people can work with energy and good health	(6) Average acquisition rate of annual paid leave (non-consolidated)	Maintain at more than 90% (by FY2026)	96.6%
	Creating an environment that fosters innovation	(7) Rate of male workers who have acquired childcare leave, etc. or leave for childcare purposes (non-consolidated)	100% (by FY2030)	91.1%
		We are currently considering appropriate metrics for each theme.		

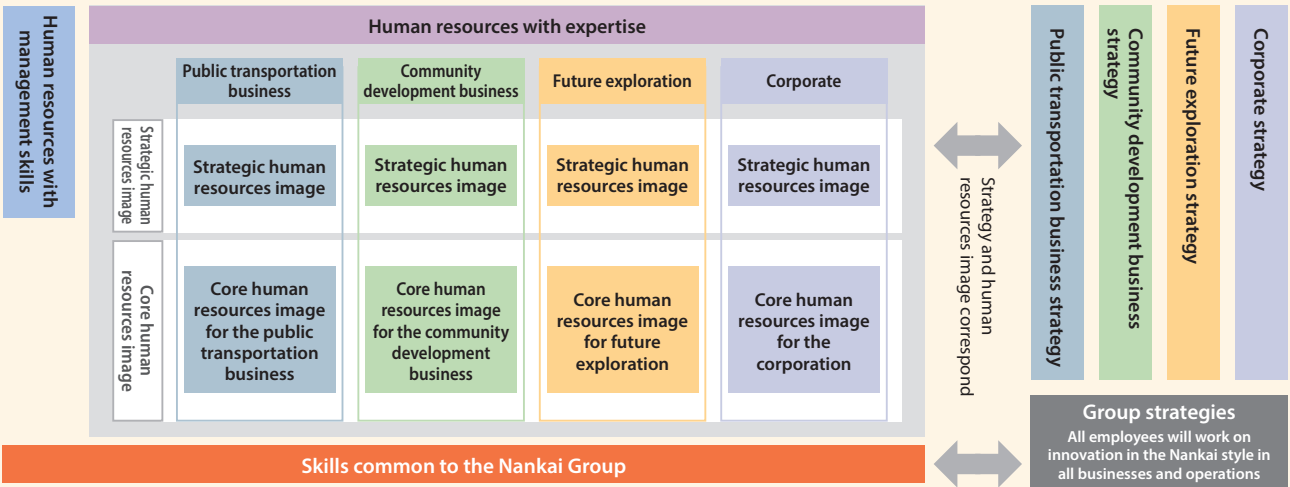
<sup>\*1</sup> Our company and 52 consolidated subsidiaries <sup>\*2</sup> Career path to become managers and human resources with management skills

**The ideal image of human resources for the entire Nankai Group to realize management strategies**

Our Group consists of a wide range of companies in the fields of transportation, real estate, distribution, leisure and services, construction, and other businesses. In order to respond to changes in society and customers in each of these businesses and transform our businesses accordingly, we will continue to secure and develop both human resources with management perspectives and skills (human resources with management skills) and highly specialized human resources with expertise in each business (human resources

with expertise).

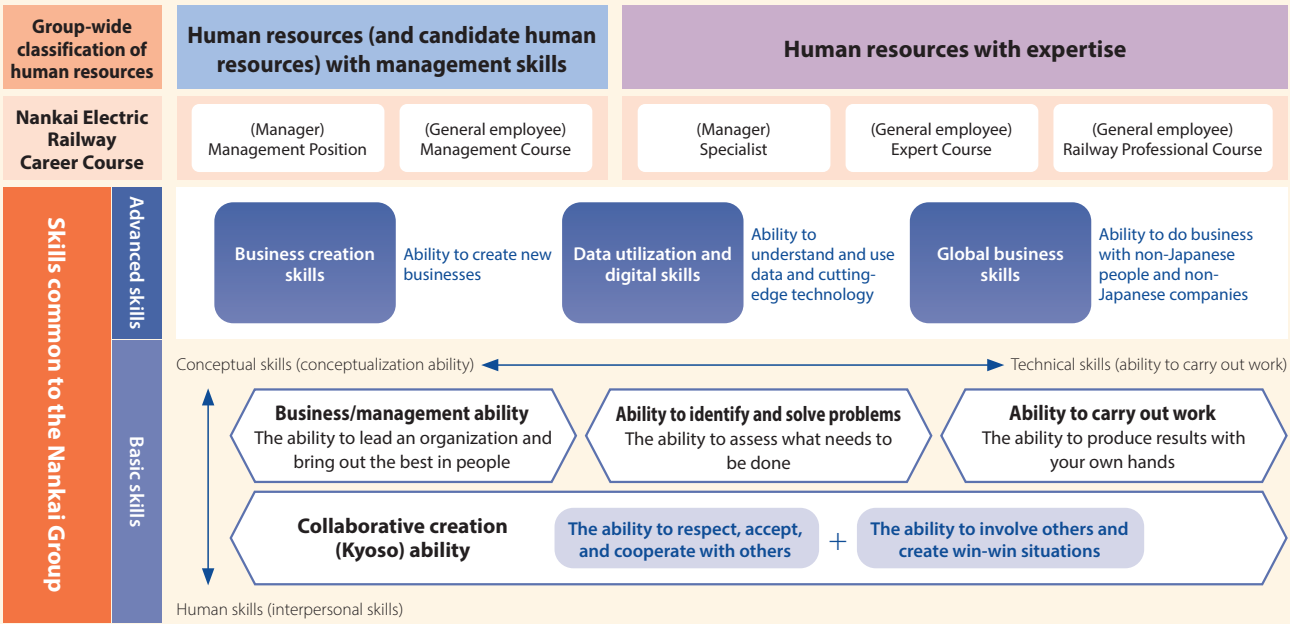
In addition, we have divided human resources with expertise into two categories: strategic human resources, which lead the development of new strategies for each business, and core human resources, which are primarily responsible for existing businesses and operations. In particular, to strengthen the acquisition and development of strategic human resources, we have defined the skills and experience we seek in the strategic human resources image and established a strategic human resources portfolio. We are monitoring the acquisition and development of these resources to build up our strength with the aim of realizing our business strategy.



**Skills needed across the Nankai Group**

In order to work on innovation in the Nankai style, our Group has defined the skills that all employees should acquire as "basic skills." In addition, we have defined the skills that are desirable to increase the number of people processing them to promote future business strategies as "advanced skills."

In particular, we have established an innovation skills proficiency metric that shows the ability and skills to engage in innovation based on the following among the development skills: "business creation skills" and "data utilization and digital skills." Furthermore, we are implementing measures to improve employees' skills so that the number of employees who reach the target level will increase.





Materiality 1

# Further Seek Safety, Security, and Satisfaction

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

## Ensuring safety in our railway business and other businesses

### Safety management in the railway business

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

On October 1, 2006, we established our Safety Policy (amended on June 26, 2009). We are working to develop a system that prioritizes safety in all our business activities, while also making comprehensive use of our railway facilities, railroad cars, and employees, to ensure transportation safety.

#### Safety Policy

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

#### Establishment of a safety management system led by the President

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

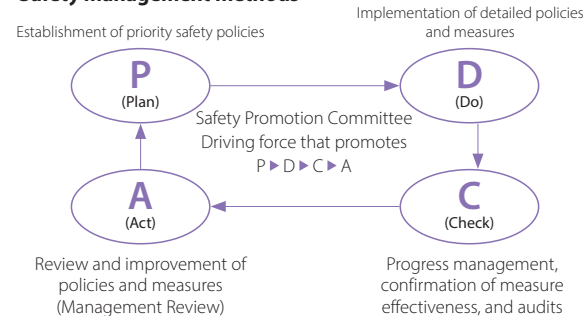
As the chief executive responsible for safety management systems, the President appoints the Railway Business Division General Manager as the Comprehensive Safety Administration Manager, and the Railway Business & Train Stock Department Chief Manager as the Transportation Manager, establishing a safety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

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

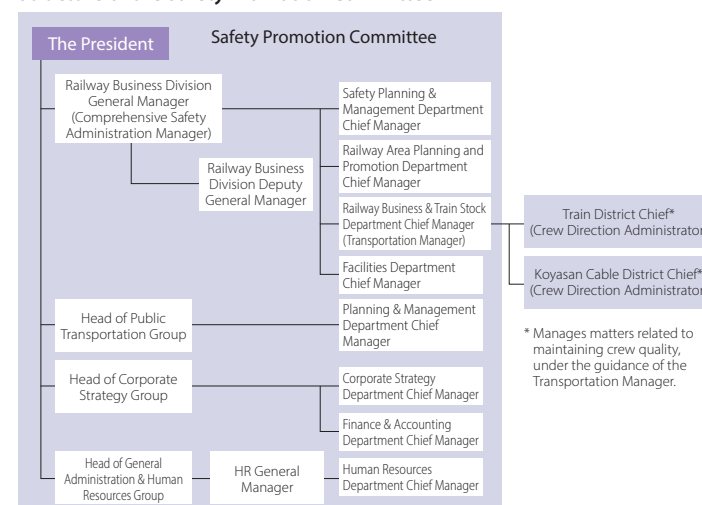
#### Committee organization



#### Safety management methods



#### Structure of the Safety Promotion Committee



#### Priority safety policies for FY2024

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

## Status of railway operation accidents, transportation failures, and incidents

### KPI Zero accountable accidents in the railway business<sup>\*1</sup>

Results for FY2023

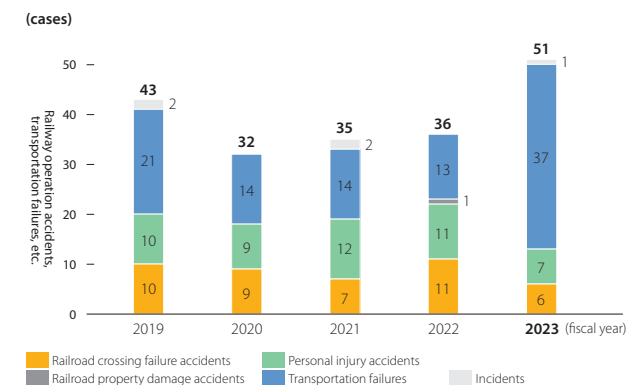
There were no major accidents. However, there were two incidents: a railroad crossing failure accident<sup>\*2</sup> and an incident (cracks in bogie frames in the factory).

<sup>\*1</sup> Incidents in the railway business, transportation failures (limited to delays or suspensions in service for at least three hours), and other incidents for which we are responsible.

<sup>\*2</sup> Reported to the Kinki District Transport Bureau; no administrative guidance was issued to our company.

### Occurrences in the past five years

#### Number of accidents over five years



<sup>\*</sup> From the second half of FY2023, when the police express a certain opinion on a personal injury or railroad crossing failure accident, the number of such cases is classified as a transportation failure.

#### <Reference> Classification of railroad operation accidents, etc.

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

### Safety education

#### Example 1: Comprehensive training for accident recovery

Every year, "comprehensive training for accident recovery" is conducted in which all departments participate to rescue injured customers, evacuate customers, and restore areas that have been damaged, based on a scenario of a large-scale accident or disaster. In FY2023, the training took place based on the scenario of "guiding customers from train cars to the nearest train station and restoring damaged facilities for a train that had stopped under the instructions of the Earthquake Early Warning System and had derailed due to the shaking of the earthquake." In addition, employees from divisions other than the railway division also participated in the evacuation drill and confirmed the procedures for guiding customers in an emergency.



A scene from the comprehensive training for accident recovery

#### Example 2: Crime prevention drills

Following an incident involving an onboard injury that occurred on the JR Kansai Airport Line between Hineno Station and Rinku Town Station in FY2023, we conducted liaison reporting, evacuation guidance, and criminal suppression training with the aim of strengthening cooperation with the police along our railway lines.

We also conducted training on what to do in the event of an emergency on the train, including checking how to operate the train when the emergency button is pressed, how to press the emergency button, and how to handle the door release cock.

### Safety investments

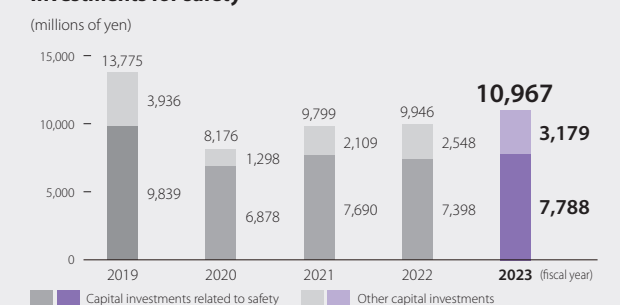
#### Continued capital investment for safety measures

We continue to invest capital to systematically and promptly implement necessary safety measures.

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

We will continue to make investments for the systematic promotion of safety measures in FY2024 as well.

#### Investments for safety



#### Major capital investments in FY2023

- Continuous overpass construction project
- New 8300-Series (10th style) train cars
- Seismic reinforcement of elevated bridge columns (Progress rate: 95.5%)
- Disaster prevention measures (Kinokawa River Bridge scour prevention measures, etc. on the Koya Line)
- Installation of platform doors (Nakamozu Station, Platform 4)
- Renewal of the platform lighting system and maintenance of emergency exit lights
- Renewal of the flat-type railroad crossing obstacle detection device and maintenance of railroad crossing obstruction warning devices



1 Further Seek Safety, Security, and Satisfaction

Preparedness for natural disasters, including risks arising from climate change

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

such as river water levels.

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

Natural disaster countermeasures taken in FY2023

Countermeasure themes	Activities conducted in FY2023	Targets for FY2024
Seismic reinforcement of structures in preparation for the Nankai Trough Earthquake	Seismic reinforcement work on reinforced elevated pillars (Progress rate: 95.5%)	Seismic reinforcement work on reinforced elevated pillars (Progress rate: 97.6%)
Measures to prevent scouring of river bridges	Kinokawa River Bridge, Koya Line Construction to prevent scouring on bridges (Progress rate: 50%)	Kinokawa River Bridge, Koya Line Construction to prevent scouring on bridges (Progress rate: 75%) (Construction to be completed in FY2025)
Systematic removal of hazardous trees	Removed trees that had been judged as unsafe during a health assessment by an arborist	Prioritizing the cutting of trees that have a large impact on train operations
Measures for areas at risk of slope collapse	Hakotsukuri Station to Tannowa Station: Slope construction plan formulation	Hakotsukuri Station to Tannowa Station: Slope protection construction work



Seismic retrofitting work on the elevated bridge in Namba Station



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



Tree removal process

Providing safe and comfortable facilities and services

<b>KPI</b> Complete renewal of station restrooms in at least 90% of stations scheduled for maintenance (Nankai Electric Railway) (by FY2026)	Results for FY2023	Implemented at six stations (A cumulative 71% of the 91 stations scheduled for maintenance have been completed)
<b>KPI</b> Install onboard security cameras in all cars of Nankai Electric Railway and Semboku Rapid Railway trains (by FY2028)	Results for FY2023	Implemented in 124 of the 698 cars of Nankai Electric Railway Scheduled to be implemented in stages from FY2025 on the Semboku Rapid Railway

Installation of platform doors at Nakamozu Station

To further improve safety on the station platform, we installed platform doors on Platform 4 at Nakamozu Station, and they began operating in March 2024.

The platform screen doors have a double-sliding door structure and can be used for different door positions. In addition, with the aim of improving customer safety, the system has a function that detects when a customer's body or belongings are caught during the closing of the



Platform doors at Nakamozu Station

platform doors and opens the doors to prevent entrapment, as well as a function that uses 3D sensors to detect any customers remaining in the space between the platform doors and the train doors. In FY2024, the platform doors on Platform 3 at Nakamozu Station are scheduled to begin operation. After FY2025, we will also promote the installation of platform doors to other stations, taking into account the number of passengers getting on and off the train and the congestion on the platforms during rush hour.

Test introduction of an AI-based railroad crossing abnormality detection system

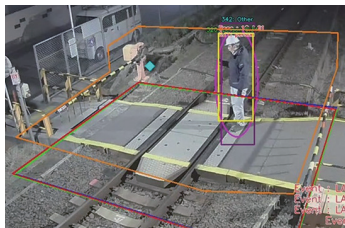
A railroad crossing is a location where a road intersects a railroad track, posing a risk that pedestrians may not be able to cross in time and could be struck by a train. In addition, when a railroad crossing accident occurs, it can cause train cancellations and

delays, which affect many customers.

For this reason, our company introduced surveillance cameras at all railroad crossings in FY2019 with the aim of restoring operations quickly in the event of an accident. From March 2024, in order to further improve the safety of railroad crossings, a new AI-based railroad crossing abnormality detection system using surveillance cameras has been introduced on a trial basis at the Nakamozu No. 2 railroad crossing. By introducing this system, it is hoped that accidents at railroad crossings can be prevented.

At present, we are conducting tests to confirm the detection performance for pedestrians left behind at railroad crossings and

to check the system's compatibility with special signal lights that notify approaching trains to stop. From now on, we will continue to study the system with the aim of starting actual operation in FY2024 or later.



Test of the railroad crossing abnormality detection system

Improving satisfaction by putting the customer's perspective first

<b>KPI</b> To have the customer satisfaction index continuously exceed the results of the previous fiscal year	Results for FY2023	62.9 points 0.8-point decrease from FY2022
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Grasping the level of customer satisfaction and reflecting it in our services

We recognize the results of customer satisfaction surveys and customer opinions and requests as important hints for our company management, and use them to improve problems and services. Opinions, requests, and compliments from customers received through our website or received directly by employees are accumulated in our “Customer Voices” database. This content is published on our in-house network, where employees can view it to improve operations and services. There were 2,060 customer voices received in FY2023.

Providing customer-oriented services

In order to become the Nankai of choice for our customers, we provide a variety of services from the customer's point of view. In terms of providing comfortable services, we launched the Nankai/ Semboku Support Hotto Net service in July 2024, which is the first such service in the Kansai region, allowing customers to make advance reservations for assistance from staff. Until now, customers who required assistance had to inform station staff when they arrived at the station, but with the introduction of this service, it is now possible to apply for assistance via the official website or the Nankai Railway official app (Nankai App) (applications must be made by 6 pm the day before). The information on customers who have applied online is automatically sent to the smart devices of station staff via the system. By having customers apply in advance, we will be able to provide smooth customer guidance and safe, secure transportation.

In terms of increasing the number of “Nankai fans,” in response to requests from many customers, in September 2023, we changed the 6000 Series stainless steel cars, which have been in service for over 60 years since 1962, from their current design with blue and



Assisting customers getting on and off the train

orange line colors and the NANKAI logo to a nostalgic unpainted version. In addition, in order to further refine our customer-oriented actions, we share the words of praise we receive from customers about the services provided by each department in internal newsletters and other publications.

Through these initiatives, we will continue to deepen our efforts to improve customer satisfaction.



6000 Series with unpainted design

Newly established common CS activity guidelines for the Public Transportation Group

With customer expectations for transportation and transport services increasing, we have formulated the Public Transportation Group Customer Satisfaction Activity Guidelines (hereafter, “the Guidelines”) as the first step in our efforts to continue being a Nankai Group that customers choose. These guidelines were completed after active discussions that incorporated the opinions and ideas of Nankai Group employees and staff with diverse backgrounds, and it is hoped that they will function as a benchmark so that the entire Public Transportation Group can share a common understanding.

In the future, we plan to use the Guidelines to improve and review the initiatives of the Public Transportation Group related to customer satisfaction. For example, we are planning to hold a reception contest and exchange opinions across workplaces and companies, and we will provide safe and secure transportation services while deepening our relationships with customers and improving the quality of our services as a unified Public Transportation Group.



## Materiality 2

## Thriving and Friendly Community Development

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

## KPI

**Reversing the demographics from high outflow to high inflow (FY2027)**

Results for FY2023

**The demographics along the railway line turned positive due to an increase in the number of municipalities that had a net increase in population in the previous year, with a figure of 381 (compared to a decrease of 1,459 in FY2022).**

## Revitalizing the Namba area

## Namba City Planning for 2050

On November 23, 2023, after two rounds of social experiments, the Namba Hiroba was born. This pedestrian space was created by reorganizing the rotary on the north side of Namba Station in Nankai, in collaboration with the local government.

This project was made possible by the recognition of the need for a pedestrian environment and a plaza centered around people, as well as the local shopping district's desire to create a pedestrian space in front of the station in response to issues such as the lack of sidewalk widths for abandoned bicycles and the increase in pedestrian traffic, as well as the division of the station and downtown area due to frequent vehicle traffic.

The Namba Hiroba Management Corporation Preparatory Committee, made up of five organizations—the company, the Ebisubashi-suji Shopping Street Promotion Association, the Nansan Street Association, Takashimaya Co., Ltd., and Marui Co., Ltd.—has concluded an agreement with Osaka City and is currently conducting a third social experiment with the aim of managing the plaza through private sector initiatives.

Since it opened, Namba Hiroba has become a popular place for visitors to meet and rest in a high-quality, comfortable space, leading to an increase in the amount of time visitors spend in the area and stimulating consumer activity. In addition, the improved walking environment has also led to an increase in the number of

people visiting shopping streets and other places, and is contributing to the revitalization of the local economy.

With EXPO 2025 and the Naniwasuji Line scheduled to open in the near future, we will continue to accelerate our efforts to develop Machikatsu Cast members who will play a leading role in the community, based on the Greater Namba Vision formulated in 2023, in order to make Namba an even more attractive place to live. By promoting community development that encourages people to visit the area more often, and by increasing the number of visitors, length of stay, and frequency of visits, we will sustainably increase the energy of the Namba area. Furthermore, through collaborative creation with a diverse range of stakeholders, we will create the next generation of Namba that continues to attract people.



View of Namba Hiroba

⇒ Please also see pp. 27–30 for information on the community development of Namba.

## Revitalizing local communities with railway stations as hubs

The Nankai Group aims to create communities that are “friendly to the global environment,” “friendly to all people,” and “resistant to natural disasters,” with a focus on comfortable transportation services centered around train stations, in collaboration with local governments along the railway lines.

## Regional revitalization at Nakamozu Station

At Nakamozu Station, we carried out renovation work on the concourse and the exterior of the station building, aiming to create a thriving station with a number of tenants, while also creating a calm and dignified atmosphere with a sense of luxury, so that customers can spend time there comfortably and at their leisure. As part of our initiative to strengthen the functions of our regional bases, we are also renovating the commercial store area, with the aim of creating a station that can be used not only by railway customers, but also by local residents.



The newly renovated Nakamozu Station

## Creating a thriving atmosphere within the station concourse premises

At patrol-strengthened stations, where station attendants conduct patrols to manage operations, shops selling goods are allowed to

open within the station premises on the condition that they carry out station support works (approaching customers, giving directions, and simple cleaning).

At present, the majority of collaborative partners are employment support offices and social welfare corporations along the railway line. In FY2023, a total of 339 shops were opened at 26 businesses at 13 stations.

We will continue to work on “community collaborative creation development” through the “creation of a thriving community” around the station and by providing opportunities for users of employment support facilities to “participate in society and improve their employability.”



Selling goods in the station concourse

## Preserving and utilizing tourism resources

## Promoting Koyasan in collaboration with the local community on the occasion of the 20th anniversary of its registration as a World Heritage Site

Koyasan, a sacred place and one of the largest tourist resources along our railway lines was registered as a World Heritage Site in July 2004 as Sacred Sites and Pilgrimage Routes in the Kii Mountain Range. This year marks the 20th anniversary of its registration. In line with this, we are working with businesses at Koyasan and in the surrounding area, targeting domestic day-trippers, to offer “shrine and temple experiences,” “restaurant and souvenir store experiences,” and “food and drink discounts and special offers” that can only be experienced by visiting this notable region.

In addition, a special website has been set up to bring together unique experiences that can only be enjoyed on the 20th anniversary of the registration of these World Heritage Sites, and a

promotional campaign is being developed under the title Koyasan: A Place to Feel, 2024 to encourage more people to visit.

From now on, we will continue to attract tourists to Koyasan and the surrounding area by verifying the content of experiences that are in demand, and by developing and promoting content with a greater appeal together with businesses along the railway line.



Promotional poster for Koyasan: A Place to Feel, 2024

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

Our company aims to increase the resident population, the related population, and the non-resident population (e.g., tourists) by enhancing the value of living, working, and visiting in the area through solving social issues and area branding along the railway line. For “living,” we are working with local people to hold events and disseminate information for the childcare generation, as well as create a community that aims for coexistence with non-Japanese people. For “working,” we are supporting the recruitment of companies along the railway line and supporting open factories. For “visiting,” we are working with local people to create a tourist town that makes use of the World Heritage Sites and food resources along the railway line.

## Collaborative creation measures with local governments along the railway line Nankai Line: Community Open House

With the aim of increasing the resident population along the railway line, our company is working with local governments and creators who were gathered through a public call and who want to convey the appeal of living there. We are implementing the Community Open House initiative to give young people and

families who are considering moving or relocating a concrete image of life along the Nankai railway line. In FY2023, we held a half-day tour event in Kawachinagano City that gave people a realistic sense of the appeal of living in the municipalities along the railway line. We also worked with creators to broadcast the appeal of the area online, as well as through web articles and social media. In FY2024, we will continue the same initiatives in Kawachinagano City and Sakai City as in FY2023. Through this initiative, we hope to create opportunities for area branding and direct population inflows, and to increase the resident population.



