



Supplementary Materials for Financial Results for the First Half of Fiscal Year Ending March 31, 2024 (FY2023)

October 31, 2023

Nankai Electric Railway Co., Ltd.

(Tokyo Stock Exchange, Prime Market, Securities Code: 9044 <https://www.nankai.co.jp/en/company.html>)

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I. Summary of Financial Results for the First Half of FY2023



1. Performance highlights

(Millions of yen)

	FY2023 1H results (A)	FY2022 1H results (B)	Compared to FY2022 1H results		Previous forecast for FY2023 1H (Announced April 2023) (C)	Compared to the forecasts at the beginning of FY2023 1H	
			Change (A-B)	Percentage change		Change (A-C)	Percentage change
Operating revenue	117,672	108,240	9,431	8.7%	119,400	-1,727	-1.4%
Operating income	14,237	9,446	4,791	50.7%	9,900	4,337	43.8%
Non-operating income	974	854	120	14.1%			
Non-operating expenses	1,944	2,085	-140	-6.7%			
Ordinary income	13,268	8,215	5,052	61.5%	8,900	4,368	49.1%
Extraordinary income	156	390	-234	-60.0%			
Extraordinary losses	525	593	-68	-11.5%			
Profit attributable to owners of parent	8,867	7,116	1,750	24.6%	6,300	2,567	40.8%

<Main reasons for changes compared to FY2022 1H>

Both revenue and income grew due to factors such as an increase in the number of passengers transported in the transportation business and an increase in condominium sales in the real estate business.

<Main reasons for changes compared to the forecasts at the beginning of FY2023 1H>

Despite a decrease in revenue in the cargo transportation business due to a decrease in the cargo transportation volume handled and other factors, income grew mainly due to condominium sales in the real estate business brought forward from the second half of the term and a recovery of passengers carried in the bus business.

2. Status of segment composition (as of September 30, 2023)

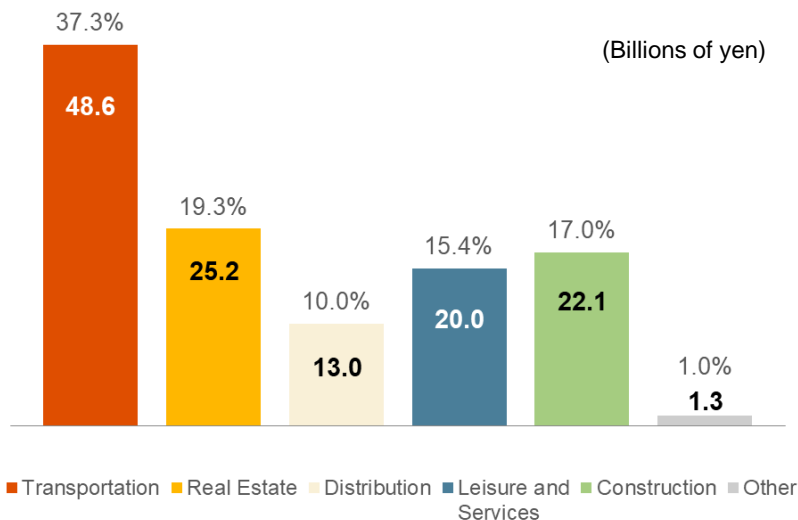
[Consolidated subsidiaries: 54, non-consolidated subsidiaries: 17, non-equity method affiliates: 6]

(No change from March 31, 2023)

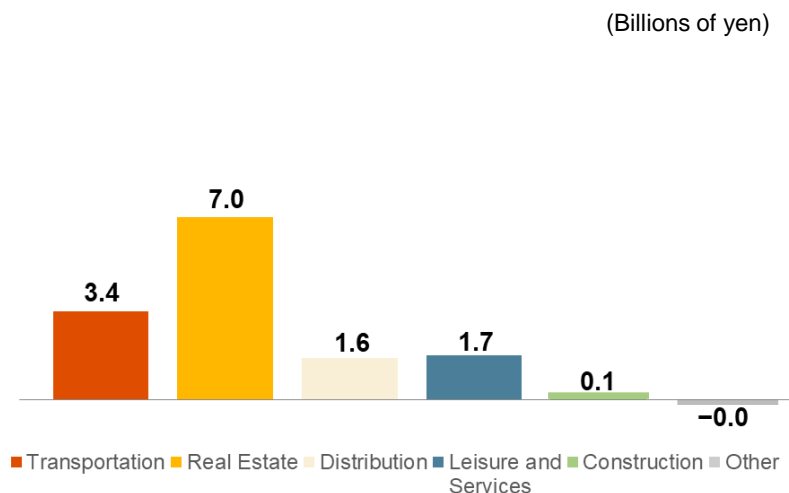
Transportation (35 companies)	Real Estate (6 companies)	Distribution (9 companies)	Leisure and Services (20 companies)	Construction (4 companies)	Other (8 companies)
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* Nankai Electric Railway Co., Ltd. (the Company) is included in duplicate in the 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.

[Operating revenue]