Community Open House



## Materiality 3

## Creating a Future Full of Dreams

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

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

### Obtained approval for the Naniwasuji Line project as an urban planning project and began preparatory work

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

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

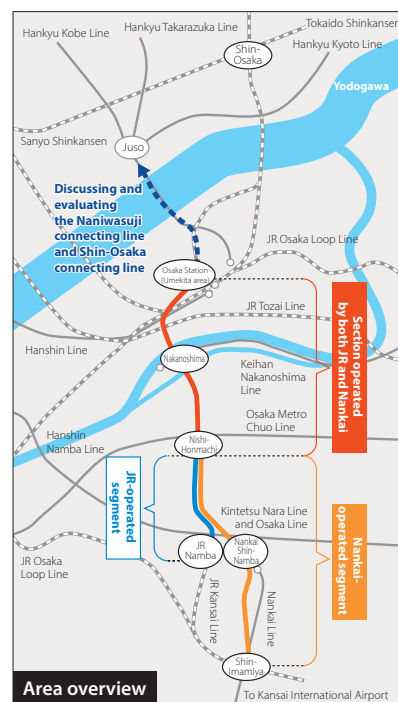
#### Major benefits expected from the Naniwasuji Line

- National core route of Shin-Osaka and central Osaka will be directly connected to other areas, such as southern Osaka
- Improving the centrality of the Umekita area and promoting community development in the Nakanoshima area
- Improving access to Kansai International Airport
- Inducing interaction between wide-area tourist hubs
- Increasing accessibility to the Namba area

#### Overview of the Naniwasuji Line plan

Segment to work on	Osaka Station (Umekita) – Nishi-Honmachi Station (tentative name) – Nankai Shin-Imamiya Station Osaka Station (Umekita) – Nishi-Honmachi Station (tentative name) – JR Namba Station
Stations covered	Nakanoshima Station (tentative name), Nishi-Honmachi Station (tentative name), Nankai Shin-Namba Station (tentative name)
Total project cost	Approximately 330 billion yen (estimate) Of which, approximately 33 billion yen is funded by local municipalities (16.5 billion yen by Osaka Prefecture and 16.5 billion yen by Osaka City) Approximately 33 billion yen funded by private sectors (18.5 billion yen by Nankai Electric Railway and 14.5 billion yen by JR West)

Project organizer	Kansai Rapid Railway Co., Ltd.
Operator and operation segment	Nankai Electric Railway Co., Ltd. Operation segment: Osaka Station (Umekita) – Nankai Shin-Imamiya Station West Japan Railway Company (JR West Japan) Operation segment: Osaka Station (Umekita) – JR Namba Station
Timing of the opening	Spring 2031



## Creating new products and services with digital technology

### Testing for autonomous operation

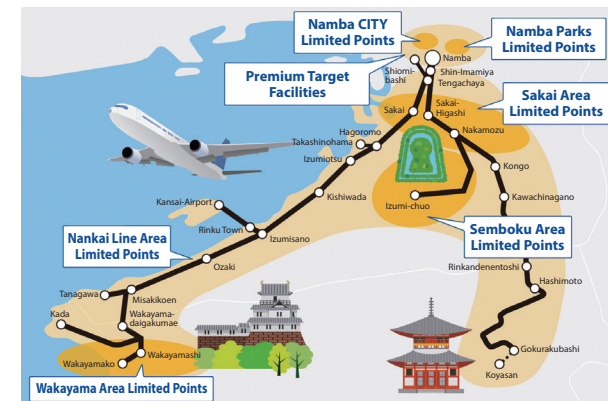
Against the backdrop of social issues, such as a shortage of labor due to a decline in the working-age population, the company has also been working to introduce GOA2.5 (GOA with Attendant), in which attendants other than drivers ride in the lead car, with the aim of solving the future shortage of drivers. From July 2022, we began preparations for automatic train operation tests using a system that combines the Automatic Train Stop (ATS-PN) system currently in use with a newly developed Advanced Automatic Train Operation (ATO) system. In August 2023, we began running tests on the Wakayamako Line. In addition to verifying the safety and stability of the system and identifying issues with the tasks performed by attendants during automated driving, the driving

tests also aim to reduce CO<sub>2</sub> emissions through energy-saving driving and other measures. We have also established the GOA 2.5 Automated Driving Study Committee, which is made up of experts, and are evaluating safety based on the test results.

This approach makes it possible to ensure safety by utilizing existing facilities, while also reducing investment costs and improving cost-effectiveness, so it is possible to sustainably operate the railway business into the future. We also believe that this model case can be used as a reference for regional routes, where the shortage of conductors is even more serious, and that it can contribute to the promotion of automated driving in the railway industry.

### Started offering Facility/Area-Limited Points through the minapita point service

We have been working on various initiatives, such as the operation of the minapita point service and the release of the Namba Marutto App, with the aim of becoming a railway line of choice for our customers. In November 2023, we renewed the minapita point service and added the first point service for a railway company that can be used only at designated facilities and areas. Furthermore, measures were implemented to enjoy not only the shopping centers in Namba, but also the areas along the Nankai Electric Railway and Semboku Rapid Railway lines. We will continue to strengthen our customer contact points through our point service, making the most of our strengths as a railway company with a diverse range of business segments. We will also strive to improve our services through business collaborations.



Area visualization of facility/area-limited points

\* Minapita points are a point service where you can earn and spend by using facilities and railways centered around the Nankai Group.

## Building smart cities

### KPI Advancing plans to revitalize Semboku New Town, and the Izumigaoka Station-Front Vitalization Project

Results for FY2023

Public-private partnership SENBOKU Smart City Consortium conducts a demonstration experiment for the NANKAI On-demand Bus and Health-Smart Semboku

### Public-private partnership to create a sustainable community in Semboku New Town: SENBOKU Smart City Consortium

In order to promote sustainable communities development in Semboku New Town, the SENBOKU Smart City Consortium was established in June 2022 by Sakai City, Osaka Gas, Nippon Telegraph and Telephone West Corporation, and our company based on the principles of the SENBOKU New Design and Sakai Smart City Strategy. Currently, more than 150 organizations, including companies and universities, have joined the consortium, accelerating efforts through equal partnership between public and private sectors. In FY2023, 15 projects were implemented in five working groups (Mobility, Energy, Healthcare, Smart Town, and Data Linkage), and the Nankai Group tested the AI-based NANKAI On-demand Bus service and the Health-Smart Semboku healthcare app. As a member of the steering committee, we will work to establish the new services in the community through planning and coordination of demonstration projects and other activities.

⇒ For more information about the NANKAI On-demand Bus, please see p. 39.

### Health-Smart Semboku healthcare app

As part of the SENBOKU Smart City Consortium's measures, a demonstration experiment is being conducted from 2022 on the smartphone app Health-Smart Semboku, which promotes behavioral changes and the prevention of lifestyle diseases by encouraging seniors to develop exercise and measurement habits. In 2023, we started a service that allows users to exchange points accumulated by walking for digital tickets on the Semboku Rapid Railway. We also accelerated our healthcare business in collaboration with Mizuho Bank, Ltd. (e.g., the Memory Support Project with Morinaga Milk Industry Co., Ltd.). We are also working with Osaka Public University and other organizations in various fields to promote our initiatives. By July 2024, the number of registered users had exceeded 9,000, and the high active rate of 80% has been maintained.



Health-Smart Semboku app

## Offering products and services that will expand the non-resident population (tourism to Japan, EXPO 2025, IR)

### Overseas promotion with an eye on EXPO 2025

Taking this opportunity with EXPO 2025, the company is promoting the use of railways and shopping centers, as well as attracting inbound passengers to tourist destinations along the railway line, by holding booths at travel fairs, giving seminars, and making sales to travel agencies. In FY2023, we set up booths at travel fairs in Singapore, Taipei, and Los Angeles, and held business negotiations with travel agencies, promoting Koyasan and other tourist

destinations along the railway line, as well as the digital tickets with QR codes that were released in May.

We will continue to work to attract passengers to the areas along the railway line by capturing global trends and needs.



A seminar at an overseas travel fair



## Materiality 4

## Achieving an Enriched Life

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

## Providing lifestyles and services that address the changes underway in work styles and lifestyles

Our company provides lifestyles and services that address the changes underway in work styles and lifestyles. One example is the Parks Garden rooftop park at Namba Parks, which opened in 2003 with the concept of “creating a forest in Namba to bring people, the city, and nature closer together.” It has long been a favorite place for many customers to relax, but in order to respond to changes in the times and lifestyles and the diverse needs of our customers, we carried out the largest-scale renovation to date between 2023 and 2024. The renewal concept is Touching Nature, and it has been reborn as a space where people and nature can come closer and be touched by the five senses.

In the first phase, we created a new working space called GREEN DESK, where people can work remotely or hold group meetings while enjoying the fragrant breeze and greenery, with plants such as sweet olive and magnolia, and a garden terrace where people can enjoy take-out or bring-in meals as they please.

We carried out the renewal with a focus on spending time in nature and expanded the range of ways to spend time in the garden. In the second phase, a large green hill where you can feel the wind and sunlight under the open sky, called the GREEN STAGE, was built on the 8th floor. It boasts a view that can only be enjoyed from a rooftop park, so that customers can relax freely in the sun, read, or chat with friends, day and night. We will continue to refine Parks Garden so that it can continue to be a forest in Namba that is needed by our customers.



Working space GREEN DESK

## Providing services for all generations

The Nankai Group provides services that are friendly to people of all ages. For example, we aim to run an e-sports business that can be enjoyed by all people, regardless of differences such as age, gender, nationality, or whether or not they have a disability. We are also running e-sports classes for the prevention of frailty in the elderly, and are conducting joint research with Kobe University on the prevention of game addiction.

In addition, Nankai Grief Support Co., Ltd., which operates funeral hall TEAR, has declared itself LGBTQ-friendly since June 2023, and is working to create a workplace environment that is comfortable for sexual minorities, as well as funeral services that take into account

the needs of sexual minorities. In October 2023, we had an exhibition at the Rainbow Festa! 2023 Kansai Rainbow Parade and asked participants directly about their concerns regarding funerals.



Rainbow Festa! exhibition

## Enhancing the functions of logistics sites that underpin social infrastructure

The logistics industry is expected to play a role in supporting sustainable economic growth and safe, secure, and prosperous lifestyles, despite the 2024 problem. The Nankai Group owns distribution centers in Higashi-Osaka and Kita-Osaka, and in order to meet the growing demand for logistics services year-on-year, we are upgrading the truck terminals within each logistics center. Specifically, in order to achieve a significant reduction in the time spent waiting for cargo to be collected, we are renovating the facility to make it a multi-purpose logistics facility that combines

the functions of a truck terminal and a delivery center. Furthermore, in order to create a comfortable working environment, we have newly constructed amenity halls, shower rooms, and nap rooms within the facility.

In addition, the facilities that have been completed in recent years have obtained the DBJ Green Building certification and are environmentally-friendly facilities.

⇒ **For more information on the sophistication of logistics facilities, please see p. 42.**

## Materiality 5

## Developing a Workplace and Staff That Enables All to Fully Utilize Their Abilities

**We will actively invest in our people to create an environment where each and every employee can feel happiness, fulfillment, and growth, and work on innovation in the Nankai style in all of our businesses and operations. We will also work to promote diversity and inclusion and will connect with the “Bound for Good Times” in society and our customers through the activities of each and every one of our diverse human resources.**

## Human Resource Acquisition and Development Policy

## Diverse human resources and enhancing diverse expertise

**We strive to secure human resources with diverse values, experiences, and abilities, and to expand the opportunities for these diverse human resources to play an active role. We are also working to improve the expertise of each individual in line with the characteristics and roles of their business, while making the most of their individuality and aspirations.**

KPI	Increase the proportion of female managers to approximately 10% (by FY2030) (consolidated)*1	Results for FY2023	5.9%
KPI	Increase the proportion of women among newly hired employees to approximately 30% (by FY2030) (consolidated)*1	Results for FY2023	26.5%
KPI	Maintain the proportion of female new graduates in the Management Course*2 at 40% or more (by FY2026) (non-consolidated)	Results for FY2023	44.8%
KPI	Maintain the proportion of managerial positions filled by mid-career hires at or above the FY2021 level (7.4%) (non-consolidated)	Results for FY2023	11.1%

\*1 Our company and 52 consolidated subsidiaries \*2 Career path to become managers and human resources with management skills

### Securing a diverse range of human resources and promoting their active participation

#### Promoting women's career advancement

As part of our efforts to promote the active participation of a diverse range of human resources, the Nankai Group is working to promote women's career advancement.

In the Action Plan for Promotion of Women's Activities formulated in April 2021, we have set a goal of maintaining the proportion of female new graduates in the Management Course\*2 at 40% or more in FY2026. We are actively promoting public relations activities for women at the time of recruitment and working to expand our candidate pool. Furthermore, we focus on creating an environment where human resources at various life stages can play an even more active role, such as by holding Nankai Girls' Honne Talk events, where female managers act as facilitators, as a place for female employees in leadership positions at the head office and group companies to share and resolve their concerns.

In addition, our organizations engaged in railway operations are promoting the assignment of women to various positions, such as station attendants, conductors, drivers, and assistant station masters, and in vehicle, electrical, and engineering sections, as well as the development of accommodation facilities for women. We promote the placement and appointment of people to all types of roles by publicizing these points during recruitment activities. Through these initiatives, the results of the promotion of female employees to executive and managerial positions have been recognized, and since FY2020, three of our female executives and managers have received the Active Female Leader Award.



Group photo from Nankai Girls' Honne Talk event

## Recipient of the Active Female Leader Award (nicknamed the Blue Rose Award) from the Osaka Chamber of Commerce and Industry



Tomoko Kiriya

Corporate Officer  
Community Development Group  
Community Development and  
Creation Division General Manager

I am very honored to have received this wonderful award. My career has not been a glamorous one, and I have built it while facing worries and failures, but at the same time, it has also been a career that has been supported and helped by many people inside and outside the company. That is why I want the female employees of our Group to know that if they are worried or anxious about changes in their lives, they should not keep those feelings to themselves, but should seek the support and cooperation of those around them. And through the network of people from various industries and occupations that I have been able to make through this award, I hope that the scope of activities for female employees will expand, and that it will lead to the discovery of role models that match their own life plans.

In addition, as part of our efforts to expand the scope of activities for women, we would also like to take on the challenge of creating a workplace environment where diverse human resources can work in a way that is true to themselves, and where each individual can feel a sense of fulfillment and growth. I have no doubt that if each person can demonstrate their own unique strengths and abilities, then the organization as a whole will shine and become incredibly powerful.



5 Developing a Workplace and Staff That Enables All to Fully Utilize Their Abilities

Securing a diverse range of human resources

The Nankai Group strives to secure human resources with diverse characteristics, including not only age and gender, but also nationality, work history, career orientation, and life stage.

In order to secure human resources with expertise who will be the driving force behind business innovation, the company actively recruits mid-career employees. In FY2023, the ratio of mid-career hires to regular employees was high at 50% (including those who have been converted to regular employees). There are many people with diverse backgrounds, skills, and values working in a wide range of departments, particularly in the departments that are working on business model innovation and future exploration for each business. In addition, in order to create new business pillars as set out in the Kyoso 140 Plan (the Medium-term Management Plan), and in particular, to strengthen tourism-related businesses, we are hiring non-Japanese people as managers in FY2023.

In the Group, Nankai International Travel Co., Ltd. is strengthening its tourism-related business, and Nankai System Solutions Co., Ltd. is increasing the opportunities for non-Japanese human resources to play an active role with the aim of utilizing overseas IT human resources. Through these efforts, the number of non-Japanese human resources in FY2023 is 50.

In addition, as society as a whole is becoming more diverse, Nankai Grief Support Co., Ltd. is making efforts to be LGBTQ-friendly, and as such, same-sex partners are able to use the same internal systems as legally married partners, such as for congratulatory and condolence events, holidays, and various benefits. In recognition of these efforts, we received the highest-level Gold award in the evaluation index for corporate LGBTQ initiatives established by work with Pride, an organization that supports the promotion and establishment of diversity management related to LGBTQ and other sexual minorities in Japanese companies and organizations.

In this way, the collaborative creation of human resources with diverse values and backgrounds, including existing employees and career hires, as well as people from different nationalities, is having a positive impact not only on the promotion of business strategies, but also on the review of business processes and the spread of diversity and inclusion.



Comeback employment: It's "Bound for Good Times" after all

We also offer comeback employment for those who have left the company and want to work for Nankai Electric Railway again.

Initiatives to improve various areas of expertise

The Nankai Group is engaged in securing and developing both human resources with management perspectives and skills (management resources) and highly specialized human resources with expertise in each business (specialized resources).

As part of our efforts to develop management human resources, we are actively implementing various training programs, including sending employees to business schools, and promoting them to key posts within and outside the Group. In addition, in the development of specialized human resources, we have set the necessary skill requirements for each business and position, and we are also reflecting these in our personnel system, such as by setting them as criteria for promotion. In order to support the further development of specialist knowledge, in FY2024, we raised the maximum amount of financial assistance for qualification acquisition, expanded the range of qualifications that are eligible for financial assistance, and increased the amount of financial assistance.

In addition, we introduced a system to train people by career path in FY2023 as part of our efforts to develop human resources with expertise. Under this system, employees can choose from three courses: Management, Expert, and Railway Professional Courses. We promote talent development through suitable assignment and training plans for each course.

Please also see p. 52 for "The ideal image of human resources for the entire Nankai Group to realize management strategies."

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

Promotion of the right person in the right place

The Nankai Group promotes initiatives to draw out the abilities of human resources with diverse values, experiences, and abilities.

We are implementing new initiatives, such as a career orientation survey that allows employees to declare their career aspirations, transfer requests, and personal and family life circumstances, as well as a system for changing career paths and internal job postings from the railway operations department to the innovation promotion department, so that each employee can choose their future goals based on their own aspirations and aptitudes. Through these initiatives, we are striving to achieve the right person in the right place, where people can demonstrate their abilities with high engagement.



Kazuhisa Matsuda  
General Administration & Human Resources Group  
HR Division, Human Resources Strategy Department

Initiatives to prevent resignations

In order to ensure that our employees can work with enthusiasm for a long time, we are working to prevent young employees from leaving the company. From FY2022, we have been providing opportunities for new employees in the railway operations department to meet with experienced employees who have held supervisory positions and have a wealth of knowledge and experience in the railway industry. We also visit the workplaces of new employees, check how they are working, and observe their physical and mental health, while also conducting interviews and follow-ups as necessary. As a result of these activities, the turnover rate of new employees in the railway operations department has been reduced to about half of what it was before the activities began.

Promoting shared values within the Group and improving skills

We aim to develop human resources by promoting business strategies and instilling the values that will form the foundation for "innovation in the Nankai style" in all our businesses and operations, as well as improving the necessary skills.

KPI 30% of all employees to reach the target level of innovation skills proficiency (by FY2026) (non-consolidated)

Results for FY2023 17.6%

Inner branding activities

The Nankai Group is engaged in a variety of internal branding activities to ensure that our employees feel a sense of empathy and attachment to the Nankai brand, and can approach their business activities with pride and confidence.

As one example, we provide a variety of educational opportunities, such as brand training for new employees, video learning materials, and lectures on customer satisfaction and brand awareness for all employees of our Group, from general staff to management, in order to share values that will improve our brand.

In addition to learning, we also run a participatory Nagomi Tokimeki Activity for our employees, in order to create an organizational culture where employees themselves can feel a sense of "Bound for Good Times" about the company and the workplace.

The Nagomi Tokimeki Activity includes a number of unique initiatives, such as Tsunagarism posters and videos featuring employees that encourage lively communication, "Bound for Good Times" cards that aim to foster a culture of finding and praising each other's good points, and Nankai Line Ambassadors who help foster pride in the area by discovering good things about the area along our railway lines and reporting them on a website for employees.



"Tsunagarism" poster

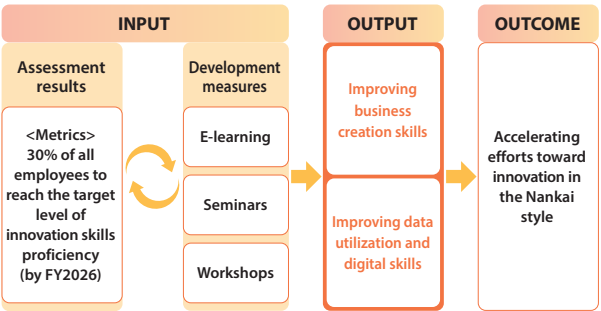
Initiatives to enhance common skills

The Nankai Group conducts various training programs with the aim of improving the common skills required by both management and human resources with expertise.

As a measure to improve "basic skills," we are engaged in improving the necessary basic skills for each role by implementing group training and e-learning by rank and theme, as well as dispatching employees to business schools.

Among the "development skills," "business creation skills" and "data utilization and digital skills" are collectively positioned as "innovation skills," and the "DX Assessment" is conducted to understand the current situation of each individual in terms of these skills. Based on the results of this assessment, we provide learning opportunities, such as e-learning, seminars, and workshops tailored to the level of each employee, and work to improve their skills. We will continue to work toward the goal of having at least 30% of the total number of people reach the target level.

⇒ Please also see p. 52 for information on "skills required throughout the Nankai Group."



Initiatives to improve "business creation skills" and "data utilization and digital skills"

In FY2023, we held a New Business Creation Workshop for the top-ranking employees who had passed the assessment, in which they designed business plans for new businesses based on market opportunities with the aim of applying their skills at a practical level, and a Data Utilization Workshop in which they used BI tools to experience business processes and improve their data utilization skills with the aim of applying them to their work. We will continue to work to ensure that our Group's human resources can understand and utilize data and cutting-edge technology to create new businesses.



DX Promotion Division, General Administration & Human Resources Group  
Masayoshi Satake (left), Data Marketing Promotion Department  
Yui Takada (center), HR Division, Human Resources Department, General Administration & Human Resources Group  
Maho Tomishige (right), Innovation Promotion Department, Business Strategy Group



5 Developing a Workplace and Staff That Enables All to Fully Utilize Their Abilities

Internal Environmental Improvement Policies

Creating an environment where people can work with energy and good health

We are working to develop, monitor, maintain, and improve systems and workplace environments that emphasize DE&I\* so that people from diverse backgrounds and life stages can continue to work with vitality and good health.

\*DE&I: Diversity, Equity & Inclusion

KPI	Maintain an average acquisition rate of annual paid leave of at least 90% (by FY2026) (non-consolidated)	Results for FY2023	96.6%
KPI	100% acquisition rate of male workers who have acquired childcare leave, etc. or leave for childcare purposes (by FY2030) (non-consolidated)	Results for FY2023	91.1%

Initiatives to support balancing work with childcare and nursing care

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

In addition to our childcare leave system and our nursing care leave and holiday system, we are working to “strengthen support for balancing work and childcare” through the following measures. In addition, we make sure that employees on childcare leave will have a smooth return to work by sending them periodic internal newsletters (digital version launched in June 2021) and having them hold meetings with their supervisors.

Fiscal year	Measures
FY2019	Introduction of a flextime system that allows employees to choose their start time
FY2021	Extension of the period during which employees can use the shortened working hours system for childcare until the start of their child's fifth year of elementary school
FY2022	Introduction of a telecommuting system
FY2023	Introduction of baby support leave (up to ten days of paid leave that can be taken by both men and women during the postpartum period) Newly added “hospital visits for infertility treatment” as a reason for taking stock leave
FY2024	Review of family allowances (increase in family allowances for children) Implementation of Papa Talk!, a social event for male parents

As a result of these initiatives, the proportion of female employees who have taken childcare leave after giving birth and the rate of returning to work after taking leave has been 100% for ten consecutive years. In recent years, the number of male employees taking childcare leave has been on the rise, and the percentage of male employees taking childcare leave and other leave for childcare purposes in FY2023 was an extremely high 91.1%.

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

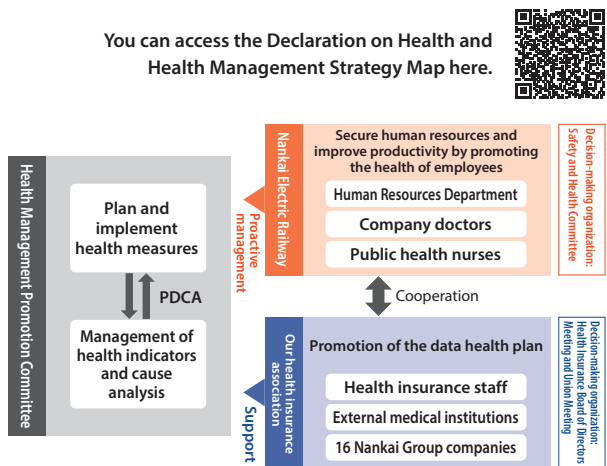
Health management initiatives

We promote monitoring, maintenance, and improvement activities for health conditions and the work environment so that all human resources can be healthy in body and mind. In June 2022, we established the Declaration on Health, and at the same time, we launched the Health Management Promotion Committee, which promotes company-wide and cross-sectional collaboration for health management initiatives. This Promotion Committee is promoting collaborative health based on the Health Management

Strategy Map and is effectively implementing health management.

In FY2023, we established a healthcare department within the Human Resources Department to focus on preventative medicine and develop new initiatives by occupational physicians and public health nurses. We also provide industrial physician consultations for employees working long hours and have set up a consultation service for women's health issues. Furthermore, we are working to address issues related to mental and physical health and women's health.

In FY2024, we integrated the smoking areas at our head office and provided free smoking cessation support medication as part of our efforts to tackle smoking. In addition, six companies in our group—Nankai Grief Support Co., Ltd., Nankai Fudosan Co., Ltd., Nankai Vehicles Service Engineering Co., Ltd., Suminoe Enterprise Co., Ltd., Nankai System Solutions Co., Ltd., and Nankai Management Service Co., Ltd.—have been certified as 2023 Certified Health & Productivity Management Outstanding Organizations (SME category).



Initiatives for work style reform

Flexible working hours and dress codes

If any of our employees work overtime in excess of a certain standard, we will promptly liaise with their superior and take steps to improve the situation so that they do not work excessive hours. In addition, with the aim of creating a culture that encourages people to try new things and a working environment that is easy to work in, from FY2023, we have started to implement a flexible dress code that allows employees to wear attire beyond business-style clothing (e.g., suits and ties) at our head office, and we are promoting initiatives that are not bound by the traditional ways of working.

Reduction of overnight work centered on station offices

Since 2024, the company has been reviewing its overall operations and reducing the number of employees working overnight. We have replaced some of the work on a rotating shift system, which involves working from 9 am to 9 am the following day, mainly at the station, with day shift work. By reviewing the way we work, which has traditionally been based on overtime, we strive to increase the number of holidays and improve work-life balance.

Promoting the acquisition of annual paid leave

Our company has introduced a planned annual leave system and is promoting the taking of annual leave in half-day units. In addition, in the railway operations department, we ensure that everyone can take their paid annual leave, even though it is a workplace where personnel are required to work, and we are working to ensure that operations can continue while employees are on leave. As a result, the rate of annual paid leave taken at our company has been high for five consecutive years, at over 90% (96.6% in FY2023).

Creating an environment that fosters innovation

We create an organizational culture that is flat, open, and conducive to easy communication, and we work to create an environment where resources can be allocated to innovation initiatives.

Initiatives to promote innovation

To drive innovation and development of new businesses throughout the Nankai Group, we have been running the Business Creation Support Program since FY2019. The three in-house venture businesses created through this program have been selected for two consecutive years in FY2021 and FY2022 by the Ministry of Economy, Trade and Industry for the Subsidy for Projects to Help Human Resources of Major Companies Create New Businesses (a project to help secondees create start-ups).

In addition, in FY2022, we started the “beyond the Border” Business Creation Support Program with the aim of soliciting ideas and human resources from outside the company to support business promotion. The unique feature of this initiative is that, for projects that have been approved for commercialization, the external proposer is hired as an employee of the company to promote the business. It was highly evaluated as an excellent initiative that could be a new recruitment method different from conventional approaches, and it won the Excellence Award in the recruitment category of the 13th Japan HR Challenge Awards.



Initiatives for creating an organizational culture

In order to create an organizational culture in which all human resources can continue to work with vitality, the company has introduced the Management Vision Achievement Program for managers and assistant managers from FY2022. The purpose of this program is to further strengthen the purpose-driven culture where employees work and act to achieve the corporate vision and the Medium-term Management Plan, while instilling a flexible culture that respects individuality and diversity and ensures psychological safety.

In addition to this, we also plan and implement various exchange events with the aim of creating a flat, bottom-up organizational culture that is open and conducive to collaborative creation. Specifically, we hold events such as “meetings to talk with board members,” where executives and employees can interact directly, networking events for mid-career hires and between group companies, and exchange meetings with other companies.

In the railway operations department, we are striving to create workplaces where all human resources can work with vitality through “training to create a workplace that nurtures people” that teaches workplace managers and supervisors how to create workplaces with high psychological safety, as well as through mentor interviews.

Developing a workplace and staff that enables all to fully utilize their abilities



Takashi Fujiwara

Corporate Officer  
General Administration & Human Resources Group  
HR Division General Manager, Human Resources Department Chief Manager

The greatest asset of the Group is its human resources. In order to move closer to realizing our Corporate Image in 2050 as a group of entrepreneurs who build diversity in Kansai, it is most important that our Group attracts a diverse range of human resources and that each individual is able to play an active role with a diverse range of values.

To this end, we are actively working to create a workplace culture and personnel systems that make it easy for each individual to demonstrate their abilities through various “investments in people.” In promoting these initiatives, we believe it is important that employees with various constraints, such as childcare or nursing care, or those who need to balance work and treatment, can face their work with peace of mind. Therefore, we are striving to emphasize the perspective that “there are no employees without constraints.”

In addition, in order to promote diversity and make better use of the individuality and abilities of a diverse range of human resources, it is essential to deepen inclusion (inclusion and integration). We believe that by having each and every employee respect each other's individuality, bring out the best in each other, and create a vibrant workplace, we can achieve sustainable growth for the company and continue to contribute to society.



# Contributing to the Preservation of the Global Environment

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

### Nankai Electric Railway Group Environmental Philosophy (full text)

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

Our “Environmental Policy (full text)” features policies related to the environment and is published on the Nankai Electric Railway official website.



### Nankai Environmental Vision 2030 [Basic Policies]

- The main objective is to help sustain the growth of the Nankai Electric Railway Group by raising awareness of the issues related to the global environment and fulfilling our social responsibility to a wide range of stakeholders.
  - Therefore, the environmental vision shall be linked to the Medium-term Management Plan, with the recognition that helping to solve environmental problems through all of our business activities will lead to enhanced corporate value.
  - There are three environmental challenges that have a significant impact on our Group’s business activities: climate change, circular society, and biodiversity. These challenges and an “environmental management system,” which serves as the foundation for these elements, shall be considered as environmental issues. Measures for each fiscal year are to be formulated through backcasting based on the goals set for 2030.
- We will contribute to enhancing the environmental value of areas along our railway lines along with building business value by expanding sources of revenue with environmental businesses and collaborating with local governments.

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

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

We carried out various initiatives to achieve our medium-term environmental goals and were able to generally achieve the targets in FY2023.

Environmental issues	Medium-term environmental goals and major policies (Targets to be achieved by FY2024)	Results for FY2023 [Achievement targets for FY2023]	Evaluation
1. Suppression of climate change	<b>Reduction of Nankai Group CO<sub>2</sub> emissions</b> <b>32% reduction of CO<sub>2</sub> emissions (compared to FY2013)</b> <ul style="list-style-type: none"><li>● Energy-saving and upgrading of vehicles (trains and buses)</li><li>● Promoting energy-saving measures in owned real estate and distribution facilities (converting to green buildings, updating air conditioning equipment, etc.)</li><li>● Effective use of energy in newly acquired properties</li></ul>	● Results of CO <sub>2</sub> emissions for FY2023 30.8% reduction [30% lower than FY2013] * Emission coefficient 0.360 t-CO <sub>2</sub> /thousand kWh	○
	<b>Utilizing renewable energy</b> <ul style="list-style-type: none"><li>● Introducing and utilizing renewable energy in railroads, real estate, and distribution facilities</li></ul>	● Solar power generation equipment installed in Osaka Prefectural Food Products Distribution Center Building E [Introduction of renewable energy]	○
2. Bringing about a circular society	<b>Preparation for the development of smart cities in areas along our railway lines</b> <ul style="list-style-type: none"><li>● Detailing business models for the development of smart cities in areas along our railway lines</li></ul>	● Conducting the NANKAI On-demand Bus demonstration project [Planning and coordination of demonstration experiments, etc. as a member of the SENBOKU Smart City Consortium Steering Committee]	○
	<b>Promoting the effective use of resources and 3R for waste</b> <ul style="list-style-type: none"><li>● 5% reduction of water intake (when compared to FY2019)</li><li>● 3% increase of waste recycling rates (when compared to FY2021)</li><li>● 70% reduction of paper used at the head office (when compared to FY2019)</li></ul>	● 5.0% reduction of water intake [4% lower than FY2019] ● 0.3% decrease of waste recycling rates [2% higher than FY2021] ● 59% reduction of paper used at the head office [70% lower than FY2019]	△
3. Preserving biodiversity	<b>Preservation of biodiversity in areas along our railway lines</b> <ul style="list-style-type: none"><li>● Creation of the Tanagawa Biotope biological habitat</li><li>● Fully informing all suppliers of our Green Procurement Guidelines and requesting that they raise the levels of their initiatives</li><li>● Organization of public events (four times a year)</li></ul>	● Conducting maintenance and management of the Tanagawa Biotope (ten times a year) [ten times a year] ● Requested cooperation from 26 business partners that had not yet established environmental policies, etc., and exchanged opinions with five of them [Requested cooperation from business partners who have not yet established an environmental policy, etc., and exchanged opinions with five business partners] ● Organization of public events four times a year [four times a year]	○
4. Deepening our environmental management	<b>Climate change risk analysis and disclosure</b> <ul style="list-style-type: none"><li>● Information disclosure in line with TCFD recommendations</li><li>● CDP rating of A- (climate change)</li></ul>	● Implementation of scenario analysis and information disclosure, which has expanded to include the tramway business, bus business (three companies), and ocean freight business ● CDP rating of A- (climate change) [B (climate change)]	◎
	<b>Started voluntary operation of an environmental management system rated as equivalent to ISO 14001 certification</b> <ul style="list-style-type: none"><li>● Voluntary operation of an environmental management system equivalent to ISO certification</li></ul>	● Expanding voluntary operations, such as managing legal compliance plans internally [Enhancement of voluntary operations] ● Conducted external audits at two head office divisions and the Chiyoda Factory	○
	<b>Reinforcing employee awareness of environmental conservation and ensuring compliance with environmental laws and regulations</b> <ul style="list-style-type: none"><li>● 100 ECONist certifications, 35 ECONist advanced certifications, 30 passing the Eco Test, and one consideration for the development and improvement of programs to promote participation in activities</li><li>● Establishing management systems to comply with environmental laws and regulations</li></ul>	● 259 ECONists certified [100 people], 47 ECONists advanced certified [35 people], 35 people passed the eco certification test in FY2023 [30 people], continued Nankai Line Ambassadors x Environmental PR collaboration (cooperation with Osaka Prefecture’s Osaka Biodiversity Awareness Campaign) ● Conducted environmental surveys at all group companies to check the status of environmental management systems and compliance with laws and regulations	◎
5. Expansion of green buildings	<b>Expanding environmentally-friendly buildings (green buildings)</b> <ul style="list-style-type: none"><li>● Obtaining environmental certifications for newly developed properties</li></ul>	● Obtaining three stars of DBJ Green Building certification for Food Distribution Center Building E in May 2023 ● Obtaining S-rank CASBEE real estate evaluation certification for Namba SkyO and Namba Parks in May 2023	○
6. Appropriate information communication	<b>Issuing the Integrated Report</b> <ul style="list-style-type: none"><li>● Creation of an Integrated Report that is regarded highly by external sources</li><li>● Enhancement of “KPI progress” and “ESG disclosure”</li></ul>	● Issuing the Integrated Report 2023 Received the Nikkei Integrated Report Award for Excellence	◎
Other	<b>Conducting various environmental activities</b> <ul style="list-style-type: none"><li>● Acquisition and utilization of offset credits using the Nankai Forest (acquire 2,500 tons of credits)</li></ul>	● Acquisition of J-credits (2,369 tons) ● Conducted a carbon offset tour organized by Nankai Travel International	○

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



6 Contributing to the Preservation of the Global Environment

Reducing CO<sub>2</sub> emissions in response to climate change, promoting use of renewable energy, and so forth

<b>KPI</b>	<b>Reducing our Group's CO<sub>2</sub> emissions by more than 46% compared to FY2013 (FY2030)</b>	Results for FY2023	<b>214,394 t (30.8% lower than FY2013)</b>
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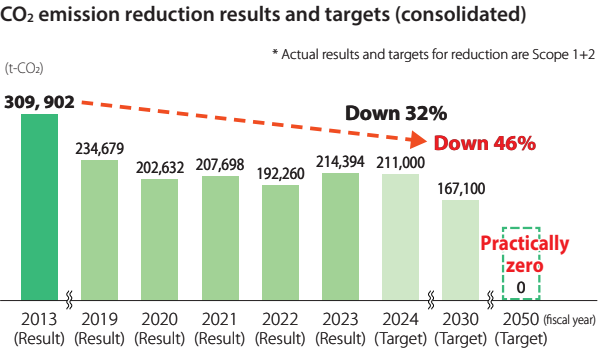
Achieving Carbon Neutrality by 2050

The Group has set a goal of reducing CO<sub>2</sub> emissions by 46% or more by FY2030 compared to FY2013. Emissions for FY2023 were 214,394 tons, which is a 30.8% reduction when compared to 309,902 tons in the base year of FY2013.

We will continue to introduce energy-saving vehicles as well as energy-efficient equipment in our real estate and distribution facilities to achieve the goals of the Nankai Environmental Vision 2030. The Group has set a target of practically zero CO<sub>2</sub> emissions by FY2050 and will consider and enact all possible measures, including not only ways to save energy, but also the introduction and utilization of renewable energy, internally generated energy, and alternative energy, as well as the use of carbon offsets.

Obtained third-party assurance for environmental impact data

In order to improve the reliability of our environmental impact data, the Group has been obtaining third-party assurance for energy-originated CO<sub>2</sub> emissions (Scope 1 and 2) since FY2021. In FY2022, we also obtained third-party assurance for the Nankai Group Energy-Originated CO<sub>2</sub> Emissions Calculation Report (FY2022) from Deloitte Tohmatsu Sustainability Co., Ltd.

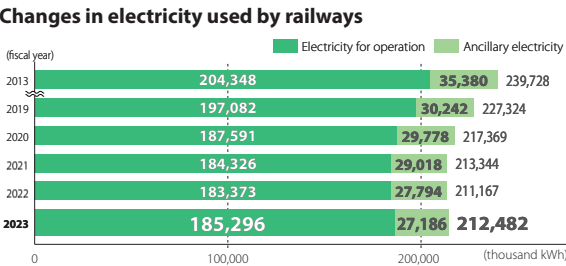


Understanding CO<sub>2</sub> emissions through the supply chain (Scope 3)

In addition to CO<sub>2</sub> emissions (Scope 1 and 2) from the business activities of the Group, we have also calculated the results of indirect emissions (Scope 3) generated in the supply chain from FY2021. In the last three years, purchased goods and services have accounted for about 60%. (▶p. 105)

Energy-saving measures taken in railway facilities and train cars

The electricity consumption of our railways in FY2023 was 212,482,000 kWh (an increase of 0.6% compared to FY2022). Of this, the amount used for operations was 185,296,000 kWh, accounting for 87.2% of the total amount, and the remaining ancillary electricity consumption was 27,186,000 kWh. Overall, the electricity consumption for railways decreased by 11.4% in FY2023 when compared to FY2013. Ancillary electricity is energy used for signal equipment, railroad crossings, and station facilities (lighting, air conditioning, elevators, etc.). We have been making efforts to save energy, such as saving energy during summer and winter months (strict adherence to room temperatures, etc.) and changing station light fixtures to LEDs.

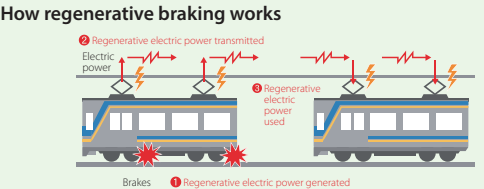


Regenerative braking and VVVF control

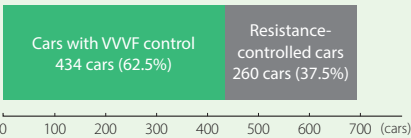
VVVF control is the control of AC motors through voltage and frequency variation to determine train acceleration and speed. It does not use electrical resistance like conventional trains, which allows for control that is very energy efficient.

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

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



Ratio of VVVF-controlled cars (with regenerative brakes) introduced



Energy-saving measures in real estate and distribution facilities

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

Operating environmentally-friendly buses

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

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



Utilizing renewable energy

As part of our efforts to promote CO<sub>2</sub> emission reduction, we have been operating the Kosaku Line (Koyasan cable cars) on 100% renewable energy from June 2021. This initiative reduces CO<sub>2</sub> emissions by approximately 60 tons per year.

Regarding the use of solar energy, solar power generation systems have been installed in areas such as platform awnings at Hagoromo Station, Izumiotsu Station, and Izumisano Station on the Nankai Line. Electricity generated by solar power is used to power those station facilities (lighting, air conditioning, elevators, etc.). In addition to the Tannowa Solar Power Plant (Misaki-cho, Sennan-gun, Osaka Prefecture) and Boat Race Suminoe (Suminoe-ku, Osaka City), which is owned by our group company Suminoe Kogyo Co., Ltd., we also installed new solar power generation equipment at Osaka Prefectural Food Products Distribution Center Building E (Ibaraki City, Osaka Prefecture), which is owned by Semboku Rapid Railway Co., Ltd., in April 2023. The entire group generates around 4 million kWh of electricity per year.

Expansion to the Limited Express Rapit

As part of our efforts to promote CO<sub>2</sub> emission reduction, we have been running all six of our Limited Express Rapit trains on 100% renewable energy since April 2024 by applying Kansai Electric Power's Renewable Energy ECO Plan. This will reduce CO<sub>2</sub> emissions by approximately 2,000 tons per year (about 2.6% of the CO<sub>2</sub> emitted by railways).

The company will continue to consider and implement the use of new renewable energy.



Contribution to modal shift

The amount of CO<sub>2</sub> emissions per unit transported by the railways and ships (ferries) operated by our Group is about 1/6\* of that of private passenger cars for railways and about 1/5\* of that of commercial freight cars for ships, making them an effective way to cut CO<sub>2</sub> emissions in passenger and freight transport.

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

\* Source: Ministry of Land, Infrastructure, Transport and Tourism website (carbon dioxide emissions within the transportation division: FY2022)

Use of offset credits to reduce CO<sub>2</sub> emissions

Since 2013, the 1,928 t of CO<sub>2</sub> absorbed by the Nankai Forest has been created as tradable “credits” with the Ministry of the Environment's Offset Credit (J-VER) Scheme, and we have used the offset of emissions at various events.

In FY2019, we registered with a new credit acquisition plan (approximately 4,000 tons) under the J-Credit Scheme. In addition, we made efforts to expand our credit acquisition plan from FY2022 and were able to register approximately 4,000 tons of new credits (for a total of approximately 8,000 tons, including those registered in FY2019) in FY2023. We will consider how to effectively use the credits we have acquired to help realize a decarbonized society.



# Information Disclosure Based on TCFD Recommendations

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

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



## Governance

We have established a Sustainability Promotion Committee (meetings held approximately two times a year) as an organization that promotes sustainability across the entire Group. The Committee has been playing a central role in holding discussions about setting sustainability measures targets, monitoring results, promoting the evaluation of the level of achievement (PDCA cycle), and identifying climate change risks and how to respond, while cooperating with business divisions.

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

### Nankai Group to promote the Sustainability Policy



## Strategy

In terms of strategy, we identify and analyze the risks and opportunities related to climate change, assuming various possibilities for future climate change and changes in the economy and society. In FY2023, we conducted an assessment of the risks and opportunities that climate change may pose to the businesses in addition to the railway, real estate, and distribution businesses of the company, Semboku Rapid Railway Co., Ltd., Nankai Real Estate Co., Ltd., and Nankai Trading Co., Ltd., and also for the tramway business of Hankai Tramway Co., Ltd., the bus business of Nankai Bus Co., Ltd., Kansai Airport Transport Co., Ltd., and Nankai Wing Bus Co., Ltd., as well as the ocean freight business of Nankai Ferry Co., Ltd. (hereinafter referred to as the “target scope”).

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

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

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

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

**Risk and Opportunity Importance Evaluation Target Business:** In addition to the railway, real estate, and distribution businesses of the company, Semboku Rapid Railway Co., Ltd., Nankai Real Estate Co., Ltd., and Nankai Trading Co., Ltd., and also for the tramway business of Hankai Tramway Co., Ltd., the bus business of Nankai Bus Co., Ltd., Kansai Airport Transport Co., Ltd., and Nankai Wing Bus Co., Ltd., as well as the ocean freight business of Nankai Ferry Co., Ltd.

\* (“Shared”) refers to items that arise in the railway business, tramway business, bus business, and ocean freight business, as well as in the real estate and distribution business  
\* Period when items will happen: Short term: 1 year; medium term: 2–4 years; long term: 5–15 years  
\* The directions for the response measures include those whose feasibility is currently being evaluated

### Risks associated with the shift

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

### Physical risks

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

### Opportunities

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

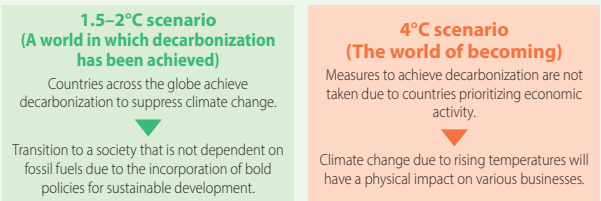
## Quantifying business impact projected through these risks and opportunities

For those items rated as “Significant” in the materiality assessment of the identified risks and opportunities for which objective future projection data are publicly available under the scenario of rising temperatures, we quantitatively estimated the business impact in

the “target scope” of society in 2030.

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

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



## Calculation of business impact (six risks and opportunities)

- (1) Fall in operating profit due to imposition of carbon taxes
- (2) Increased cost of introducing EV/FCV buses
- (3) Decrease of operating profit due to surging power bills
- (4) Decline in operating profit due to physical damage from torrential rain
- (5) Decrease of operating profit due to suspension of operation of railways and temporary closure of facilities arising from torrential rain
- (6) Increase in rent for existing buildings through obtaining environmental certification

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



6 Contributing to the Preservation of the Global Environment

Prerequisite for calculating business impact estimations

Items	Risks and opportunities	Forecast data used for the calculations	Assumption of the impact in 2030	
			1.5–2°C scenario	4°C scenario
Risks associated with the shift	Decrease of operating profit due to imposition of carbon tax	IEA "World Energy Outlook 2023"	\$140/t-CO <sub>2</sub> (2030, developed countries) Calculated using a currency rate of \$1 = 119.8 yen	–
	Increased cost of introducing EV/FCV buses	Mizuho Research & Technologies, Ltd. EV bus market analysis and research results	Assuming an EV adoption rate of about 5%	–
	Decrease of operating profit due to surging power bills	IEA "World Energy Outlook 2018"	An approximate 5% rise from the current level	–
Physical risks	Decrease of operating profit due to physical damage (floods <sup>*1</sup> , landslides, and bridge scour) from torrential rain	Meeting to evaluate technologies concerning water management in the era of climate change "Water management proposals in the era of climate change" A-PLAT "Climate Change Adaptation Information Platform"	The frequency of flooding is double the current level Frequency of landslides and bridge scouring increases by 2%	The frequency of flooding increases four-fold from the current level Frequency of landslides and bridge scouring increases by 2%
	Decrease of operating profit due to suspension of operation of railways and temporary closure of facilities <sup>*2</sup> due to torrential rain	Japan Meteorological Agency "Climate Change in Japan 2020—Reports on Assessment of Observed/Projected Climate Change Relating to the Atmosphere, Land and Oceans (detailed edition)" Ministry of the Environment and Japan Meteorological Agency "Japan's Climate at the End of the 21st Century (2015)"	Days of torrential rain per year increase by 0.6 days from the current level	Days of torrential rain per year increase by 1.2 days from the current level
Opportunities	Increase in rent for existing buildings through obtaining environmental certification	Japan Real Estate Institute "The 48th Real Estate Investor Survey: Special Questionnaire II"	An approximate 3% rise from the current level	–

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

Presumed business impact (financial impact)

Items	Risks and opportunities	Assumption of the impact in 2030	
		1.5–2°C scenario	4°C scenario
Risks associated with the shift	Decrease of operating profit due to imposition of carbon tax	-2.6 billion yen/year	–
	Increased cost of introducing EV/FCV buses		
	Decrease of operating profit due to surging power bills	-0.3 billion yen/year	–
Physical risks	Decrease of operating profit due to physical damage (floods, landslides, and bridge scour) from torrential rain	-0.1 billion yen/year	-0.2 billion yen/year
	Decrease of operating profit due to suspension of operation of railways and temporary closure of facilities due to torrential rain	-0.1 billion yen/year	-0.2 billion yen/year
Opportunities	Increase in rent for existing buildings through obtaining environmental certification	0.3 billion yen/year	–

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

Either scenario brings limited business impact. However, to minimize the risks and maximize opportunities from climate change in the future, we would like to remain an organization that is resilient to climate change through initiatives for a decarbonized society, such as by advancing CO<sub>2</sub> reduction measures, including updates of our railway vehicles.

Risk management

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

The Risk Management Committee has determined eight of the most important risks that should be addressed as a priority, including "Environment" and "Human Resources and Labor." For the most important risks, we have divided them into operational risks and management risks, and have selected risk owners who are responsible for promoting risk countermeasures. For operational risks, we implement risk countermeasure plans centered on risk managers who are the people actually implementing the plans, while for management risks, we aim to improve effectiveness by having risk owners report on risk trends to the Risk Management Committee.

The efforts of these risk owners and risk managers (first line), as well as the Risk Management Committee (second line), are audited by the Internal Audit Division (third line), so we have established a so-called "three lines of defense" system.

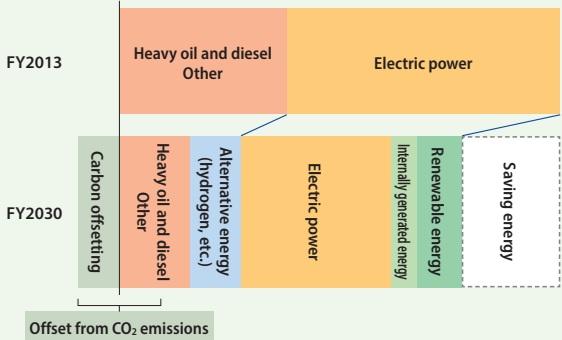
Furthermore, the Sustainability Promotion Committee (chaired by the Chairman and CEO) is responsible for formulating various policies and strategies to minimize risks and capture opportunities related to climate change, human capital, etc., and for managing the monitoring of initiatives. The committee works in conjunction with the Risk Management Committee to implement initiatives to reduce risk on a regular basis.

Metrics and targets

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

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

An image of the Nankai Group's energy use portfolio toward the goal of saving CO<sub>2</sub> emissions by over 46% by FY2030, from FY2013



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

KPI

Increase the ratio of energy-saving vehicles adopted (Nankai Electric Railway and Semboku Rapid Railway) to 85% (FY2030)

Results for FY2023

65.5%

Landslide prevention measures for slopes

Slope collapse countermeasures (between Chiyoda Station and Kawachinagano Station)

In the railway business, we systematically promote various measures to prevent landslides and fallen trees on railway property from interfering with railway operations due to heavy rain and other factors (reinforcement work by basket and anchor methods, and systematic tree felling).

Safety measures for bridges

Scouring prevention measures (Kinokawa River Bridge, Koya Line)

In the railway business, we identify bridges that are vulnerable to scouring during regular inspections and take measures to prevent scouring. We have also developed a bridge anomaly detection system that immediately notifies crews of bridge anomalies detected by measuring instruments installed on the bridge piers.

Bringing about a circular society

Promoting the effective use of resources and 3R for waste

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

In order to help bring about a circular society, the company is contributing to global environmental protection by starting "horizontal recycling" in April 2024, in which approximately 53 tons (FY2022 results) of used PET bottles discharged from Nankai Namba Station and the company's facilities in the surrounding area (Namba CITY, Namba Parks, Namba SkyO, etc.) are recycled into new PET bottles.

Deepening our environmental management

Our company introduced the ECONist program (a system to promote participation in environmental volunteer activities) in 2014. ECONist refers to employees who are proactive and take the initiative in environmental activities with a high level of environmental awareness. Points are awarded for participation in environmental volunteer activities both inside and outside the company, and certification is based on these points.

In addition to this, the Nankai Group aims to comply thoroughly with environmental laws and regulations by providing SDG training for managers and general employees.

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

Expanding environmentally-friendly buildings (green buildings)

KPI

Obtaining environmental certifications for newly developed properties<sup>\*1</sup>

Results for FY2023

5 cases<sup>\*2</sup>

NAMBA SkyO  
(five stars, S rank)

Kita Osaka Truck Terminal  
Building No. 1 (four stars)

Kita Osaka Truck Terminal  
Building No. 2 (three stars)

Osaka Prefectural Food  
Products Distribution Center  
Building E (three stars)

Namba Parks (S rank)

We assume the need for environmentally-friendly buildings (green buildings) will increase even more with the transition to a decarbonized society. In May 2023, Osaka Prefectural Food Products Distribution Center Building E received DBJ Green Building certification at the 3-star level, and Namba SkyO and Namba Parks received CASBEE Real Estate Evaluation certification

at the S rank. Also, in October of the same year, a share-style rental apartment (Southern Crest Namba Minami) became the first in our Group to receive ZEH-M Oriented certification.

We will continue to actively engage in environmentally-friendly real estate development in order to meet the needs of our customers.

<sup>\*1</sup> Based on the DBJ Green Building certification and CASBEE Real Estate Evaluation certification.

<sup>\*2</sup> Of these, one property has received both the DBJ Green Building certification and CASBEE Real Estate Evaluation certification.



# Special Feature 3

## Biodiversity Conservation of the Nankai Group: Parks Garden Contributes to the Biodiversity of the Namba Area

The Nankai Line area has a diverse range of attractions, from the Yamato and Kino rivers and other large and small rivers that flow through the plains, to the area that faces Osaka Bay in the west and is surrounded by the Izumi-Katsuragi mountain range and other rich mountains in the east. This rich natural environment, supported by the existence of diverse species and the various ecosystems in which they live, is one of the management resources of our Group.

The Nankai Group has positioned biodiversity conservation as a key environmental issue and will be mindfully avoiding or minimizing our impact on biodiversity within all of our business activities. We aim to maintain the ecosystem and achieve the sustainable use of natural resources in areas along our railway lines.

In this feature, we will introduce the efforts of Parks Garden, which contributes to the biodiversity of the Namba area, as a representative example.

### Basic policy and overview of initiatives

We revised our environmental policy in 2017, adding items for biodiversity and establishing our Biodiversity Action Guidelines. In addition, in 2023, we endorsed the Osaka Declaration for Biodiversity and the Keidanren Declaration on Biodiversity, and in 2024, we participated in the 30 by 30 Alliance for Biodiversity and the TNFD Forum.



We are continuously working in various ways to conserve biodiversity in the local area. In particular, we focus on activities at Parks Garden, Nankai Forest, and Tanagawa Biotope.

### Parks Garden's initiatives

Parks Garden is a rooftop park located on the roof of Namba Parks, a major shopping complex in the center of Namba. The garden, which spans 11,500 m<sup>2</sup> of the terraced rooftop area of the building from the 2nd to the 9th floor, has a green area of 5,300 m<sup>2</sup>. The garden's beauty, which is decorated with a variety of plants, and its careful management and operation, which take into account the ecosystem, have been recognized, and it has received numerous awards and certifications from various sources since it first opened about 20 years ago.

From FY2022 to FY2023, we conducted a biological survey of Parks Garden with the assistance of outside experts.\* After two years of research, we were able to confirm that our garden had grown into a rich green space inhabited by a diverse range of birds and insects.

\* Joint research with Obayashi Corporation

### Background to the establishment Creating a "real forest" in the middle of Namba

In 1995, the Namba District Redevelopment Plan began in full swing. The core of this major project, which the Nankai Group approached with great expectations and enthusiasm, was the large-scale shopping complex Namba Parks, which opened in 2003.

The keyword that was often discussed at development meetings at the time was "sustainable community development" and Parks Garden was a symbol of this. The Namba area was originally an area with a shortage of green spaces, so the presence of Parks Garden, one of Japan's largest rooftop parks, has been significant, and it has changed the atmosphere of the Namba area.



The garden is not a separate entity, but is integrated with the indoor stores. On the upper floors, visitors can enjoy the blessings of nature, such as the sky, wind, and sunlight, together with the greenery.



An office building directly connected to Parks Garden. The opening of the building in 2003 led to a significant expansion of our office business in the Namba area.

### The Nankai Group's ongoing efforts to conserve biodiversity

#### Nankai Forest

Our company owns approximately 520 hectares of forest (approximately 300 ha of man-made forest and approximately 220 ha of natural forest, etc.) in Totsukawa Village in Yoshino, Nara Prefecture. We started planting cedar and cypress trees in 1977, and have been systematically planting trees and doing pruning and thinning work to help control erosion and preserve water sources and biodiversity, as well as CO<sub>2</sub> absorption. Since 2008, we have also been conducting tree-thinning activities with executives and employees.

In 2023, we carried out tree thinning over an area of approximately 18 hectares.

#### Tanagawa Biotope

In 2009, we concluded a Green Partner Agreement with Osaka Prefecture, and in 2014, we concluded an Osaka Biodiversity Partner Agreement with Osaka Prefecture, Misaki Town, and the Research Institute of Environment, Agriculture and Fisheries, Osaka Prefecture. Since then, we have been conducting environmental conservation activities, such as pond management and wildlife observation, on an ongoing basis with the aim of regenerating the natural environment at the Tanagawa District Biotope, which is located on the site of the Kansai International Airport Phase II sand excavation.

In 2023, we participated in ten conservation activities.

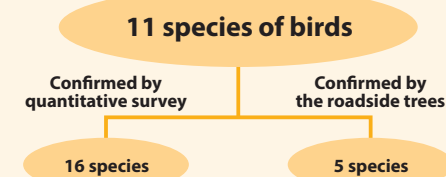
### Results of the biological survey Biodiversity nurtured by Parks Garden

At Parks Garden, we regularly conduct biological surveys by outside experts. The second survey of birds and insects—the first in about ten years—was conducted between FY2022 and FY2023. It found that a variety of living creatures inhabit and breed in Parks Garden, including sparrows, whose population is feared to be declining nationwide, and the semi-endangered (NT) *Sympetrum kunkeli* dragonfly, which is listed on the Osaka Red List 2014.

Namba is an area that lacks green spaces, and within a 2-km radius of Parks Garden, there are almost no large-scale green spaces other than Tennoji Park, a landmark of Osaka, and the Uemachi Plateau Slope Forest. For this reason, the role of Parks Garden as a green space where birds and insects can come and fly is significant. Furthermore, the diverse environment of the garden, including bushes, water features, and an abundance of plants with around 500 species and 100,000 medium and tall trees, along with long-term management and operation that takes into account the needs of living things, is thought to contribute greatly to the conservation of biodiversity.

#### Survey results

#### Species thought to have increased due to the presence of Parks Garden



Of the 16 species of birds in the area identified in the quantitative survey, only five were identified in the neighborhood roadside trees. The presence of Parks Garden is thought to have led to an increase of 11 species of local birds. This includes species that only appear in urban areas where there are large green spaces.

### Toward the future Connecting the "urban forests"

At Parks Garden, people can come into close contact with a variety of plants, birds, and insects, making it a place for people to relax. Parks Garden, which is visited by a wide range of guests, including families with children, office workers taking a break, and tourists from overseas, is one of the attractions of the Namba area.

As we have done for the past 20 years, we will continue to protect and nurture an environment that is close to a real forest, where the diverse creatures that inhabit the Namba area can continue to live, and contribute to improving the appeal of the city.

#### Examples of rare species (birds) that can be seen at Parks Garden



Asian brown flycatcher  
*Musciapora daurica*



Eastern crowned warbler  
*Phylloscopus coronatus*

- Species listed in the Osaka Red List 2014
- Can be observed during the spring and fall migration periods



#### Stakeholder's message



Junichi Imanishi

Kyoto University Graduate School  
Professor, Graduate School of  
Global Environmental Studies  
Ph.D. (Agriculture)

#### An oasis in the city for people and other living things created by rich planting and attentive management

At Parks Garden on the rooftop of Namba Parks, each zone has a different theme. Visitors can enjoy a diverse range of plants, each with its own characteristics, such as flowers, fruits, and leaves. Rest areas are arranged under the trees, providing a place of healing for many people. A two-year survey has revealed that many wild animals also use Parks Garden. Parks Garden, where a variety of plants that bear flowers and fruit grow, and where trees, shrubs, and herbaceous plants of various sizes and shapes have been introduced, seems to be attractive to birds as well. The species of dragonfly, *Sympetrum kunkeli*, which is endangered, probably found the waterside of the Parks Garden, which is rich in vegetation, and flew there. The dedicated gardeners also carry out detailed management work that takes into account the ecosystem, such as leaving some of the insects that become bird food. Parks Garden is a good example of measures to combat climate change and conserve biodiversity in urban areas. I hope that the concept of Parks Garden will spread to other places and create green oases in many cities.



# Bolstering a Corporate Foundation That Is Sincere and Fair

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

## Corporate governance

### Basic concepts

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

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

### Quick reference table for the corporate governance system (as of June 21, 2024)

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

\* Ranks of Senior Corporate Officer and higher among our Corporate Officers  
\* Report on Corporate Governance:  
[https://www.nankai.co.jp/en/ir/governance/governance\\_report](https://www.nankai.co.jp/en/ir/governance/governance_report)

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

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

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

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

### Sustainability promotion and risk management

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

The Sustainability Promotion Committee and the Risk Management Committee report to the Board of Directors on important matters from their deliberations. (FY2023 results: Sustainability Promotion Committee: two reports; Risk Management Committee: three reports)

### Business execution

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

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

**Nominating Committee:** The Nominating Committee (Head of the committee: Takeshi Kunibe, Outside Director and Audit & Supervisory Committee Member; Committee members: Teruhiko Achikita, Representative Director and Chairman; Hitoshi Tsunekage, Outside

Director; Miharu Koezuka, Outside Director; and Naoki Hori, Outside Director) has been established to ensure fairness, objectivity, and transparency in the nomination process.

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

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

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

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

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

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

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

In FY2023, the Audit & Supervisory Committee held 14 meetings (see pp. 95-96 for attendance by individual Audit & Supervisory Committee Members).

Specific matters discussed by the Audit & Supervisory Committee include audit reports, basic matters related to audits, progress of

### Transition to a stronger governance system

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organizational design	Company with a Board of Company Auditors						Company with an Audit & Supervisory Committee			
Officer composition	Directors	13			9	8	15 <sup>*1</sup>			
	Outside Directors	3					8 <sup>*2</sup>			
	Auditors	5								
	Outside Auditors	3								
	Independent Officers	5		4	5	6	8			
	Female Officers					1	3			
Term of office for officers	Directors	2 years				1 year				
	Auditors	4 years								
	Directors/Audit & Supervisory Committee Members						2 years			
Establishment of voluntary committees	Nominating and Compensation Meetings									
	Nominating Committee									
	Compensation Committee									
Evaluation of the effectiveness of the Board of Directors			Started evaluating the effectiveness of the Board of Directors							
Officer compensation					Introduction of a stock compensation system			Update		
Other					Abolition of takeover defense measures					

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



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management planning, agenda items and matters to be reported at the Group Top Management Meeting, the status of audits by the accounting auditors, evaluation of the accounting auditors, the status of internal audits, etc., and plans for the next fiscal year.

Outside Directors

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

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

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

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

Support system

To ensure effective supervision or auditing by Outside Directors or Outside Directors and Audit & Supervisory Committee Members, the

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

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

Officer training

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

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

Officer compensation system

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

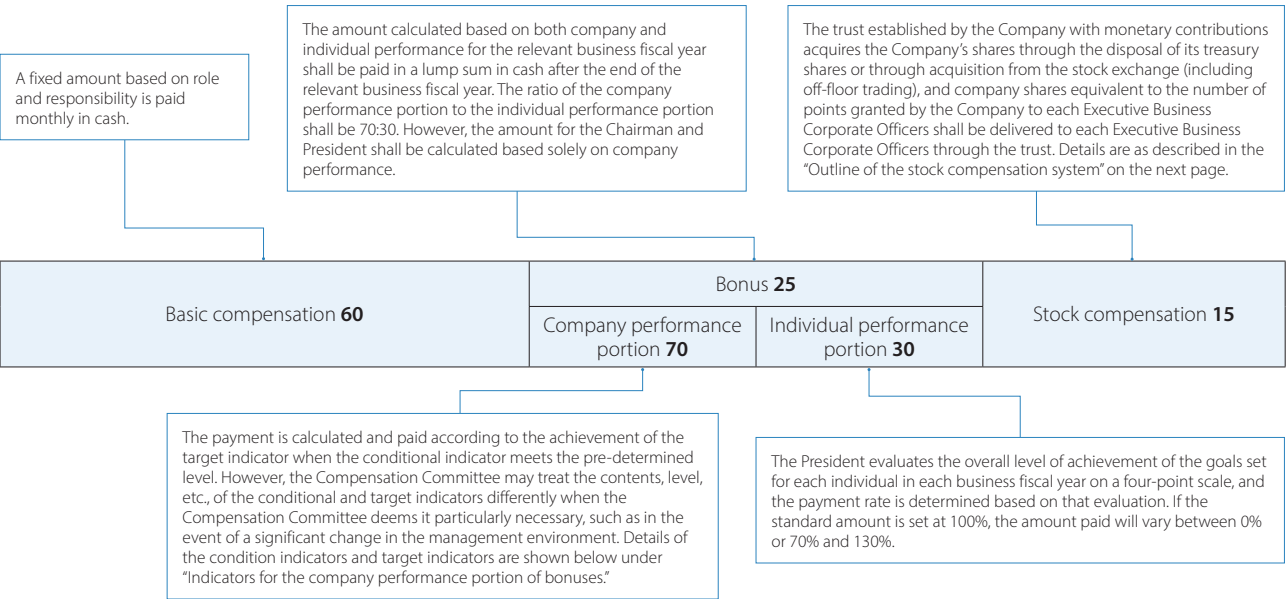
The compensation of Directors (excluding Directors who are Audit & Supervisory Committee members; the same shall apply hereinafter) and Executive Corporate Officers (Senior Corporate Officer level and above) shall be divided into supervisory and executive compensation. Supervisory pay is paid monthly to Directors in cash in a fixed amount commensurate with the responsibilities of the position. Executive compensation consists of a base salary, bonuses, and stock-based compensation, and is paid to the Chairman (limited to those who are business execution Directors; the same shall apply hereinafter) and Executive Corporate Officers (the Chairman and the Executive Corporate Officers are hereinafter collectively referred to as the "Executive Business Corporate Officers"). The ratio of compensation shall be 60% basic compensation, 25% bonus, and 15% stock-based

compensation, taking into consideration the need to increase incentives to improve business performance and to promote management with an awareness of shareholder value and stock price. Details are shown in the table below.

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

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

Compensation composition of Executive Business Corporate Officers



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

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

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

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

Indicators for the company performance portion of bonuses

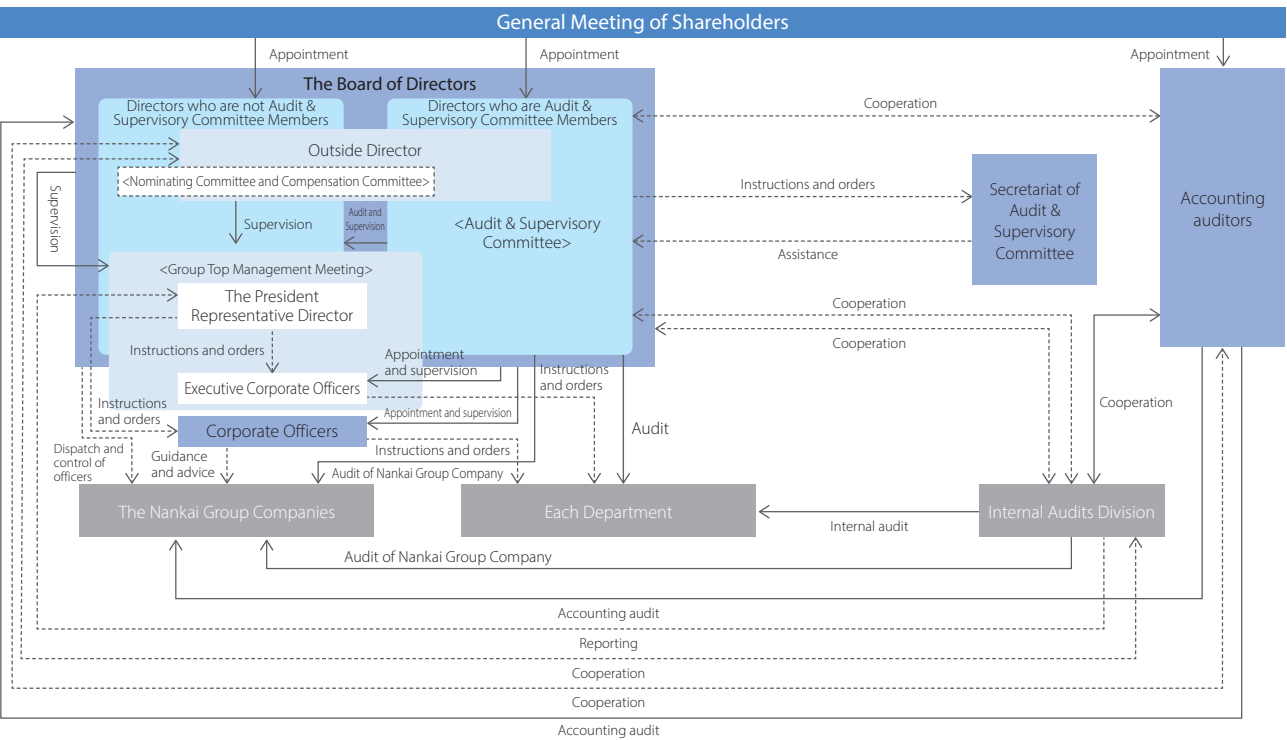
Conditional indicators

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

Target indicators

In order to increase incentives to achieve the Nankai Group Management Vision 2027, we have set consolidated operating income, the numerical target of the Vision, as our target indicator. The percentage of achievement against the budget established at the beginning of the fiscal year will be reflected linearly (proportionally) in the payment rate between 80% and 120%. If the standard amount is

Outline of corporate governance and internal control systems (as of June 21, 2024)





7 Bolstering a Corporate Foundation That Is Sincere and Fair

100%, the payment amount will vary between 50% and 150%. If the achievement rate falls below 80%, bonuses pertinent to company performance will not be paid.

Outline of the stock compensation system

We have introduced a stock compensation system to clarify the linkage between the compensation of Executive Business Corporate Officers

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

Stock compensation system

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

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

Classification of officers	Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc. by type (millions of yen)			Number of eligible officers (persons)
		Fixed compensation	Bonus	Stock compensation	
Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	294	167	89	36	6
Directors who are Audit & Supervisory Committee Members (excluding Outside Directors and Audit & Supervisory Committee Members)	47	47	—	—	3
Outside Officers	78	78	—	—	9

1. Bonus is the amount of provision for officers' bonuses (including the difference in provision) for FY2023.
2. Stock-based compensation is the amount recorded as the expense for points granted during FY2023.
3. In addition to the above, the amounts of compensation, etc., paid to the six Executive Corporate Officers who do not concurrently serve as Directors are shown in the table on the right.

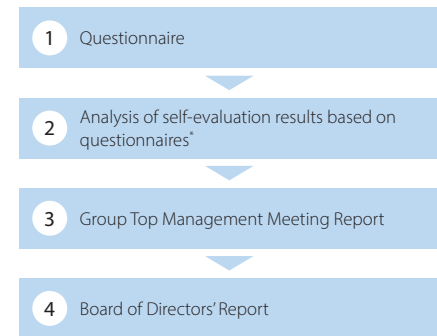
Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc. by type (millions of yen)			Number of eligible officers (persons)
	Fixed compensation	Bonus	Stock compensation	
179	102	53	23	6

Main topics for discussion at the Board of Directors (FY2023)

- Progress review of the Kyoso 140 Plan
- Human capital management policy
- Business portfolio
- How to manage a company with an awareness of capital costs and stock prices

Evaluation of the effectiveness of the Board of Directors

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



\*Analysis by the Board of Directors Secretariat

Purpose of conducting the FY2023 survey

At the Board of Directors in FY2023, in order to effectively fulfill the supervisory function for the progress of the Kyoso 140 Plan, we considered the appropriate management method for the quarterly progress review, based on the issues pointed out in the previous fiscal year's questionnaire. In addition, we made efforts to expand the information we provide, such as by setting up a forum for reporting and discussing issues, including business portfolios and capital costs. We also held lunch meetings and facility tours with the aim of creating an atmosphere conducive to discussion.

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

Evaluation items (Questionnaire items)

- Operation of the Board of Directors for FY2023 (Time required, materials, and extent of explanation)
- Regarding the following issues addressed based on the previous fiscal year's evaluation
  - (A) Improving the effectiveness of progress reviews of the Kyoso 140 Plan to ensure its completion (evaluation of improvements, etc.)
  - (B) Deepening and expanding items to be reported and deliberated on (reporting on risk management, sustainability, human capital management, the business portfolio, management with an awareness of capital costs and stock prices, etc.)
  - (C) Lively discussion and deliberation (lunch meetings and facility tours)

Evaluation results for FY2023

■ Operation of the Board of Directors for FY2023  
The overall time required for the Board of Directors, the explanatory materials, and the level of explanation were generally evaluated positively, but there were some suggestions that the monitoring of initiatives that were falling behind their initial targets should be strengthened in the progress review of the Kyoso 140 Plan.

- Regarding the following issues addressed based on the previous fiscal year's evaluation

(A) Improving the effectiveness of progress reviews of the Kyoso 140 Plan to ensure its completion (evaluation of improvements, etc.)

Although the majority of responses were positive regarding the time and materials for the progress review, some respondents suggested that the time setting could be improved.

(B) Deepening and expanding items to be reported and deliberated on (reporting on risk management, sustainability, human capital management, the business portfolio, management with an awareness of capital costs and stock prices, etc.)

Although the majority of respondents thought that appropriate issues were being provided in a timely manner, there were also comments that the business portfolio should be discussed as part of the discussions at the Board of Directors to formulate the next Medium-term Management Plan. In addition, with regard to the individual issues that were reported on and discussed, it was pointed out that there was a need to continue to delve deeper into the issues, while also working to enhance the discussions, such as by providing opinions on how the discussions should be conducted and on the themes that should be covered.

(C) Lively discussion and deliberation (lunch meetings and facility tours)

The lunch meetings and facility tours were positively evaluated, and the need to work toward more active discussions was confirmed.

Initiatives for FY2024

Based on the FY2023 evaluation, the following three issues shall be addressed this fiscal year.

- Strengthening monitoring functions to achieve the current Medium-term Management Plan and deepening discussions on the business portfolio, with a focus on formulating the next Medium-term Management Plan.

By enhancing the progress review of the Kyoso 140 Plan, unexpected problems and delays in progress will be made visible, and the effectiveness of the supervisory function of the Board of Directors will be improved. In addition, the executive side will continue to discuss the review of the business portfolio, and will also ensure that there are multiple opportunities for the Board of Directors to deliberate on the policies that will form the basis for the next Medium-term Management Plan.

Message from newly appointed Outside Director

We will devote all our efforts to the further development of the Nankai Group, building on the trust and tradition we have established to date.

My name is Naoki Hori, and I was appointed as an Outside Director at the General Meeting of Shareholders in June 2024. Nankai Electric Railway, which has a history of nearly 140 years as Japan's first railway company with purely private capital, has supported the social infrastructure of the areas along its railway lines. Even for someone like me from the Kansai region, the Nankai Group is a familiar presence. I have felt that it has been loved by the residents along the railway lines for many years and has evolved and developed together with the local community. I am very pleased to be able to walk alongside the company as an Outside Director.

FY2024 is the final year of the Kyoso 140 Plan (the Medium-term Management Plan). In addition to completing the foundations for growth, it is now urgent to formulate a new Medium-term Management Plan that aims to achieve both an "increase of value as a sustainable company" and the "realization of a sustainable society" in order to realize the Nankai Group Management Vision 2027.

In recent years, the world has been hit by unexpected events and changes, such as the spread of COVID-19 and the emergence of geopolitical risks. In the process, digitization and restructuring of supply chains have progressed, leading to changes in people's behavior and an acceleration in the flow of goods on a global basis.

In this rapidly changing business environment, we believe that the Group's business has great potential for accelerating growth through new initiatives, such as restructuring the portfolio, and we will take on these challenges quickly and boldly.

I have been in the financial industry for about 40 years, and I would like to contribute to the further development of the Group through problem-raising and proposals based on my management experience and knowledge to date.



Naoki Hori  
Outside Director



7 Bolstering a Corporate Foundation That Is Sincere and Fair

- Enhancing deliberations on topics that the Board of Directors should discuss in particular (such as human capital management, management that is conscious of capital costs and stock prices, etc.)

The executive side will fully consider important themes that require discussion at the Board of Directors, including the following themes that were deemed to require new attention, and will seek to enhance deliberations by clarifying the issues.

- Human capital management
- (Aggressive) financial strategies and capital policies
- Establishment of true group management and strengthening of brand strategy

- Lively discussions and deliberations (ongoing issue)

While continuing to hold facility tours to deepen understanding of the businesses developed by the Group, a new approach to reporting at the Board of Directors will be considered that is not bound by conventional ideas.

Group governance

Businesses that have a close business, personnel, or financial relationship with the Company are designated as Group companies that are mainly under the jurisdiction of each segment group. In principle, the companies in the Group whose shares are held by the Company are positioned as directly managed companies, while companies whose shares are held by directly managed companies are positioned as indirectly managed companies, with the Company having jurisdiction over directly managed companies. Indirectly managed companies are under the jurisdiction of the directly managed companies that own their shares, thereby ensuring group-wide management. In addition, the Company has established the Group Company Guidance Policy and Group Company Management Regulations, and prior approval is required from the Company for certain important management matters, including important capital investment projects. This is to ensure appropriate operations across the entire Group.

Major initiatives

- Group Management Meeting (budget hearings, etc.)

The meetings are held for the purpose of understanding the Group companies' plan implementation status and providing guidance. Adjustments are then made and management guidance and other measures are taken as necessary.

- Group Top Management Meeting

The committee deliberates on certain important management matters, including major capital investment projects by Group companies. In addition, the Company reports quarterly on the sales and other performance of Group companies.

- Monthly reports

Monthly reports on sales and other performance are received from the directly managed companies and reported to all Corporate Officers.

Publicly listed parent/subsidiary pairs

The Company has a listed subsidiary, Nankai Tatsumura Construction Co., Ltd.

The subsidiary is engaged in general construction work, design, real estate ownership and sales, etc., and serves as a shared-services company that performs civil engineering and construction work for the Group.

The decision on whether to use a listed subsidiary or another form of ownership for a group company is based on factors such as the nature of the business, the scale of the business, and the size of the business area. The subsidiary in question has a reasonable business scale in terms of sales, profits, total assets, etc., and it is developing its business not only in the Kinki region but also nationwide, including the Kanto region. For this reason, listing on the stock market is one of the most effective ways to improve the social credibility and name recognition of the subsidiary in question, as well as to secure human resources. In addition, we believe that it will contribute to the sustainable growth of our Group and the improvement of our corporate value over the medium to long term, as well as to improving the autonomy and transparency of the management of the subsidiary in question.

To ensure appropriate control of this Group member, we dispatch Directors from our Company, but in principle respect the judgment of the management to ensure the company's independence and self-reliance as a listed company. In addition, the Company strives to ensure that the interests of the subsidiary and other shareholders and stakeholders of the subsidiary are not unfairly impaired. This is done by prudently exercising its authority to select and dismiss independent Outside Directors so that an effective governance system is established at the subsidiary that makes good use of independent Outside Directors.

Cross-shareholdings

Cross-shareholdings are made when doing so is deemed conducive to improving the Group's corporate value over the medium to long term from the perspective of maintaining and strengthening business relationships.

Each year, the Board of Directors reduces the number of stocks currently held by the Company as quickly as possible, considering a quantitative review based on the Company's capital cost, if it is deemed that there is little rationale for holding such stocks.

For example, in the following cases where the exercise of voting rights could significantly affect the corporate value of the issuing company or its business relationship with the Company, the Company will determine whether to approve disposal of the stocks in question through dialogue with the issuing companies, etc., as necessary.

- When a significant deterioration in business performance continues for a certain period of time
- In the event of serious misconduct
- When there is a proposal on the agenda regarding capital policy that would result in a change in control or a major dilution
- When a proposal that significantly affects the business relationship with the Company is put on the agenda

Risk management

Basic concepts

To fulfill our social responsibility through sustainable growth, we consider risk management to be a matter of utmost importance. As such, we have established the Risk Management Division as a department dedicated to risk countermeasures, and have appointed a Corporate Officer in charge of risk management. We address risk management with the Risk Management Regulations that serve as the basic policy for risk countermeasures. For risk countermeasures, we also introduced a risk management system based on ERM (Enterprise Risk Management) from FY2022, based on ISO 31000, an international guideline for risk management, and COSO's internal control framework.

Establishment of the Risk Management Committee

Nankai Electric Railway has established a Risk Management Committee chaired by the President and COO. The Risk Management Committee strives to avoid or reduce risks that could significantly impact the Group's management through comprehensive and integrated risk management for the entire Group, and also deliberates on various measures to promote compliance management.



Risk management system

Addressing the most important risks

Based on the Risk Management Regulations, the Risk Management Committee determines the most important risks to prioritize. For the most important risks, we have divided (1) to (8) in the above figure into "operational risks" and "management risks," and have selected the chief manager in charge as the risk owner, who is responsible for promoting measures to deal with each risk. With regard to "operational risk," the risk management plan is implemented with the risk manager as the main person in charge, and with regard to "management risk," the risk owner reports on risk trends to the Risk Management Committee. The Risk Management Committee regularly checks the status of these initiatives and implements improvements through the PDCA cycle.

Three lines of defense

The Risk Management Committee regularly checks the execution status of risk countermeasure initiatives, coordinates with the Audit & Supervisory Committee, and reports to the Board of Directors. The Internal Audits Division audits these risk countermeasure efforts and has established a so-called three-lines-of-defense system.

In FY2024, the Risk Management Committee (second line) is working to grasp the current situation and strengthen checks and balances on risk owners and risk managers (first line). In addition, the Internal Audit Division (third line) checks the implementation status of the risk management plans (first line) and the content of the Risk Management Committee (second line).



7 Bolstering a Corporate Foundation That Is Sincere and Fair

Compliance

Advocacy for compliance management

The Group has established a Code of Business Ethics to ensure sound development and corporate ethics, and to maintain and promote compliance management.

In the unlikely event of a serious compliance violation, the Risk Management Committee, chaired by the President and COO, will formulate measures on how to correct the situation and prevent its recurrence.

In principle, the Risk Management Committee meets once a month, subject to confidentiality obligations. In FY2023, the meeting was held 12 times in total to report on the operation of the Business Ethics Hotline System and compliance/risk-related news reports, and the management team shared the contents of these reports.

Code of Business Ethics

1. Comply with laws, regulations, and other social norms, and engage in fair and sound corporate activities.

2. Strive to maintain sound and good relationships with a broad range of actors in society, including customers, business partners, shareholders, and others.

3. Aim to be a good “corporate citizen” that contributes to the local community.

4. Firmly confront antisocial forces and groups that pose a threat to the order of business and civil society.

Established in September 2001

System for promoting compliance

The Company has established a Risk Management Division as a dedicated department in charge of compliance, and has appointed a Corporate Officer to be in charge.

In addition, we have appointed Compliance Risk Owners who are responsible for promoting compliance risk reduction across the entire Group, as well as Compliance Officers in each department and Group company to raise awareness in the workplace.

Implementation of compliance training

Various training programs are conducted on an ongoing basis to instill compliance awareness among all officers and employees of the Group. For FY2023, a compliance training program was conducted with content appropriate to the position of officers and below.

Furthermore, every October is designated as Compliance Enhancement Month to strengthen compliance efforts by displaying educational posters and carrying out other measures.

In addition, to firmly entrench the spirit of the Code of Business Ethics, we have created a Compliance Handbook that provides practical guidelines for each and every officer and employee of the Group on how to act, and a Compliance Card for employees to ask themselves about their own decisions and actions from the perspective of compliance. The Compliance Card is distributed to all officers and employees of the Group.

Through these initiatives, we are working to implement compliance education.

Whistleblower system

As a system for the early detection and correction of legal and ethical problems at the Company and Group companies, we have established a Business Ethics Hotline System to receive internal reports and consultations from officers and employees.

This system is designed to accept whistleblower reports and questions and consultations regarding legal and ethical issues in business activities, with 44 cases reported to the Group in FY2023 (30 cases in FY2022).

The system is valued as a self-cleansing mechanism that prevents “individual employees from dealing with their problems alone” and allows “the Company to detect and correct problems at an early stage,” as well as functioning as a “deterrent to illegal activities.”

In terms of implementation, the Business Ethics Hotline System Regulations clearly stipulate that “the confidentiality of whistleblowers must be strictly observed” and that “whistleblowers and those who cooperate with investigations must not be treated unfairly or disadvantaged, and acts of search, retaliation, and discrimination are prohibited.” This is in light of the revised Whistleblower Protection Act, which came into force in June 2022. Furthermore, the status of its operation is regularly reported to the Risk Management Committee and the Board of Directors. Anonymous consultation and reporting are also possible, and a consultation desk has been set up at an external law firm in addition to the Company's own consultation desk. In addition, to spread awareness of the Business Ethics Hotline System and contact point, posters are displayed in workplaces, and Compliance Cards with contact information for the hotline are utilized.

Establishment of a basic policy on anti-corruption

The Group has declared its commitment to preventing corrupt practices, and established the basic policy in April 2022 to realize this commitment. In addition to applying this policy, which prohibits corrupt practices such as the use of force, to all officers and employees, we also require our business partners and others to take anti-corruption measures such as those against bribery of domestic or foreign public officials; bribery, embezzlement, breach of trust, or other unfair business practices in private transactions; laundering or concealment of criminal proceeds; obstruction of justice; other acts in violation of civil, administrative, or criminal laws and regulations concerning the prevention of corrupt practices; and receipt or offering of entertainment or gifts that exceed the scope of socially accepted norms or common sense.

In accordance with the provisions of this policy, we are working to disseminate and train employees on this policy through the Compliance Handbook and other means, formulate and disseminate an implementation program, establish a consultation service, and ensure that information is managed and stored properly.

Basic policy on anti-corruption



Information security

Basic concepts

In order to protect information assets, the Group has established rules and systems related to information security, and is continuously striving to strengthen information security throughout the Group.

Rules related to information security

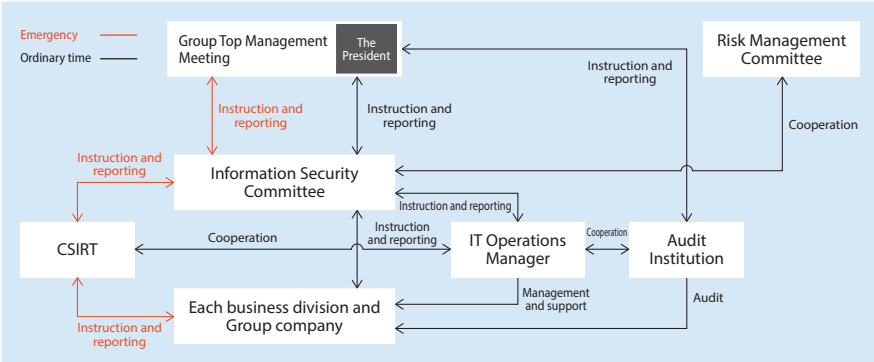
The Nankai Group Information Security Standard Regulations have been established with the aim of raising the overall information security standards of the Group.

In particular, the Company has established the Nankai Electric Railway Information Security Regulations, which are based on the CSF (NIST Cybersecurity Framework) issued by the international organization CISA, with the aim of ensuring an appropriate level of information security as an important infrastructure provider.

System for information security

We have established an Information Security Committee directly under the Group Top Management Meeting, and are promoting the strengthening of information security across the entire Group while working in collaboration with the Risk Management Committee.

In addition, we have developed a Computer Security Incident Response Team (CSIRT) directly under the Information Security Committee, and we are committed to raising awareness of information security through rapid response in the event of an IT incident, as well as through training and education in ordinary times.



Human rights

Basic concepts

As a public transportation business operator, we believe that respecting human rights is fundamental to our business activities. We will respect the human rights of our customers and various other stakeholders, and strive to deepen our understanding of human rights issues related to our business activities and take appropriate actions.

Human rights policy

In August 2022, we established the Nankai Group Human Rights Policy to further promote business activities that respect the human rights of a variety of stakeholders.

Nankai Group Human Rights Policy



Implementation of human rights training

Since 1971, we have been engaged in initiatives to raise awareness on human rights while upgrading their contents. In addition to setting up a consultation service to prevent harassment, we also hold human rights awareness training sessions to promote understanding and implementation

of our human rights policy. The training covers topics related to the Nankai Group Human Rights Policy, as well as new themes such as maternity harassment, discrimination against non-Japanese people, and LGBTQ issues, in light of the diversification of society as a whole. We are striving to raise awareness among our Group employees.

Conducting human rights due diligence

We are committed to identifying, preventing, and mitigating negative impacts on human rights in relation to our business activities. Since harassment is an important human rights issue, we conduct training for employees on human rights and harassment to prevent it from occurring, as well as training for those in charge of internal harassment consultation services to ensure that it is handled appropriately.

Human rights due diligence process

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

Outstanding human rights issues and stakeholder relevance

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



7 Bolstering a Corporate Foundation That Is Sincere and Fair

Fulfilling communication with stakeholders

Basic concepts

Based on a clear corporate philosophy that moves with the times, and as a company that is widely trusted by society, we have established a Disclosure Policy that covers not only compliance with laws and regulations, but also the improvement of management transparency as one of our key responsibilities. In line with this policy, we constantly strive to disclose information to our shareholders, investors, and other stakeholders in a fair, timely, and appropriate manner.

Toward strengthening engagement with shareholders and investors

As part of our efforts to invigorate the Regular General Meeting of Shareholders, we make it a rule to set the date and time of the meeting so that it avoids the day predicted to be the middle day of the first meeting, and endeavor to provide useful information and a polite question-and-answer session for shareholders. As an effort to facilitate the exercise of voting rights, we also strive to send out the convocation notice early and, in principle, announce it electronically via TDnet before sending it out. In addition, we send the "Shareholder Newsletter (Nankai Report)" to help shareholders grasp our management situation.

For institutional investors and analysts, we explain our management strategies, business operations, and business performance at financial results briefings and other events. Furthermore, we combine both face-to-face and web-based activities, such as tours of our facilities, including the Namba area, small meetings, conferences, and individual interviews, to enrich dialogue and promote understanding.

Top management participation in IR activities

In light of the current situation, the challenges facing society as well as people's values and lifestyles are changing dramatically, so our management must be highly adaptive to changes based on the assumption that the future is uncertain. In this kind of business environment, we believe it is even more important for top management to talk about strategy and tactics. In addition to the progress of our business performance and the Medium-term Management Plan, we are working hard to raise engagement by carefully explaining in the words of top management the concept of sustainable management that the Group should pursue in light of the surrounding business environment, specific initiatives based on this concept, and future policies.

In the future, we intend to provide many opportunities for management to directly communicate and dialogue about the various businesses we are developing as well as our ESG-related initiatives, since not only business activities that have a direct impact on finances, but also initiatives in non-financial areas, are important factors that can significantly change corporate value.

Status of dialogue with shareholders and investors

We are actively engaging in dialogue with our shareholders and investors with the aim of achieving sustainable growth and increasing our corporate value over the medium to long term.

The implementation status for FY2023 is as follows.

IR Activities in FY2023

Activities	Number of times conducted
Financial Results Briefing	2
Participation in conferences	1
Facility tours	1
Individual meetings with institutional investors, analysts, etc.*	92 times in total, 122 people
Company information sessions for individual investors	1

\* Including small meetings

Main contact for dialogue with shareholders and investors	Representative Director and President, CFO, IR
Main content of the dialogue	Business strategy, numerical plan, capital policy, etc. of the Kyoso 140 Plan (the Medium-term Management Plan)
Status of implementation of feedback to management and the Board of Directors on the opinions and concerns of shareholders identified in dialogue	Report to the Board of Directors: 1 time/year (IR activity reports, feedback on identified opinions and concerns, analyst report summaries, future IR activity plans)
	Report to the Group Top Management Meeting: 2 times/year (The ideal way to conduct IR activities, future policies)
	Report to the Corporate Officer Meeting: 12 times/year (activity reports, feedback on identified opinions and concerns, analyst report summaries, stock price trends)

Expanding information disclosure by utilizing our website

Since the IR website was fully renewed in 2022, we have continued to actively disclose information. In addition to promoting integrated disclosure of financial and non-financial information, such as quarterly management indicators, segment information, and other financial information, as well as ESG data and other non-financial information, we are strengthening our communication of our corporate stance by publishing messages from the management team, including the CEO's message and the CFO's message. At the same time, we are working to expand useful information for more stakeholders by posting archived videos of Financial Results Briefings for Institutional Investors and content for individual investors.

One outcome from this overhaul was that the site received an "Overall Commendation as an Excellent Site" in Nikko Investor Relations Co., Ltd.'s "Corporate Website Quality Ranking Survey of All Listed Companies" for two consecutive years.

We will continue our efforts to refine the content of our website and improve the level of disclosed content, both in terms of quality and quantity, for better communication with our stakeholders.



Responsible procurement policies that respect society and the environment

Basic concepts

Through the entire supply chain, the Group hopes to contribute to realizing a sustainable society by fulfilling its social responsibilities, such as "consideration for safety and security," "global environmental conservation," "prevention of corrupt practices," and "respect for human rights." We aim for mutual growth with our suppliers by deepening our relationship of trust with them through better communication based on the Nankai Group Material Procurement Policy and the Green Procurement Guidelines, and by working together to build a strong and sustainable supply chain system.

Nankai Group Materials Procurement Policy, Green Procurement Guidelines

Our sustainable procurement efforts began with green purchasing, which prioritizes purchasing items with the lowest possible environmental impact when buying equipment and other familiar items. Since FY2009, we have been working to set annual targets. In FY2019, we formulated the Green Procurement Guidelines, which define mandatory items and those to endeavor to reach, for green procurement to our suppliers. Following that in FY2022, we formulated the Nankai Group Material Procurement Policy, which that expands beyond the environmental field, and we are concentrating our efforts on these policies.

Nankai Group  
Material  
Procurement Policy



Green  
Procurement  
Guidelines



Risk assessment and addressing issues in the supply chain

We conduct surveys to understand the initiatives and important issues of our business partners.

If the results of the surveys indicate that improvements are necessary, we will carry out awareness-raising activities as appropriate. In particular, if it is confirmed that the laws and regulations are not being complied with, we will not start business with new business partners, and we will terminate or temporarily suspend business relationships with existing business partners in accordance with our policy.

Main questionnaire items

- Status of environment-related promotion (existence of environmental policies and regulations)
- Compliance with environmental laws and regulations
- Pursuit of safety and security, stable supply of materials, and on-time delivery
- Human rights and health & safety policies and regulations
- Respect for workers' human rights, including prohibition of child labor and forced labor, and assurance of a safe and healthy environment
- Policies and regulations on the prevention of bribery and other corrupt practices and the blocking of relationships with antisocial forces
- Information security policies and regulations

FY2022 survey results and response to issues

The FY2022 survey (for 100 companies) did not identify any serious problems, such as non-compliance with laws and regulations. However, 26% of our business partners have yet to establish policies on the environment, human rights, corruption prevention, and information security, or have yet to determine which department will be in charge of these issues, so we believe that it is important to first establish these policies.

In FY2023, we requested that these suppliers (26 companies) develop policies via email. Of these, we first visited five companies in person to explain the importance of policy development and request their cooperation. In addition, we provide support by offering examples of the company's initiatives. The business partners we visited have agreed with our approach, and some of them are now working on developing policies.

We also conduct the same survey when starting business with new business partners, and if there are any areas where their efforts are insufficient, we provide appropriate guidance.

Ensuring sound and transparent finance

Given that the Group's operations center on the railway business, which is highly public in nature and requires significant capital investment, we place particular emphasis on ensuring financial soundness and transparency. We have positioned the ratio of net interest-bearing debt to EBITDA\* as a key indicator of our financial soundness, and continue to improve this ratio to achieve both

business growth and financial security. With regard to transparency, we take initiatives to establish and implement mechanisms to ensure fair and equitable business activities, and to disclose corporate information to stakeholders in a fair, timely, and appropriate manner.

\* Operating income + Dividend income + Depreciation and amortization



# Roundtable for Outside Directors

**Governance reform has made definite progress in recent years. We will push the management team to take on the challenge of new growth.**

The three Outside Directors spoke about the governance reforms being promoted by the Nankai Group, the improvement of the effectiveness of the Board of Directors, and the ideal form of group management that continues to take on the challenge of achieving the next stage of growth. (Roundtable held on July 31, 2024)



**Hitoshi Tsunekage**  
Outside Director

**Miharu Koezuka**  
Outside Director

**Takahiro Tanaka**  
Outside Director and Audit & Supervisory Committee Member

## Role as an Outside Director

### Utilizing our experience and knowledge to support the sound growth of the Nankai Group

**Tsunekage:** At the Board of Directors, I try to make statements and proposals that make use of the experience and expertise I have cultivated up to this point. Drawing on my experience of working in trust banking, I often make recommendations regarding financial assets, including real estate and pensions. In addition, when it comes to management and business-related proposals, I ask questions and offer advice based on objectivity, taking a holistic view of the business as a whole, including the risk management aspect. When it comes to various measures, the goal is not just to introduce them but also to make sure that the PDCA cycle is properly implemented after they have been introduced. As well as managing the execution of the business, I would like to carefully supervise the project, including identifying business opportunities and confidently implementing them.

**Koezuka:** I have worked in the retail business for many years and have also had experience in sales. After that, I gained experience in staff positions and was also involved in management as an executive. The Nankai Group is developing B2C and B2B businesses centered on public transportation, and I would like to offer my opinions and suggestions for any business based on the "customer perspective" that I have cultivated through my many years of experience. The satisfaction of our stakeholders, including our shareholders, is also important, and of course, I will also take that perspective into consideration. As a woman, I am also actively involved in promoting gender equality and women's career advancement.

**Tanaka:** I would like to fulfill my responsibility for supervising management by making use of my knowledge and experience as a lawyer and expressing my opinions from the perspective of compliance and the protection of general shareholders as an independent director. In addition, in light of the legal responsibilities of directors, I recognize that it is also important to consider whether the decisions made by the Board of Directors are appropriate in terms of the principles of management judgment, such as whether sufficient information is disclosed and whether discussions are held to the fullest extent, including risk factors.

## Results of Governance Reforms

### Governance reform has made definite progress in recent years, highlighting the importance of awareness in proactive governance.

**Tsunekage:** I have the impression that the governance reforms of the Group have progressed at a rapid pace in recent years. In particular, since last year, when the system led by Chairman Achikita and President Okajima was launched, the organizational structure has been reorganized by function, and each business has become more streamlined, from planning to business operations. In addition, a new organization called the Group Top Management Meeting has been established to replace the existing Management Committee and allow smaller groups to discuss issues. As a governance structure, the Board of Directors, which places importance on monitoring, and the Group Top Management Meeting, which exchanges opinions and makes decisions regarding execution, are now functioning in a well-balanced manner. Consequently, I believe that the system is now well-equipped to separate supervision and execution, which has increased the sense of speed in the execution of on-site work. Additionally, IT governance and risk management are also being developed at a rapid pace. However, speaking from my experience of leading advanced risk management at financial institutions, I would say that these efforts are still only halfway there. For this reason, I sometimes express my opinions firmly to the Board of Directors, but there is no doubt that the governance reform of the Group is making great progress.

**Koezuka:** As Mr. Tsunekage pointed out, I myself have also felt that the governance system has been greatly strengthened over the past couple of years. I also feel that the executive side always listens sincerely to the points raised by us Outside Directors and is strongly committed to making improvements. A few years ago, we pointed out the need to strengthen the auditing system from the side of the Outside Directors. In response, there was a greater improvement than we had expected. The Group has a culture of integrity where we can ask questions and get honest answers.

We believe that the honest corporate culture has been fostered because the company, which is responsible for public transportation infrastructure, places importance on safety and security. Furthermore in recent years, there has also been a rapid emergence of a stance that seeks to take on new challenges while taking on healthy risks. A careful approach to matters requiring a delicate consideration of detail, is an essential element of corporate management, but in order to look to the future and foster new pillars of growth, it is necessary to have a bold attitude that is not afraid of failure. The Group is just starting to take on these challenges, and the major issues we face going forward are setting new goals, managing those goals, reviewing our business portfolio, and figuring out how to improve our governance. I would like to deepen the discussion on so-called proactive governance and move forward together.

**Tanaka:** I would like to talk about the Audit & Supervisory

Committee. Of the six Audit & Supervisory Committee Members, four (including the Chairman) are Outside Directors. Basically, the internal full-time members investigate the actual state of business and gather information, while the outside Audit and Supervisory Board Members, including myself, receive reports on the results and freely express their opinions and ask questions. The external committee members are individuals with experience in corporate management and specialist knowledge of internal auditing and risk management, so they are not afraid to ask tough questions. I myself also draw on my 25 years of experience as a lawyer to offer my opinions from a compliance perspective. Since the Audit & Supervisory Committee often meets before the Board of Directors and the time is inevitably limited, we are discussing ways to improve the situation, including holding extraordinary committee meetings, with the secretariat in order to ensure sufficient discussion on certain topics.

As I have only been an Outside Director of the company for about a year, I cannot speak about the situation before that. Nonetheless, I think that the great progress made in terms of governance is the result of the earnestness with which the executive side has accepted and improved on the proposals of the Outside Directors, as Ms. Koezuka pointed out.

## Further Improvement of the Effectiveness of the Board of Directors

### The effectiveness of the Board of Directors is ensured at a high level.

**Tanaka:** Since the effectiveness of the Board of Directors is ensured at a very high level, I was astonished when I was appointed as an Outside Director in June 2023 and attended my first Board of Directors meeting. Not only was there a large number of Outside Directors, but each of them was very active in speaking up. Furthermore, they made very high-level, in-depth comments based on their own experience and specialized knowledge, covering everything from broad themes to specific individual topics. I felt that the presence of such an environment was probably a great place of challenge for the people on the executive side and that a high level of tension was maintained at the time.

This first impression has not changed even after a year. At the Board of Directors, discussions are held that address the core of the issues, not just the surface. I am impressed by the way that Chairman Achikita is facilitating these discussions as the chair of the Board of Directors. The Board of Directors itself maintains a very friendly atmosphere where it is easy to speak up while at the same time fostering a sense of appropriate tension as a supervisory body. The explanations and materials provided by those on the executive side for each case are also well-targeted and easy to understand.

**Koezuka:** As I mentioned earlier, there is a culture of responding to questions and suggestions. I think the Board of Directors is highly effective in that the executive side takes the questions and suggestions from Outside Directors seriously and responds appropriately. Conversely, the individuals on the executive side are making efforts to create an atmosphere that encourages Outside



## Roundtable for Outside Directors



Directors to express their honest opinions. As Mr. Tanaka pointed out, I also feel that the level of comments made by Outside Directors is high and profound, and I myself learn a lot from how they speak and the content of their comments.

Regarding the effectiveness evaluation of the Board of Directors, the company regularly conducts a survey of Outside Directors. However, I was concerned about the response to cybersecurity, so I pointed out the importance of thoroughly discussing it with the Board of Directors and then taking appropriate measures. These are extremely important management issues in the current era, and they are issues for the entire company, including all business sites. In order to reduce risk, it is also important to improve the IT literacy of each and every employee.

**Tsunekage:** In terms of the effectiveness of the Board of Directors, I think that the chairperson's leadership is important for its operation. In general, when the chairman of the Board of Directors tries to elicit opinions from each member, the discussion tends to become a one-off, question-and-answer style, like a general meeting of shareholders. In that respect, I think that our Board of Directors serves as a forum for substantive discussion, as there are times when my comments are met with harsh remarks from the side (laughs). Rather than endless, unfocused discussions on a single topic, high-quality discussions are held based on the PDCA cycle, focusing on important themes. For example, in the past, the quarterly progress review was based on detailed materials covering all departments, and a comprehensive explanation was given. Of course, it is important to understand the big picture, but I expressed my opinion that I would like to focus the discussion on important issues that are lagging behind. As a result, improvements were made immediately, and the focus was changed to important matters that should be monitored for progress. This has made it possible to have in-depth discussions about the causes and countermeasures in the event of unexpected problems.

On one occasion, even though it was probably not an official Board of Directors, a forum was set up to discuss the future organizational structure of the Group. Although it was a forum for discussing "half-baked" plans that had been proposed by young managers from the bottom up—which would not have been possible in a company where the Board of Directors' agenda items are taken so seriously—it was evaluated as being extremely beneficial. I hope that in the future, too, there will be opportunities

to discuss the corporate value of the future Nankai Group on a variety of themes.

#### Discussion of Nominations and Compensation and System Management

#### Progressing with objectivity and visualization regarding nominations: Compensation needs to be adjusted based on the characteristics of the organization.

**Tsunekage:** I believe that the way we think about nominations has changed a lot in the past few years. As a member of the Nominating Committee, I attend their meetings, and I think it is making progress in terms of objectivity and visualization. I also suspect that the steps taken to make the specific nominations were completely different when Mr. Achikita was appointed as President and when it was decided that the company would be run by a two-person system of Mr. Achikita as Chairman and Mr. Okajima as President. It is also a great step forward that the Nominating Committee has begun to discuss the future of executive appointments, including succession planning. Nominations are a very sensitive topic in any company, and there is a lot of room for subjectivity. Nonetheless, it is necessary to make an effort to be able to explain them objectively, and I think we have taken a step forward in that regard. I will continue to encourage the Nominating Committee to hold more transparent discussions based on objective evidence.

**Koezuka:** I have also been appointed as a member of the Nominating Committee. Mr. Tsunekage made a point about visualization, and I completely agree with him. Whether it's nominations or remuneration, there are inevitable difficulties in gaining a detailed understanding of the qualities, abilities, and potential of those on the executive side from the standpoint of an Outside Director. I ask that visualization be carried out in a way that takes this into account and that it be presented in a form that can be judged objectively by the Nominating Committee. Having this kind of information will increase the sense of fairness and lead to more objective decisions. In other words, it will be possible to achieve the objectivity that Mr. Tsunekage was talking about. Of course, the Nominating Committee does not have the final



authority, but I think it is very good that the Nominating Committee is now being presented with information that allows it to express its opinions from an objective perspective. I believe that the methods of creating materials and conducting discussions will be further refined in the future, but for now, I think we have reached the starting line for these efforts.

**Tsunekage:** I serve as the head of the Compensation Committee. It is generally difficult to decide on a compensation system that everyone is satisfied with. However, at the company, the performance portion is calculated based on the achievement of target indicators, and the individual performance portion is evaluated based on the achievement of targets set by each individual. Feedback is also managed in a highly satisfactory way, including through individual interviews with the President. In order to further improve the system, it is important to make adjustments to the determination of compensation, taking into account the characteristics of each organization and giving consideration to rewarding efforts in response to the organizational changes that have been made, with an emphasis on function. To achieve this, we must continue to take the time to have thorough discussions and come up with creative ideas.

#### Toward Strengthening Risk Management

#### We will look at the evolution of risk management in line with the times, which has seen progress in the development of risk management systems in recent years.

**Tsunekage:** When it comes to risk management, I feel that there is a considerable increase in risk awareness, particularly among the Board of Directors. In addition, the risk management system is also well developed, and the Nankai Group has established a risk owner system that assigns a person responsible for promoting risk countermeasures. The whistleblower system has also been designed to be more effective.

However, even with a perfect risk management system, it is not possible to avoid accidents 100% of the time, so it is important to be able to respond in the event of an emergency. In this respect, too, I believe that the system for promptly conducting investigations, the initiatives for bringing the situation under control, and the mechanisms for pursuing the true causes and presenting countermeasures to prevent further accidents are in place and reliable.

**Koezuka:** The organization is fully aware of the importance of risk management and is working to develop a risk management system based on an understanding of the current risks. However, it is necessary to always remain highly aware of how to recognize new risks, determine the appropriate measures to address them, and sound the alarm.

**Tanaka:** The Audit & Supervisory Committee also recognizes that risk management and information security are extremely important themes, and they have been set as key audit items for this fiscal year. As part of our risk management system, we are working to further promote mutual collaboration and information



sharing in order to carry out risk management that brings together the on-site management department, corporate management organizations (such as the Risk Management Committee and Information Security Committee), and the Internal Audit Division, with an awareness of the so-called "three-line defense."

#### Toward Further Enhancing Corporate Value

#### We will support the bold challenges of the executive side in order to increase the corporate value of the Nankai Group.





**Koezuka:** At the beginning of this session, I emphasized the importance of looking at the Group's business from the customer's perspective. However, it is also important to confidently take on the challenge of improving corporate value while giving due consideration to risk management. I am determined to do my best as an Outside Director to ensure the satisfaction of shareholders, investors, and all stakeholders.

**Tsunekage:** I agree with you. At the beginning of this session, I also discussed the importance of continuing to implement the PDCA cycle after introducing various measures rather than seeing the introduction of measures as the end goal, but the most important part is the "D." It is important to have the courage to take action, and for Outside Directors to give a firm push to those on the executive side.






**Tanaka:** The Kyoso 140 Plan (the Medium-term Management Plan) is now in its final year, and the Board of Directors has begun to review the plan. I hear that there were some rather heated discussions when the plan was being formulated. I'm very excited to be able to participate in the discussions for the new Medium-term Management Plan. Together, I hope to build the future Nankai Group and further improve our corporate value.

List of Officers

(As of June 21, 2024)

Directors				
Title	<b>Teruhiko Achikita</b> Representative Director Chairman, CEO	<b>Nobuyuki Okajima</b> Representative Director President, COO	<b>Naoto Ashibe</b> Representative Director Senior Managing Corporate Officer	<b>Satoshi Kajitani</b> Director Managing Corporate Officer
Reason for appointment	As CEO of the Company since June 2015, he has been instrumental in the growth and improvement of the Group's financial situation, and has the ability to conceptualize management strategies, as well as the leadership and execution skills to make them a reality. Therefore, we believe he can appropriately fulfill his responsibilities as a Director.	In addition to his extensive knowledge of the railway business, he has the leadership ability to fulfill his duties as a Director, as he has been driving the promotion of the Kyoso 140 Plan (the Medium-term Management Plan) as the President and COO of the Company since April 2023.	He has extensive knowledge of the Group's businesses and a sufficient track record as a manager, and we believe he can appropriately fulfill his responsibilities as a Director from the perspective of the Group's overall management.	He has long been involved in the construction and maintenance of railway track facilities, and currently has extensive knowledge of how to ensure safety and security in the railway business, including serving as Comprehensive Safety Administration Manager. Therefore, we believe he can appropriately fulfill his responsibilities as a Director.
Biography	1978.4 Joined the Company 2013.6 Director, the Company 2015.6 Representative Director and CEO, the Company (current) 2015.6 Director and President, the Company 2019.6 President, the Company 2023.4 Chairman, the Company (current)	1989.4 Joined the Company 2021.6 Senior Corporate Officer, the Company 2023.4 President and COO, the Company (current) 2023.4 Head of the Internal Audits Division, the Company (current) 2023.6 Representative Director, the Company (current)	1984.4 Joined the Company 2015.6 Director, the Company 2017.6 Managing Director, the Company 2019.6 Director, the Company 2019.6 Managing Corporate Officer, the Company 2021.6 Representative Director, the Company (current) 2021.6 Senior Managing Corporate Officer, the Company (current) 2023.4 Head of Public Transportation Group, the Company (current)	1987.4 Joined the Company 2016.6 Chief Manager, Administrative Planning Division, the Company 2017.6 Director, the Company (current) 2019.6 Senior Corporate Officer, the Company 2019.6 Railway Business Division General Manager, the Company 2020.6 Managing Corporate Officer, the Company (current) 2023.4 Railway Business Division General Manager, the Company (current)
Years of service	11	1	9	7
Number of shares held (unit: 100 shares)	293 (182)	98 (64)	142 (90)	141 (80)
Attendance at Meetings of the Board of Directors	12/12	10/10	12/12	12/12
Attendance at Meetings of the Audit & Supervisory Committee				
Committees				
Nominating Committee	○			
Compensation Committee	○	○		
Audit & Supervisory Committee				
Expertise and experience				
Corporate management and management strategies	○	○	○	○
Sustainability management	○			
Legal, compliance, and risk management	○			
Finance and accounting				
HR strategies and management		○	○	
IT and digital				
Railways and mobility services		○	○	○
Real estate and community development				
Marketing	○	○		


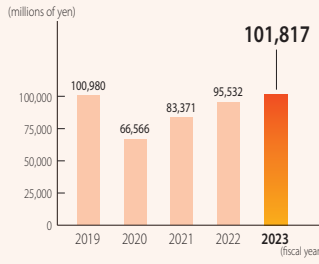
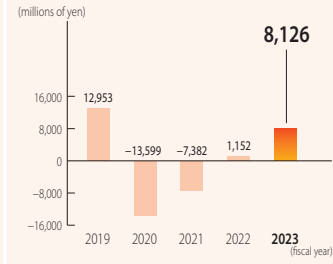

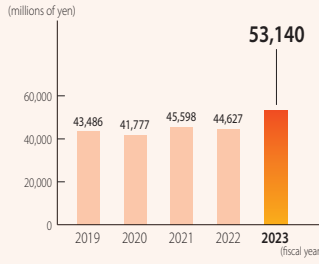
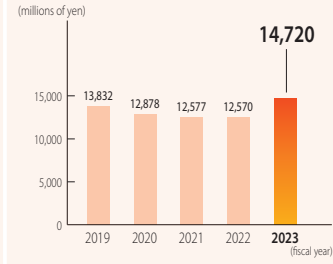

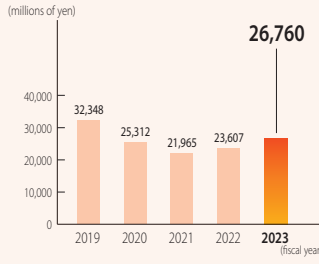
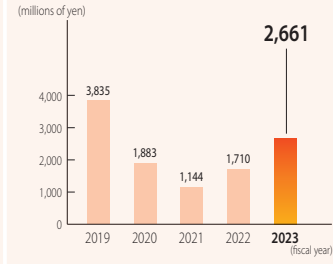

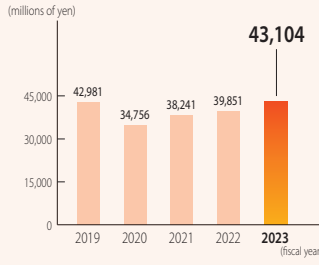
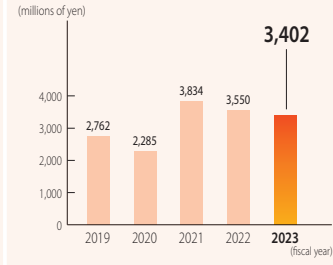

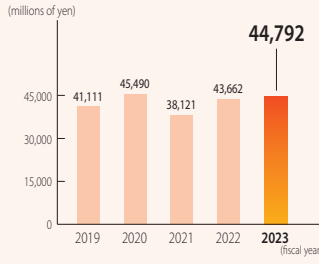
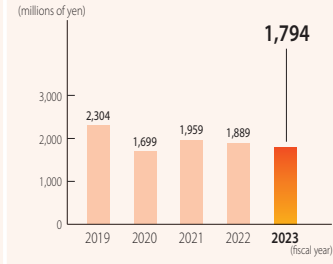
\* The below years of service include the years of service as Directors and Auditors prior to transitioning to a company with an Audit & Supervisory Committee.  
\* The below number of shares held includes the number of shares to be delivered at the time of retirement under the stock compensation system as shown in parentheses.  
\* The below records of attendance at Meetings of the Boards of Directors and Audit & Supervisory Committee represent the records of FY2023 (April 1, 2023 to March 31, 2024).  
\* The expertise and experience below includes the areas of expertise and experience the Company expects the Directors to have. This item does not represent all of the expertise and experience of each Director.  
\* The attendance of Nobuyuki Okajima, Representative Director, Takayoshi Yasuda, Director/Audit & Supervisory Committee Member, and Takahiro Tanaka, Director/Audit & Supervisory Committee Member, is limited to the Board of Directors or Audit & Supervisory Committee held after their appointments on June 20, 2023.

				
<b>Takahiro Otsuka</b> Director Managing Corporate Officer	<b>Hitoshi Tsunekage</b> Outside Director	<b>Miharu Koezuka</b> Outside Director	<b>Aiko Mochizuki</b> Outside Director	<b>Naoki Hori</b> Outside Director
He has long been involved in the Management & Planning Department and has extensive knowledge of the Group's finances, and we believe he is capable of appropriately fulfilling his responsibilities as a Director.	Based on the broad insight he has gained as a C-suite executive of a bank, we believe he will be able to provide accurate advice and supervision of the overall management of our group from an independent standpoint, without any relationship with our management that could result in either party exerting significant control over the other. We can also expect his involvement and advice as a member of the Nominating Committee and Chairman of the Compensation Committee, based on his broad insight, in considering nominations and compensation of the Company's management team.	Based on the broad insight she has gained as a C-suite executive of a department store, we believe that she will be able to provide accurate advice and supervision of the overall management of our Group from an independent standpoint without any relationship with our management that could result in either party exerting significant control over the other. We can also expect her involvement and advice as a member of the Nominating Committee, based on her wide range of insight, in considering nominations for the Company's management team.	Based on her expertise as a certified public accountant and the broad insight she has gained as a consultant, we believe she will be able to provide precise advice and supervision of the overall management of the Group from an independent standpoint without any relationship with the Company's management that could result in either party exerting significant control over the other. We can also expect her to engage and provide advice based on her broad insight as a member of the Compensation Committee when considering compensation for the Company's management.	Based on the broad insight he has gained as a C-suite executive of a bank, we believe he will be able to provide accurate advice and supervision of the overall management of our group from an independent standpoint without any relationship with our management that could exert significant control over each other. We can also expect involvement and advice from his broad insight in considering the nomination and compensation of our management team as a member of the Nominating Committee and the Compensation Committee.
1992.4 Joined the Company 2018.6 Chief Manager, Accounting & Finance Department, the Company 2019.6 Corporate Officer, the Company 2020.6 Senior Corporate Officer, the Company 2021.6 Director, the Company (current) 2023.4 Managing Corporate Officer, the Company (current) 2023.4 CFO, the Company (current) 2024.4 Head of Corporate Strategy Group, Corporate Strategy Department Chief Manager, Governance Reform Promotion Project Officer, the Company (current)	1977.4 Joined Sumitomo Trust and Banking Co., Ltd. 2008.1 President, Sumitomo Mitsui Trust Bank, Limited 2011.4 Representative Director and Chairman, Sumitomo Mitsui Trust Holdings, Inc. 2012.4 President, Sumitomo Mitsui Trust Bank, Limited 2017.4 Director, Sumitomo Mitsui Trust Bank, Limited 2017.6 Chairman, Sumitomo Mitsui Trust Bank, Limited (resigned in March 2021) 2017.6 Director, Sumitomo Mitsui Trust Holdings, Inc. (resigned in June 2021) 2019.6 Director, the Company (current) 2021.4 Special Adviser, Sumitomo Mitsui Trust Bank, Limited (current)	1979.4 Joined Takashimaya Co., Limited 2013.9 Senior Managing Corporate Officer, Takashimaya Co., Limited (Representative Director) 2016.3 Director, Takashimaya Co., Limited (resigned in May 2016) 2019.6 Director, the Company (current)	2002.4 Joined ChuoAoyama Audit Corporation 2005.4 Registered as a certified public accountant 2007.8 Joined Industrial Growth Platform, Inc. 2016.10 Partner and Managing Director, Industrial Growth Platform, Inc. (current) 2021.6 Director, the Company (current)	1983.4 Joined Sanwa Bank, Ltd. 2010.6 Executive Officer, Bank of Tokyo-Mitsubishi UFJ, Ltd. 2010.6 Executive Officer, Mitsubishi UFJ Financial Group, Inc. 2013.5 Managing Executive Officer, Bank of Tokyo-Mitsubishi UFJ, Ltd. 2016.5 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. 2016.6 Managing Director, Bank of Tokyo-Mitsubishi UFJ, Ltd. 2017.5 Senior Managing Director, Bank of Tokyo-Mitsubishi UFJ, Ltd. 2017.6 Director and Senior Managing Director, Bank of Tokyo-Mitsubishi UFJ, Ltd. 2018.4 Director and Senior Managing Director, MUFG Bank, Ltd. 2018.5 Senior Executive Officer, Mitsubishi UFJ Financial Group, Inc. 2019.4 Vice President and Managing Director, MUFG Bank, Ltd. 2021.4 Chairman of the Board, MUFG Bank, Ltd. (current) 2021.4 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (current) 2024.6 Director, the Company (current)
3	5	5	3	—
86 (59)	0 (—)	17 (—)	0 (—)	0 (—)
12/12	11/12	12/12	11/12	—
	○	○		○
	○ (Head of the committee)		○	○
○	○	○	○	○
○	○	○		
				○
○	○	○	○	○
	○	○	○	○
			○	
			○	





# Current State of Segments

Segment	Operating revenue	Operating income	FY2023 results
<div>Transportation Business</div> <div>34 companies</div> <div></div>	<div>(millions of yen)</div> <div></div> <div>101,817</div> <div>(fiscal year)</div>	<div>(millions of yen)</div> <div></div> <div>8,126</div> <div>(fiscal year)</div>	<div><b>Operating revenue:</b> 101.817 billion yen (+6.6% YoY)</div> <div><b>Operating income:</b> 8.126 billion yen (+605.3% YoY)</div> <div><b>Positive factor:</b> In the railway business, the number of passengers carried on both existing lines and airport lines increased in line with the recovery in demand for travel in Japan and overseas. In the bus business, the number of passengers carried increased, particularly on airport limousine buses and express buses.</div>
<div>Real Estate Business</div> <div>5 companies</div> <div></div>	<div>(millions of yen)</div> <div></div> <div>53,140</div> <div>(fiscal year)</div>	<div>(millions of yen)</div> <div></div> <div>14,720</div> <div>(fiscal year)</div>	<div><b>Operating revenue:</b> 53.140 billion yen (+19.1% YoY)</div> <div><b>Operating income:</b> 14.720 billion yen (+17.1% YoY)</div> <div><b>Positive factor:</b> In the real estate leasing business, hotel rental income increased in line with the increase in inbound tourists, and in the real estate sales business, income from the sale of properties to REIT investment corporations and gains on sales were recorded.</div>
<div>Distribution Business</div> <div>9 companies</div> <div></div>	<div>(millions of yen)</div> <div></div> <div>26,760</div> <div>(fiscal year)</div>	<div>(millions of yen)</div> <div></div> <div>2,661</div> <div>(fiscal year)</div>	<div><b>Operating revenue:</b> 26.760 billion yen (+13.4% YoY)</div> <div><b>Operating income:</b> 2.661 billion yen (+55.6% YoY)</div> <div><b>Positive factor:</b> In shopping center management, rental income increased in line with a recovery in tenant sales, and in the station premises business, sales at convenience stores that underwent a brand change were strong.</div>
<div>Leisure and Services Business</div> <div>20 companies</div> <div></div>	<div>(millions of yen)</div> <div></div> <div>43,104</div> <div>(fiscal year)</div>	<div>(millions of yen)</div> <div></div> <div>3,402</div> <div>(fiscal year)</div>	<div><b>Operating revenue:</b> 43.14 billion yen (+8.2% YoY)</div> <div><b>Operating income:</b> 3.42 billion yen (-4.2% YoY)</div> <div><b>Positive factor:</b> In the building management and maintenance business, building maintenance income increased.</div> <div><b>Negative factor:</b> In the travel agency business, the vaccine-related consignment business has been discontinued.</div>
<div>Construction Business</div> <div>4 companies</div> <div></div>	<div>(millions of yen)</div> <div></div> <div>44,792</div> <div>(fiscal year)</div>	<div>(millions of yen)</div> <div></div> <div>1,794</div> <div>(fiscal year)</div>	<div><b>Operating revenue:</b> 44.792 billion yen (+2.6% YoY)</div> <div><b>Operating income:</b> 1.794 billion yen (-5.0% YoY)</div> <div><b>Positive factor:</b> Real estate sales increased due to the sale of properties held.</div> <div><b>Negative factor:</b> The construction profit rate declined due to rises in construction material prices and labor costs.</div>

\* The Accounting Standard for Revenue Recognition, etc., has been applied since the beginning of FY2021.  
\* Nankai Electric Railway Co., Ltd. (the Company) is included in duplicate in the Transportation, Real Estate, Distribution, and Leisure and Services segments. Semboku Rapid Railway Co., Ltd. is included in duplicate in the Transportation and Real Estate segments.  
\* The Nankai Group comprises six segments, namely the five segments given above in addition to "Other Business (eight companies)."

# Transportation Business

Business

In the railway business, which forms the core of our Group, we offer safe and comfortable transportation services with two major lines, the Nankai Line and the Koya Line, and other lines including the Airport Line and Semboku Rapid Railway Line. We also develop highly convenient public transportation services, such as tramways, buses, and ocean freight services, as popular transportation for customers in the community.

Characteristics

- Transportation between the cities and New Town
- Transportation to airports
- Transportation for tourism
- Initiatives for pioneering in the industry (such as cashless payment)

Related data

Number of airline passengers at the Kansai International Airport and passengers carried by our Airport Line (5-year changes)

(thousands)

20,000

40,000

(thousands)

15,000

10,000

5,000

0

2019

2020

2021

2022

2023

28,767

10,695

4,892

2,258

2,574

3,636

3,194

11,495

6,494

3,020

4,170

25,891

11,555

(fiscal year)

(Left axis)

Our Airport Line commuter passes

(Right axis)

Our Airport Line non-commuter passes

(Right axis)

Kansai International Airport Passengers

\* Source: Kansai Airports (Number of air passengers at Kansai International Airport)

Category	Sector	Point
Railway business	Existing lines	Although the revenue environment is gradually improving due to the return of demand for travel, income from both commuter and non-commuter passes will be structurally affected due to the falling population along our railway lines, changing lifestyles, popularity of teleworking, etc.
	Airport line	The Airport Line serves passengers departing and arriving at Kansai Airport Station and Rinku Town Station. Owing to the return of inbound tourists, mainly from Asian countries, recovery of the employed population within the airport island, etc., the demand is now higher than before the COVID-19 pandemic.
Bus business	Route buses	Route buses are used as a daily means of transport in the southern Osaka and Wakayama areas. As with the railway business (existing lines), this business is affected by the decreasing population along our railway lines, etc.
	Express buses	Express buses are used as a means of medium- to long-distance transport connecting to the Kanto and Shikoku regions with Namba as the base. While the revenue environment for tourism, homecoming, etc. is recovering due to the return of demand for travel in Japan, the demand for business travel will be affected by growth in web meetings.
	Limousine buses	Limousine buses are airport transportation buses that connect cities in Kansai with the Kansai International Airport. Due to a decline in outbound demand, the number of buses was reduced. Our company is now restoring high-demand bus routes, and the revenue environment is gradually improving.
Cargo transportation business	Air and sea cargo transportation	Air and sea cargo transportation is a forwarder business arranging the transportation of international freight by air or sea under a direct contract with the shipper. While it is easily affected by the external environment in ways such as rises and falls in transport fares, the market is expected to expand over the long term for the business as a whole.

Opportunities

- Development of digital technologies
- Future opening of the Naniwasuji Line (connecting the areas along our railway lines and the national core route)
- Rising demand for tourism triggered by EXPO 2025
- Increase in inbound demand, and its spreading to areas along our railway lines

Threats

- Acceleration of the declining population and aging society
- Lack of human resources needed for business operations
- Increased cost burden due to rising prices
- Natural disasters becoming more severe, and the risk of the Nankai Trough Earthquake

## Responses to opportunities and threats

- Continuing capital investment for safety measures
- Strengthening automation, centralization, and maintenance by utilizing digital technologies
- Expanding transportation to airports; promoting cashless payment for increased market share
- Helping municipalities and communities solve transportation issues; providing diverse means of transportation as an entire group of companies



Kansai Airport Station bustling with inbound tourists

## Initiatives to strengthen profitability and forecasts for FY2024

Focusing on existing lines, and under the assumption that the revenue level will not return to the level prior to the COVID-19 pandemic due to factors such as changes in lifestyle and a decrease in the population along our railway lines, we will work to improve the unit price of passengers and strive to ensure profitability. We have been implementing fare revisions on our railway lines since October 2023, but the impact of passengers switching to other modes of transportation or other companies has been minimal, and we expect to see a full boost to our business performance from FY2024, including fare increases in our bus business. In addition, we will also work to attract visitors to high-unit-price areas, such as Koyasan, by using events and sightseeing trains for rides as triggers.

On the other hand, inbound demand is expected to remain strong. In order to steadily capture this demand, we will strengthen our overseas promotional activities, such as strengthening our relationships with airport transportation companies in South Korea and Taiwan, and

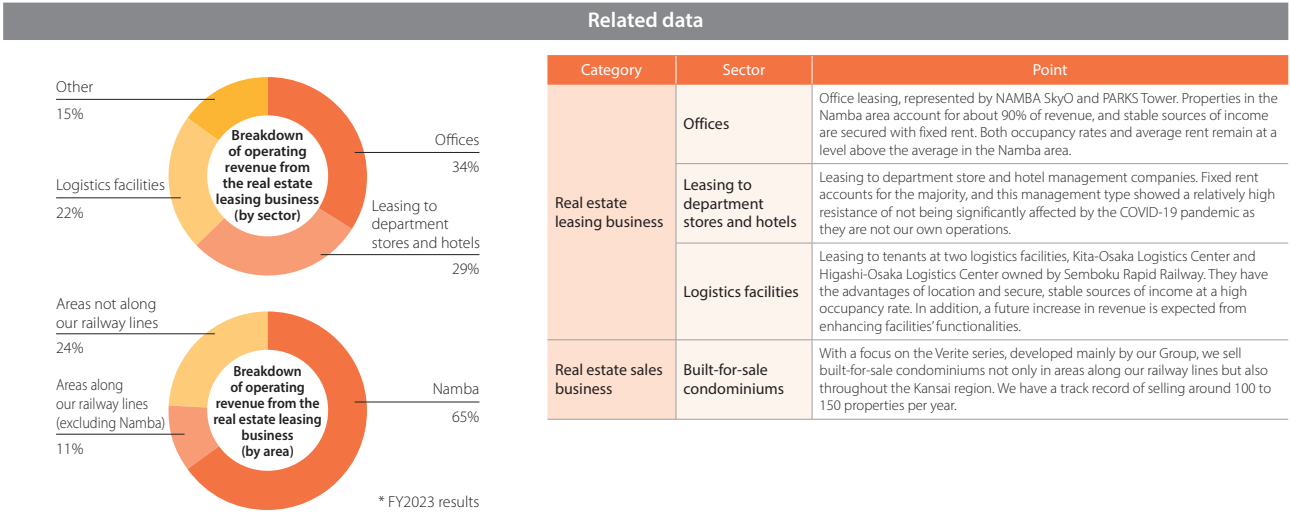
exhibiting at travel fairs in these countries to attract passengers at the point of origin. In addition, by switching advance-purchase passenger tickets to QR tickets for inbound tourists, which do not need to be exchanged at ticket counters, we will be able to flexibly plan products according to usage trends. We will also work to capture peripheral demand, such as increasing unit prices by directing customers to our direct sales sites and expanding our baggage delivery business.

In terms of figures, for FY2024, we expect demand in the cargo transportation business to recover, in addition to the full-year contribution from the effect of fare revisions in the railway and bus businesses and the increase in demand for travel in Japan and overseas. However, due to an increase in costs, such as personnel expenses and depreciation and amortization, we forecast operating revenue of 111.6 billion yen—a rise of 9.7 billion yen—and operating income of 11.4 billion yen, up 3.2 billion yen.



Real Estate Business


Business	Characteristics
We operate real estate leasing for offices, department stores, hotels, logistics facilities, rental apartments, and parking lots. We are also engaged in wide-ranging real estate sales of residential land and built-for-sale condominiums. By offering a wide range of services, we contribute to enhancing the value of the areas along our railway lines and enriching customers' lifestyles.	<ul style="list-style-type: none"><li>Strong business base centered around Namba</li><li>Semboku area, with a developing smart city project</li><li>Logistics facilities in desirable locations</li><li>Community-based real estate development</li></ul>



Opportunities	Threats
<ul style="list-style-type: none"><li>Increased demand for new services in response to changing lifestyles</li><li>Enhancing the value of the areas along our railway lines with the Naniwasuji Line project</li><li>Development triggered by EXPO 2025 and the integrated resort (IR)</li><li>Increased demand for high-performance and large-scale logistics facilities</li></ul>	<ul style="list-style-type: none"><li>Population decreasing in the areas along our railway lines</li><li>Large-scale development in the Umeda/Yodoyabashi area</li><li>Aging facilities</li></ul>

Responses to opportunities and threats

- Providing added value to users by combining multiple property portfolios
- Development of both social and physical infrastructure toward the realization of the Greater Namba vision
- Enhancing profit and stabilizing business portfolios through functionality enhancement of logistics facilities
- Entering the rotational real estate business using private REITs



Namba Hiroba opening ceremony

Initiatives to strengthen profitability and forecasts for FY2024

We will continue to deepen and expand our real estate business by refining our stable property portfolio. For existing properties, we will work to enhance the value of the facilities and services, aiming to maintain high occupancy rates and expand revenue. With regard to Namba, the strong business foundation of our Group, measures will be taken to enhance the attractiveness and potential of the area in terms of both social infrastructure, such as entertainment production, and physical infrastructure, such as real estate development. In particular, in terms of physical infrastructure, we will set aside a certain amount of investment for the acquisition and development of new properties, including the area around the new station on the Naniwasuji Line, and work to acquire new sources of revenue.

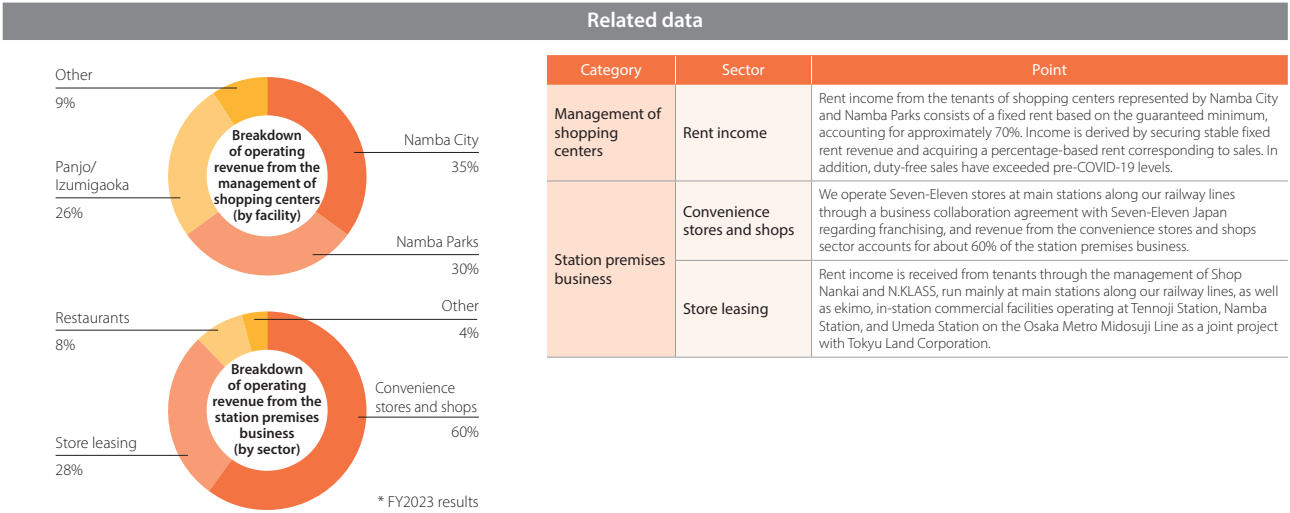
Until now, the main focus of property development has been

on the areas along our railway lines, with the aim of creating synergies with the railway business and assuming long-term holding, but in order to achieve sustainable growth in the future, we will be fully developing a rotational real estate business using private REITs. By acquiring new properties, selling properties, and promoting the establishment of a fee-based business structure, we will work to diversify our revenue model and improve capital efficiency, with the aim of moving away from the landlord business.

In terms of figures, for FY2024, we expect operating revenue from the real estate business of 49.0 billion yen—a fall of 4.1 billion yen—and operating income of 11.8 billion yen—down 2.9 billion yen—due to a decrease in sales of properties to REIT investment corporations in the previous year in the real estate sales business.

Distribution Business

Business	Characteristics
We run fashionable shopping centers, convenience stores, restaurants, and other outlets mainly in the areas along our railway lines to vitalize the communities. Using our marketing expertise from our station concourses, we are also launching the station premises business to areas beyond zones along our railway lines.	<ul style="list-style-type: none"><li>Strong business base centered around Namba</li><li>Namba Parks with its huge gardens</li><li>Great convenience of Namba City due to direct access from the station</li><li>The trust and brand of the areas along our railway lines</li></ul>



Opportunities	Threats
<ul style="list-style-type: none"><li>Increased demand for new services in response to changing lifestyles</li><li>Increase in inbound demand from overseas tourists</li><li>Development triggered by EXPO 2025 and the integrated resort (IR)</li><li>Namba Station Area Redevelopment Project (Namba Hiroba development)</li></ul>	<ul style="list-style-type: none"><li>Changing lifestyles (spread of e-commerce)</li><li>Competition with shopping centers in the surrounding area</li><li>Changes in the needs of shopping centers</li><li>Namba losing value with the future opening of the Naniwasuji Line</li></ul>

Responses to opportunities and threats

- Providing added value to users by combining multiple property portfolios
- Deepening of existing shopping centers toward the realization of the Greater Namba vision
- Establishment of a new shopping center model centered around content for attracting customers of Namba Parks
- Exercising synergy between in-station commercial facilities and community development



Namba Parks Museum

Initiatives to strengthen profitability and forecasts for FY2024

After the COVID-19 pandemic, the values that shopping centers are expected to deliver are changing every day, as consumer lifestyles become more diverse and their ability to gather information improves. Under these circumstances, with the concept of "touching nature," we are carrying out the largest-ever renewal of Parks Garden, opening new facilities such as the Namba Parks Museum and the Sumo Entertainment Hall as places where customers from Japan and abroad can have realistic experiences that create a special sense of anticipation, and working to establish a business model that focuses on attracting customers. From now on, we will focus on increasing the number of visitors, lengthening their stay, and creating synergies with existing stores by positioning these contents for attracting customers at the core of our efforts. In doing so, we will work to increase sales at shopping centers and, in

turn, increase our rental income.

In addition, we will continue to expand our inbound content to capture the expected increase in demand from overseas tourists, while also taking steps to further grow our station premises business, including convenience stores.

In terms of figures, for FY2024, we predict an increase in revenue from convenience stores in the station premises business and a rise in revenue from rent, etc. due to an increase in sales mainly at shopping centers in the Namba area. However, as we expect expenses including advertising expenses to go up, we forecast operating revenue of 27.5 billion yen—an increase of 0.7 billion yen—and operating income of 2.7 billion yen, which is almost the same as last year.

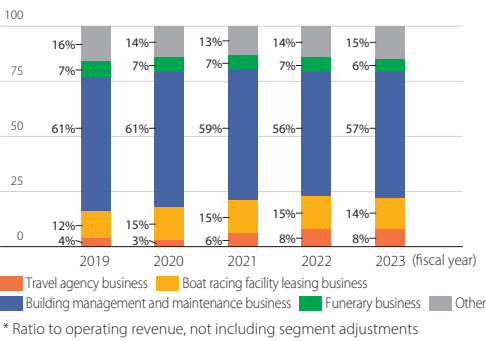


## Leisure and Services Business

Business	Characteristics
We operate a range of businesses that enrich and offer comfort to customers' lives, including the travel agency business, hotels and traditional Japanese inns, boat racing facility leasing business, building management and maintenance business, and funerary business, inside and outside the areas along our railway lines. We aim to vitalize each business, improve their ability to attract customers, and create synergy. We are also working on new projects, such as e-sports.	<ul style="list-style-type: none"><li>● Providing a wide range of services in and around the areas along our railway lines</li><li>● The trust and brand of the areas along our railway lines</li><li>● Exercising inter-group synergy</li></ul>

### Related data

#### Breakdown of operating revenue by small segment of the leisure and services business (5-year changes) (%)



Category	Sector	Point
Building management and maintenance business	Building maintenance	Revenue from equipment management, cleaning, security, etc. in facilities in and outside our group are recorded for this sector, which accounts for the largest proportion of the revenue from the building management and maintenance business.
	Railway maintenance	The maintenance is carried out on station service equipment and of power, signal, and communications within our group. The amount of revenue recorded fluctuates mainly due to rises and falls in our safety investment.
Other leisure and services businesses	Boat racing facility leasing business	We lease out facilities at Boat Race Suminoe. A commission is received on sales of boat race betting tickets, and sales are increasing in recent years due to a growth in online betting.
	Travel agency business	In addition to recording travel revenue in and outside Japan, mainly from business travel, group tours, and B2B business such as MICE, revenue from contract guidance services at station ticket counters for non-Japanese visitors to Japan were recorded.
	Funerary business/Other	In addition to managing Funeral Hall TEAR, which operates 17 facilities mainly in areas along our railway lines, and The azure island accommodation Kumano-bettei NAKANOSHIMA, a traditional Japanese inn we own in the Nachikatsuura area, we operate an e-stadium facility management business and event business under the e-sports business.

Opportunities	Threats
<ul style="list-style-type: none"><li>● Increased demand for new services in response to changing lifestyles, etc.</li><li>● Improving productivity and saving energy by promoting digitalization</li><li>● Rising demand for tourism in Japan and overseas</li></ul>	<ul style="list-style-type: none"><li>● Workforce shortage</li><li>● Diversification of customer needs</li><li>● Rapid fluctuations in demand from overseas tourists</li></ul>

### Responses to opportunities and threats

- Creating customer touchpoints by promoting the digital transformation (DX) strategy and with digital technology
- Promoting new businesses, including the e-sports business, and developing innovative human resources
- Promoting coexistence with non-Japanese people in terms of both social and physical aspects
- Strengthening the tourism-related businesses by making the most of tourism resources we own in areas along our railway lines



Exchange with overseas IT human resources (Japal)

### Initiatives to strengthen profitability and forecasts for FY2024

In the building management and maintenance business, which is at the core of the leisure and services business, we expect that the situation will continue to be difficult, with chronic difficulties in securing personnel. However, we will strive to expand revenue by responding to customer needs by improving the quality of the services we provide, as well as by expanding our service areas through the introduction of new technologies and expanding our business operations as a comprehensive building maintenance company, in addition to actively conducting sales activities to win new contracts for properties.

In addition, we will steadily promote initiatives to expand revenue in existing businesses, such as promoting the use of the Suminoe Boat Race Track in the boat racing facility leasing business, accepting contract medical tourism services in the travel agency business, and maintaining and improving unit prices in the funerary business. Meanwhile, we also intend to capture diverse

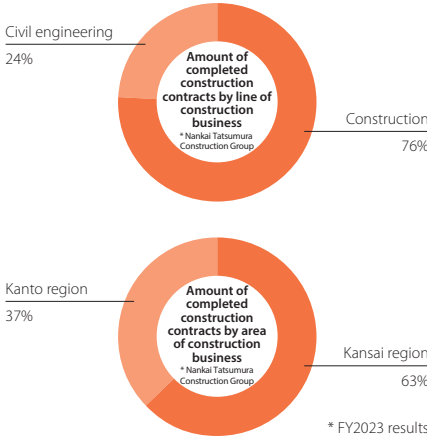
revenue opportunities by diligently pursuing future exploration initiatives to build a third pillar after railway and real estate, including taking on the management of e-sports business outsourced from local governments, collaborating with private companies, expanding the operations of the Japal business, and deepening the tourism business.

In terms of figures, for FY2024, we expect growth in revenue due to increased construction revenue in the building management and maintenance business, increased demand for travel in and outside Japan in the travel agency business, expanded operations in the e-sports business, and more. However, as we expect a decrease in income due to an increase in expenses in the boat racing facility leasing business, we forecast operating revenue of 43.8 billion yen—an increase of 0.6 billion yen—and operating income of 3.2 billion yen—a decrease of 0.2 billion yen.

## Construction Business

Business	Characteristics
The Nankai Tatsumura Construction Group, which operates the construction business, runs general construction businesses for civil engineering and construction, and all other works involved in construction. The Group's success draws from our extensive experience and expertise amassed through various construction projects, including for railways, shopping centers, public facilities, hotels, and condominiums. In addition, Nichiden Shokai is engaged in telecommunications engineering.	<ul style="list-style-type: none"><li>● Technological capabilities for railway-related construction</li><li>● Exercising inter-group synergy</li><li>● Brand strength mainly in the Kansai region</li></ul>

### Related data



Category	Sector	Point
Construction business	Civil engineering (Nankai Tatsumura Construction Group)	Civil engineering fulfills contracted work mainly for railway-related construction from our Group, as well as road and riverbank construction from government and road companies. Although most of the construction work is carried out in the Kansai region, recently we have moved into the Kanto region by establishing a sales base there. With the expanding opportunities to receive orders for construction related to the Naniwasuji Line and the need to upgrade aging infrastructure, by taking advantage of expertise in railway-related construction gained through decades of experience, we aim to win projects from other railway companies.
	Construction (Nankai Tatsumura Construction Group)	Undertake contracts to construct housing (construction of built-for-sale condominiums and rental apartments) and non-housing (schools, logistics facilities, hospitals, nursing home facilities, etc.) from a wide range of business owners, including developers, private companies, and government offices, and construct buildings for our Group. While it fluctuates from year to year, the scale of business is the same between the Kansai and Kanto regions. While deepening relationships with existing customers and cultivating new ones, we plan to expand the business in the non-housing area, which is less likely to be affected by economic slowdowns.
	Telecommunications	Nichiden Shokai receives orders and carries out telecommunications construction of equipment such as train destination guide boards, ITV camera systems, telephone switchboards, and radio communications. Although the main customer is our group, orders from general customers and government offices are growing.

Opportunities	Threats
<ul style="list-style-type: none"><li>● Development triggered by large projects in the Kansai region</li><li>● Rising trends toward safety, disaster prevention, and decarbonization</li><li>● Demand to update aging infrastructure</li></ul>	<ul style="list-style-type: none"><li>● Soaring raw-material and labor costs</li><li>● Falling demand for condominiums</li><li>● Workforce shortage</li><li>● Responding to the work style transformation (restrictions on overtime work)</li></ul>

### Responses to opportunities and threats

- Acquiring new customers in the private non-housing field and government office construction
- Winning more projects by taking advantage of our expertise in railway-related construction
- Implementing various measures to secure and develop human resources and pursue job satisfaction
- Enforcing construction cost management



Construction of a new geriatric health services facility

### Initiatives to strengthen profitability and forecasts for FY2024

In the construction industry, public investment has remained steady thanks to the effects of the supplementary budget, and there are signs of a recovery in private-sector capital investment. However, the severe environment surrounding the industry is expected to continue, with the chronic shortage of skilled construction workers and the soaring cost of construction materials becoming more serious. Meanwhile, with EXPO 2025 scheduled to be take place in 2025, a boost in related investment can be expected.

In this situation, in order to shift from a focus on construction volume to a focus on profit in the construction sector, in addition to private housing projects, we will thoroughly implement selective order acceptance activities for private non-housing construction projects, such as medical institutions and school facilities, as well as government construction projects. Furthermore, we will work to improve the accuracy of cost estimation and improve the cost management process. In the engineering field, in addition to winning large

government contracts, we aim to win more projects for construction related to the Naniwasuji Line and boost sales activities mainly in government-related and railway-related construction to increase our presence in the Kanto region. In the telecommunications field, we aim to receive a steady stream of orders from our group and increase orders received from general customers and government offices. In addition, in order to promote the securing of human resources, which is one of the most important issues in the construction business, we will strive to strengthen human resource development by pursuing employee satisfaction and creating a workplace environment in which each individual can play an active role.

In terms of figures, for FY2024, we expect operating revenue of 52.2 billion yen—a rise of 7.4 billion yen—and operating income of 2.1 billion yen—up 0.3 billion yen—as the amount of completed construction contracts will increase.



Main Business Indices

(Fiscal Year)	2013	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023
Financial indices												
(Consolidated)												
Operating revenue**2 (millions of yen)	197,495	210,995	219,065	221,690		227,874	227,424	228,015	190,813	201,793	221,280	241,594
Operating income (millions of yen)	23,062	28,118	32,318	31,840		33,971	27,745	35,223	5,552	12,190	21,023	30,820
Ordinary income (millions of yen)	16,899	22,001	27,110	27,111		29,733	23,898	31,677	1,854	9,931	18,965	29,312
Profit or loss attributable to owners of parent (millions of yen)	9,615	17,467	12,612	16,452		14,719	13,023	20,811	-1,861	4,021	14,623	23,926
Comprehensive income (millions of yen)	10,644	25,190	7,394	20,478		16,991	12,143	18,031	4,559	5,594	16,870	35,377
Total assets (millions of yen)	781,671	909,547	894,621	890,798		902,045	918,385	925,058	962,229	920,976	935,113	950,650
Net assets (millions of yen)	152,039	199,991	203,939	219,288		232,835	241,561	256,003	258,569	260,716	274,586	307,102
Book value per share*3 (yen)	285.16	337.32	343.47	1,845.77		1,957.31	2,036.79	2,157.76	2,176.19	2,189.38	2,306.15	2,583.93
Basic earnings (loss) per share*3 (yen)	18.40	32.58	22.25	145.13		129.85	114.90	183.68	-16.44	35.51	129.13	211.31
Capital adequacy ratio (%)	19.1	21.0	21.8	23.5		24.6	25.1	26.4	25.6	26.9	27.9	30.8
Return on equity (ROE) (%)	6.6	10.3	6.5	8.1		6.8	5.8	8.8	-0.8	1.6	5.7	8.6
Price-earnings ratio (PER) (times)	21.7	15.2	27.5	18.7		20.5	26.6	13.4	—	66.5	22.7	15.1
Price book-value ratio (PBR) (times)	1.40	1.47	1.78	1.47		1.36	1.50	1.14	1.17	1.08	1.27	1.23
Cash flows from operating activities (millions of yen)	27,459	43,013	43,212	42,753		58,477	38,729	58,935	21,338	41,879	39,086	62,223
Cash flows from investing activities (millions of yen)	-17,675	-90,315	-29,030	-30,861		-40,669	-45,219	-48,915	-33,273	-19,669	-26,305	-10,528
Cash flows from financing activities (millions of yen)	-19,779	51,503	-17,047	-11,906		-16,429	8,632	-14,853	35,821	-27,026	-11,341	-46,832
Cash and cash equivalents at end of period (millions of yen)	16,959	21,160	18,294	18,342		19,721	21,864	17,030	40,917	36,101	37,540	42,402
Ratio of interest-bearing debt to EBITDA*4 (times)	10.4	9.6	8.4	8.3		7.6	8.5	7.2	14.2	11.6	9.6	7.2
Ratio of net interest-bearing debt to EBITDA*4 (times)	10.0	9.2	8.0	7.9		7.3	8.2	6.9	13.0	10.7	8.8	6.5
(Non-consolidated)												
Share capital (millions of yen)	63,739	72,983	72,983	72,983		72,983	72,983	72,983	72,983	72,983	72,983	72,983
Number of issued and outstanding shares (thousands of shares)	526,412	567,012	567,012	567,012		113,402	113,402	113,402	113,402	113,402	113,402	113,402
Dividend per share (yen)	5.00	6.00*5	6.00	6.00		18.00*6	30.00	32.50	25.00	25.00	25.00	35.00
Non-financial indices												
Energy consumption (consolidated) (thousands of GJ)	5,483	5,512	5,459	5,434		5,329	5,212	5,219	4,590	4,613	4,776	4,129
CO2 emissions (consolidated) (thousands of t-CO2)	309.9	316.5	313.6	302.9		298.1	264.8	234.7	202.6	207.7	192.2	214.4
Ratio of energy-saving vehicles adopted (Nankai Electric Railway and Semboku Rapid Railway) (%)	46.9	49.3	52.3	54.0		55.5	56.5	60.2	61.7	63.2	63.2	65.5
Rolling stock energy consumption intensity (non-consolidated)*7 (kl/10,000 km)	6.44	6.33	6.12	6.12		6.05	5.85	5.62	5.55	5.52	5.53	4.73
Water used												
Railway business (non-consolidated) (m³)	252,180	287,132	203,385	190,681		184,363	175,178	197,096	185,656	186,415	178,857	176,623
Head office and other facilities (non-consolidated) (m³)	557,608	549,130	642,903	637,070		625,953	620,523	571,059	407,822	561,683	666,819	754,882
Number of accountable accidents in the railway business*8 (cases)	3	1	1	2		3	1	4	0	2	2	2
Customer satisfaction index (points)	—	—	61.2	59.5		60.8	63.0	65.1	64.7	65.6	63.7	62.9
Environmentally-friendly building (green building) certification*9 (cases)	0	0	0	0		0	1	1	2	2	3	5
Demographics along our railway lines (social increase or decrease)*10 (persons)	-4,872	-5,253	-5,538	-4,319		-5,164	-4,034	-2,239	-4,525	-6,864	-1,459	381

\*1 Operating revenue does not include consumption tax, etc.  
\*2 The Accounting Standard for Revenue Recognition, etc., has been applied since the beginning of FY2021.  
\*3 On October 1, 2017 we conducted a reverse stock split replacing every five ordinary shares with one share. We calculated net assets and basic earnings per share by assuming that this reverse stock split occurred at the beginning of FY2016.  
\*4 EBITDA = Operating income + Depreciation and amortization  
However, the operating income from FY2017 onward includes dividend income.  
\*5 This includes a commemorative dividend of 1 yen.

\*6 Since we conducted a reverse stock split, replacing every five ordinary shares with one share, on October 1, 2017, this shows the total for the interim dividend per share of 3 yen before the reverse stock split and the year-end dividend per share of 15 yen after the reverse stock split.  
\*7 The figures for FY2023 are calculated based on the revised Energy Conservation Law that came into effect in April 2023. The figure for FY2023, calculated on the basis of the pre-revision standard, is 5.35 kl/10,000 km.  
\*8 Incidents in the railway business, transportation failures (limited to delays or suspensions in service for at least three hours), and other incidents for which we are responsible.  
\*9 Based on the DBJ Green Building certification and CASBEE Real Estate Evaluation certification.  
\*10 Calculations exclude Osaka City.



## EEnvironment

### Environmental management

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of ISO 14001 Certifications* <sup>1</sup>	Consolidated	Cases	4	2	<b>2</b>
Number of Green Management Certifications* <sup>2</sup>			3	3	<b>3</b>

\*1 For fiscal year ended March 2022: Nankai Electric Railway Co., Ltd.'s headquarters and Chiyoda Factory; Nankai Vehicles Service Engineering Co., Ltd.'s Chiyoda Factory; Semboku Rapid Railway Co., Ltd. (entire company); Nankai Tatsumura Construction Co., Ltd.'s Architectural, Civil Engineering, and Railway Divisions; Nankai Building Service Co., Ltd.'s Tokyo Branch. For fiscal year ended March 2023 onward: Nankai Tatsumura Construction Co., Ltd.'s Architectural, Civil Engineering, and Railway Divisions; Nankai Building Service Co., Ltd.'s Tokyo Branch.

\*2 Itakano Branch of Nankai Bus Co., Ltd.; Sakai Branch and Rinku Branch of Southern Transport Services Co., Ltd.

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

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
GHG emissions (Scopes 1+2)	Consolidated	t-CO <sub>2</sub>	207,698	192,260	<b>214,394</b>
Scope 1* <sup>2</sup>		t-CO <sub>2</sub>	79,189	84,655	<b>88,134</b>
Scope 2* <sup>3</sup>		t-CO <sub>2</sub>	128,509	107,605	<b>126,260</b>
GHG emissions intensity* <sup>4</sup> (Scopes 1+2)		t-CO <sub>2</sub> /million yen	1.03	0.87	<b>0.89</b>
GHG emissions (Scope 3)* <sup>5</sup>		t-CO <sub>2</sub>	725,581	772,374	<b>800,182</b>
Category 1		t-CO <sub>2</sub>	439,118	467,877	<b>495,948</b>
Category 2		t-CO <sub>2</sub>	82,124	105,566	<b>100,206</b>
Category 3		t-CO <sub>2</sub>	37,161	38,215	<b>38,087</b>
Category 5		t-CO <sub>2</sub>	8,129	10,368	<b>9,092</b>
Category 6		t-CO <sub>2</sub>	1,155	1,158	<b>1,159</b>
Category 7		t-CO <sub>2</sub>	2,110	2,114	<b>2,117</b>
Category 11		t-CO <sub>2</sub>	16,282	12,243	<b>18,892</b>
Category 13		t-CO <sub>2</sub>	139,502	136,952	<b>134,680</b>

\*1 CO<sub>2</sub> emissions from the company and its consolidated subsidiaries. Calculated based on the Act on Promotion of Global Warming Countermeasures. (Electricity was calculated based on the basic emission factor by electric power companies, and city gas was calculated based on the emission factor published by city gas companies.)

\*2 CO<sub>2</sub> emissions from energy use    \*3 Emissions based on market standards    \*4 GHG emissions intensity = GHG emissions/Operating revenue

\*5 Categories 4, 8, 9, 10, 12, 14, and 15 are excluded from importance.

### Energy consumption

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Electric power	Consolidated	Thousand kWh	345,915	353,510	<b>347,832</b>
City gas		Thousand m <sup>3</sup>	6,550	7,376	<b>7,325</b>
Vapor		GJ	3,626	3,494	<b>3,546</b>
Cold water		GJ	5,490	6,233	<b>5,901</b>
Propane gas		t	111	113	<b>131</b>
Gasoline		kℓ	441	429	<b>417</b>
Diesel		kℓ	14,655	15,753	<b>16,958</b>
Kerosene		kℓ	60	49	<b>48</b>
A heavy oil		kℓ	4,758	4,798	<b>4,815</b>
BC heavy oil		kℓ	3,886	4,132	<b>4,078</b>

### Water intake/discharge

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Water intake	Consolidated	Thousand m <sup>3</sup>	1,221	1,384	<b>1,483</b>
Water supply		Thousand m <sup>3</sup>	867	945	<b>990</b>
Industrial water		Thousand m <sup>3</sup>	233	284	<b>322</b>
Groundwater, rainwater, etc.		Thousand m <sup>3</sup>	121	155	<b>171</b>
Water discharge		Thousand m <sup>3</sup>	—	1,371	<b>1,467</b>
Sewerage		Thousand m <sup>3</sup>	—	1,243	<b>1,327</b>
Others (fresh water, sea water, etc.)		Thousand m <sup>3</sup>	—	128	<b>140</b>

### Paper use

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Paper use*	Non-consolidated	Thousand sheets	1,393	1,308	<b>1,310</b>

\* Paper used at the head office

### Waste

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
General waste emissions	Non-consolidated	t	3,890	4,094	<b>4,393</b>
Industrial waste emissions* <sup>1</sup>			1,232	914	<b>823</b>
Plastic waste volume* <sup>2</sup> (figure in the parentheses)		t	(325)	(309)	<b>(326)</b>
Mixed waste emissions* <sup>2</sup> (figure in the parentheses)			(230)	(221)	<b>(121)</b>
General waste emissions	Consolidated	t	10,314	9,952	<b>9,897</b>
Industrial waste emissions* <sup>1+3</sup>		t	66,630	145,380	<b>62,729</b>
Hazardous waste* <sup>4</sup> emissions (figure in the parentheses)			(59)	(89)	<b>(88)</b>
Total general waste and industrial waste emissions		t	76,944	155,332	<b>72,626</b>
Recycle ratio* <sup>5</sup>		%	88.3	91.0	<b>88.0</b>
Final amount disposed		t	9,024	13,972	<b>8,736</b>

\*1 Emissions based on the industrial waste management sheet (emissions were compiled by facility-owning businesses in fiscal year ended March 2022, and by businesses that report on the status of issues, etc. with management sheets in fiscal year ended March 2023 onward)

\*2 Emissions of industrial waste from plastic products as defined in the Plastic Resource Circulation Act

\*3 For the construction business, the calculation includes all industrial waste that our Group disposed of as the main contractor.

\*4 Specially controlled waste (waste with explosive, toxic, infectious, or other properties that may damage human health or the living environment) as defined in the Waste Management and Public Cleansing Act

\*5 Thermal recycling is included in recycling.

### Emissions and transfers of chemical substances\*<sup>1</sup>

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Ethyl benzene* <sup>2</sup>	Consolidated	kg	131.8	49.7	<b>138.9</b>
Xylene* <sup>2</sup>		kg	528.5	222.0	<b>481.8</b>
Styrene* <sup>2</sup>		kg	0.0	0.0	<b>0.0</b>
Toluene* <sup>2</sup>		kg	1,102.0	1,018.3	<b>1,280.3</b>
Other		kg	880.3	624.6	<b>854.9</b>

\*1 Emissions and transfers of Class I Designated Chemical Substances from locations that have notified the government in accordance with the Pollutant Release and Transfer Register (PRTR) Act (applicable locations: Chiyoda Factory only)

\*2 Volatile organic compounds (VOCs)

### Other types of waste

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Estimated leakage of fluorocarbons* <sup>1</sup>	Non-consolidated	t-CO <sub>2</sub>	319.0	60.5	<b>73.9</b>
NOx emissions* <sup>2</sup>		kg	36.2	28.6	<b>20.8</b>

\*1 Leakage of fluorocarbons from Class I Specified Products calculated based on the Act on Rational Use and Appropriate Management of Fluorocarbons

\*2 NOx emissions in vehicle exhaust gas calculated as defined in the Automobile NOx PM Control Act

## Society

### Sales performance of the railway business

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Operating kilometers	Non-consolidated	km	154.8	154.8	<b>154.8</b>
Kilometers covered by passenger trains		Thousand km	95,192	95,954	<b>97,929</b>
Passengers carried		Thousand people	182,851	203,771	<b>217,334</b>
Car-load factor		%	23.3	26.5	<b>28.7</b>
Number of stations		Stations	100	100	<b>100</b>
Number of cars		Cars	696	696	<b>698</b>

### Safety

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Investment in safety by the railway business	Non-consolidated	Millions of yen	9,799	9,946	<b>10,967</b>
Number of major accidents* <sup>1</sup>		Cases	0	0	<b>0</b>
Number of railroad crossing accidents* <sup>2</sup>		Cases	7	11	<b>6</b>
Number of railroad personal injury accidents* <sup>3</sup>		Cases	12	11	<b>7</b>
Railroad property damage accidents* <sup>4</sup>		Cases	0	1	<b>0</b>
Number of transportation failures* <sup>5</sup>		Cases	14	13	<b>37</b>
Incidents* <sup>6</sup>		Cases	2	0	<b>1</b>

\*1 Total of train collisions, train derailments, and train fire accidents.    \*2 Accidents where a train or vehicle collided with or came into contact with a person or vehicle passing a railroad crossing.

\*3 Accidents that resulted in the death or injury of a person due to train or vehicle operation.    \*4 Accidents resulting in property damage of ¥5,000,000 or more due to the operation of a train or vehicle.

\*5 A situation in which trains are suspended or delayed (for 30 minutes or more) for reasons other than a railroad operating accident.    \*6 A situation that has not caused an accident yet, but is recognized as having the potential to cause a railroad operating accident.

Employees

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of employees	Consolidated	Persons	8,887	8,905	8,919
Female/Male		Persons	1,307 / 7,580	1,314 / 7,591	1,395 / 7,524
Proportion of female employees		%	14.7	14.8	15.6
Number of newly hired employees* <sup>1</sup>		Persons	316	425	501
Female/Male		Persons	61 / 255	94 / 331	133 / 368
Proportion of women among newly hired employees		%	19.3	22.1	26.5
Number of employees in management positions* <sup>2</sup>		Persons	791	729	716
Female/Male		Persons	35 / 756	38 / 691	42 / 674
Proportion of female employees in management positions		%	4.4	5.2	5.9
Average years of service* <sup>1</sup>		Years	17.2	17.8	18.5
Female/Male	Non-consolidated	Years	10.5 / 18.0	10.6 / 18.1	10.9 / 19.5
Employment rate of disabled people		%	2.47	2.68	2.74
Number of employees		Persons	2,601	2,635	2,642
Female/Male		Persons	158 / 2,443	182 / 2,453	179 / 2,463
Number of non-regular employees		Persons	25	29	26
Number of rehired employees* <sup>4</sup>		Persons	11	12	11
Average age		Years old	44.1	44.5	44.7
Average annual salary		Yen	5,872,700	5,975,073	6,146,851
Male-female wage variance among workers		%	—	71.9	73.6
Of whom are full-time workers		%	—	77.7	78.7
Of whom are non-full-time workers		%	—	61.6	73.1
Proportion of female new graduates in the Management Course* <sup>5</sup>		%	47.6	40.9	44.8
Number of employees in management positions* <sup>2</sup>	Non-consolidated	Persons	125	122	114
Female/Male		Persons	7 / 118	8 / 114	7 / 107
Proportion of managerial positions filled by mid-career hires		%	7.4	13.1	11.1
Target achievement rate for innovation skill proficiency level		%	—	—	17.6
Total training hours* <sup>6</sup>		Hours	19,276	19,164	22,958
Training hours per employee* <sup>6</sup>		Hours	6.6	6.5	7.6
Average acquisition rate of annual paid leave		%	90.1	96.9	96.6
Number of employees who have acquired childcare leave, etc. or leave for childcare purposes* <sup>7</sup>		Persons	24	54	48
Female/Male		Persons	4 / 20	6 / 48	7 / 41
Rate of employees who have acquired childcare leave, etc. or leave for childcare purposes* <sup>7</sup>		%	49.0	91.5	92.3
Female/Male		%	100 / 44.4	100 / 90.6	100 / 91.1
Number of disasters	Non-consolidated	Cases	6	14	10
Lost-time incident rate		%	0.93	0.00	0.92
Average annual total hours worked		Hours	2,059	2,063	2,057
Average overtime per month		Hours	23.7	24.3	24.8
Turnover rate		%	1.9	2.2	3.0

\*1 Refers to the number of full-time employees (total of new-graduate hires, mid-career hires, and part-time employees hired as full-time employees).  
\*2 Definition for fiscal year ended March 2022: Management positions refer to supervisory and managerial positions that are not subject to working-hour restrictions, etc.  
Definitions after fiscal year ended March 2023: Total of workers in manager level and positions higher than manager level (excluding executives).  
\*3 Refers to the company and seven Group companies that have obtained special certification.  
\*4 Definition for fiscal year ended March 2022: Refers to the number including seconded employees.  
\*5 Career path to become managers and human resources with management skills.  
\*6 Data on OFF-JT training sponsored and co-sponsored by the Human Resources Department only.  
\*7 Definition for fiscal year ended March 2022: Childcare leave only.

Human rights

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of employees using the consultation services	Non-consolidated	Persons	1	0	1
Training on human rights		Persons	71	173	165
Training hours		Minutes	90	90	90
Harassment prevention training		Persons	129	202	116
Training hours		Minutes	90	90	90

Community contribution activities

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of events covered by the ECONist program*	Non-consolidated	Cases	20	42	38
Number of participants to events covered by the ECONist program*		Persons	144	440	420

\* A system to promote participation in environmental volunteer activities

G Governance

Matters related to Directors

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of Directors* <sup>1</sup> (including Directors who are Audit & Supervisory Committee Members)* <sup>2</sup>	Consolidated	Persons	15	15	15
Internal		Persons	7	7	7
Female		Persons	0	0	0
Male		Persons	7	7	7
Outside		Persons	8	8	8
Female		Persons	3	3	3
Male		Persons	5	5	5
Proportion of Outside Directors* <sup>1</sup>		%	53.3	53.3	53.3
Proportion of female Directors* <sup>1</sup>		%	20.0	20.0	20.0
Number of Audit & Supervisory Committee Members* <sup>1</sup>	Non-consolidated	Persons	6	6	6
Internal		Persons	2	2	2
Female		Persons	0	0	0
Male		Persons	2	2	2
Outside		Persons	4	4	4
Female		Persons	1	1	1
Male		Persons	3	3	3
Proportion of Outside Director and Audit & Supervisory Committee Members		%	66.7	66.7	66.7
Proportion of female Outside Director and Audit & Supervisory Committee Members		%	16.7	16.7	16.7
Number of Board of Directors Meetings		Meetings	12	12	12
Number of Audit & Supervisory Committee Meetings (Meetings of the Board of Auditors)		Meetings	13	15	14

\*1 As of the end of June in the following fiscal year (as of the end of June 2024 for the fiscal year ended March 2024)   \*2 Transitioned to a company with an Audit & Supervisory Committee in June 2021

Matters related to Corporate Officers (excluding Corporate Officers serving as Directors)

\* As of the end of June in the following fiscal year (as of the end of June 2024 for the fiscal year ended March 2024)

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of Corporate Officers	Non-consolidated	Persons	15	13	15
Female		Persons	1	1	2
Male		Persons	14	12	13
Proportion of female Corporate Officers		%	6.7	7.7	13.3

Matters related to the Nominating Committee and Compensation Committee

\* As of the end of June in the following fiscal year (as of the end of June 2024 for the fiscal year ended March 2024)

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of Nominating Committee Members	Non-consolidated	Persons	5	5	5
Internal		Persons	1	1	1
Outside		Persons	4	4	4
Number of Compensation Committee Members		Persons	5	6	6
Internal		Persons	1	2	2
Outside		Persons	4	4	4

Compensation

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	Non-consolidated	Millions of yen	211	256	294
Directors who are Audit & Supervisory Committee Members (excluding Outside Director and Audit & Supervisory Committee Members)		Millions of yen	45	47	47
Outside Officers		Millions of yen	64	69	78
Compensation for accounting auditors	Consolidated				
Auditing work fees		Millions of yen	144	147	152
Non-auditing work fees		Millions of yen	7	24	3

Compliance

Metrics	Applicable data	Unit	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of whistleblowing cases	Consolidated	Cases	27	30	44



# Corporate Information

(as of March 31, 2024)

Company name	Nankai Electric Railway Co., Ltd.
Founded	December 27, 1885
Established	March 26, 1925
Share capital	72,983 million 654,121 yen
Number of employees	2,642
Total number of authorized shares	320,000,000
Number of issued shares	113,402,446
Number of shares per unit	100
Number of shareholders	52,204
Listed exchange	Tokyo Stock Exchange Prime Market
Securities Code	9044

## External evaluations

2024 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX



FTSE Blossom  
Japan Sector  
Relative Index

MSCI Japan Index  
ESG Select Leaders Index

FTSE Blossom Japan  
Sector Relative Index



Morningstar Japan Index  
Gender Diversity Tilt Index  
(excluding REIT)

S&P/JPX  
Carbon Efficient Index



Received the Nikkei Integrated  
Report Award for Excellence 2023



Nikko Investor Relations Co.,Ltd.  
FY2023 All Japanese Listed Companies'  
Website Ranking: AA Corporate  
Website



CDP score  
Climate change "A-" and water "C"



Development Bank of Japan  
Highest rank in the DBJ  
environmental rankings



Good Design Award 2023 (Nankai Electric Railway 8300-Series train car,  
Semboku Rapid Railway 9300-Series train car)

## The Nankai Group Companies

Of the 69 subsidiaries and 6 affiliates, the following 52 companies are  
subject to consolidation.

### Transportation Business

**Railway business:** Semboku Rapid Railway Co., Ltd.\*  
**Tramway business:** Hankai Tramway Co., Ltd.  
**Bus business:** Nankai Bus Co.,Ltd., Wakayama bus Co., Ltd., Nankai Rinkan  
Bus Co., Ltd., Kansai Airport Transportation Enterprise Co.,  
Ltd., Kumano Gobo Nankai Bus Co., Ltd., Tokushima Bus Co.,  
Ltd., Southern Airport Traffic Co., Ltd., Wakayama Bus Naga  
Co., Ltd., Nankai Wing Bus Co., Ltd., Shikoku Transportation  
Co., Ltd., Tokushima Bus Nanbu Co., Ltd.

**Ocean freight business:**  
Nankai Ferry Co., Ltd.

**Cargo transportation business:**  
Nankai Express Co., Ltd., Southern Transport Services Co., Ltd.

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

### Real Estate Business

**Real estate leasing business:**  
Semboku Rapid Railway Co., Ltd.,\* Nankai REIT Management  
Co., Ltd.  
**Real estate sales business:**  
Nankai Fudosan Co., Ltd.

### Distribution Business

**Management of shopping centers:**  
Panjo Co., Ltd., PanjoIZ Co., Ltd.  
**Station premises business:**  
Nankaishoji Co.,Ltd., Nankai FD Service Co., Ltd., Nankai  
Food System Co., Ltd., Sentetsu Sangyo Co., Ltd.  
**Other distribution business:**  
Avic Co., Ltd., Nankai Ferry Trading Co., Ltd.

### Leisure and Services Business

**Travel agency business:**  
Nankai Travel International Co., Inc., Tokubus Travel Service  
Co., Ltd., Nanki Kanko Holdings Co., Ltd.  
**Hotels and traditional Japanese inns:**  
Nakanoshima Co., Ltd.  
**Boat racing facility leasing business:**  
Suminoe Enterprise Co., Ltd.  
**Building management and maintenance business:**  
Nankai Building Service Co., Ltd., Nankai Heartful Service  
Co., Ltd., Kurakata Shoji Co., Ltd.  
**Funerary business:** Nankai Grief Support Co., Ltd.  
**Other leisure and services business:**  
Nankai Golf Management Co., Ltd., ADvertising NANKAI Inc.,  
Kumano Kanko Kaihatsu Co., Ltd., Nankai Insurance Service  
Co., Ltd., Nankai Life Relation Co., Ltd., Sumiko Shoji Co., Ltd.,  
Suminoe Marine System Co., Ltd., eStadium Co., Ltd.

### Construction Business

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

### Other Business

Nankai Management Service Co., Ltd., CS Inspector Co., Ltd., Nankai Research &  
Act Co., Ltd., Nankai System Solutions Co., Ltd.

\* Semboku Rapid Railway Co., Ltd. is included in segments of the Transportation and Real Estate  
Businesses.

For details on the businesses, etc. of our  
Group companies, please check the website.



# Stock Information

(as of March 31, 2024)

## Shareholder memo

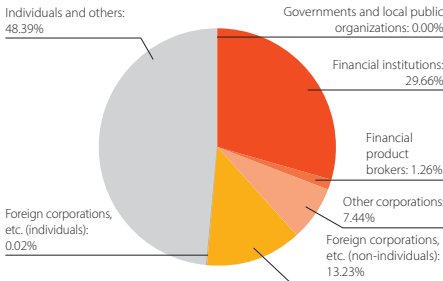
<b>Business fiscal year</b>	From April 1 to March 31 of the following year	
<b>Regular General Meeting of Shareholders</b>	Every June	
<b>Record date</b>	Regular General Meeting of Shareholders	March 31
	Year-end dividend	March 31
	Interim dividend (if any)	September 30
	Others (if necessary)	Pre-announced date
<b>Notification method</b>	Electronic public notice https://www.nankai.co.jp/ir/stock/announcement (In the event that an announcement cannot be made electronically due to an accident or other unavoidable reason, the announcement shall be made in the Nihon Keizai Shimbun.)	

<b>Transfer agent and management institution for special accounts</b>	Sumitomo Mitsui Trust Bank, Limited
<b>Transfer agent administration office</b>	4-5-33 Kitahama, Chuo-ku, Osaka City Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited Mailing address: 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited Telephone inquiries: 0120-782-031 Business hours: 9:00 to 17:00 (excluding Saturdays, Sundays, and national holidays) Webpage URL: https://www.smtb.jp/personal/procedure/agency/

## Distribution of shares by holder (as of March 31, 2024)

Sector	Stocks (Number of shares per unit: 100)							Total	Shares less than one unit (shares)
	Governments and local public organizations	Financial institutions	Financial product brokers	Other corporations	Foreign corporations, etc. Non-individuals	Individuals	Individuals and others		
Number of shareholders (persons)	1	42	27	455	225	36	46,285	47,071	—
Number of shares held (unit)	46	335,036	14,216	84,059	149,445	276	546,604	1,129,682	434,246
Percentage of shares held (%)	0.00	29.66	1.26	7.44	13.23	0.02	48.39	100.00	—

(Notes) 1. 795 units and 50 shares of the 79,550 treasury shares are included in the items "Individuals and others" and "Shares less than one unit," respectively. The 79,550 treasury shares represent the number of shares that appear in the shareholders' register, and the balance of shares actually held as of March 31, 2024 was 78,750 shares.  
2. The item "Financial institutions" includes 926 units of the company's shares held by the Board Benefit Trust (BBT) as funds for officer stock compensation.  
3. The items "Other corporations" and "Shares less than one unit" include 26 units and 90 shares in the name of Japan Securities Depository Center, respectively.

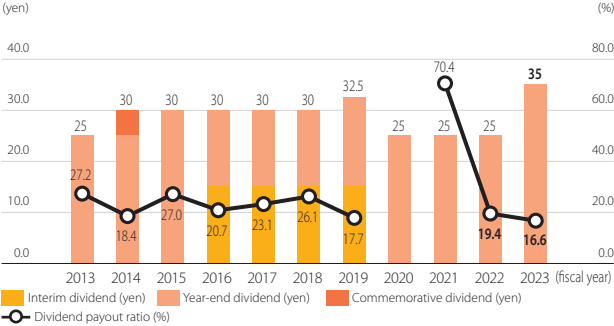


## Major shareholders (as of March 31, 2024)

Shareholder name	Number of shares held (thousands of shares)	Percentage of shares held (%)
1 The Master Trust Bank of Japan, Ltd. (trust account)	11,617	10.25
2 Custody Bank of Japan, Ltd. (trust account)	7,212	6.36
3 Nippon Life Insurance Company	2,484	2.19
4 Sumitomo Mitsui Trust Bank, Limited	1,516	1.34
5 JP MORGAN CHASE BANK 385781	1,508	1.33
6 MUFG Bank, Ltd.	1,473	1.30
7 Sumitomo Mitsui Banking Corporation	1,429	1.26
8 The Senshu Ikeda Bank, Ltd.	1,289	1.14
9 State Street Bank West Client - Treaty 505234	1,201	1.06
10 SSBTC CLIENT OMNIBUS ACCOUNT	1,011	0.89

(Note) After deduction of treasury shares

## Dividend and dividend payout ratio



\* The Company implemented a 1-for-5 reverse stock split with an effective date of October 1, 2017.  
\* Dividends for FY2017 and prior fiscal years have been restated to conform with the basis after the stock consolidation.  
\* There was a net loss in FY2020, so the dividend payout ratio is not shown here.

## Stock price and trading volume

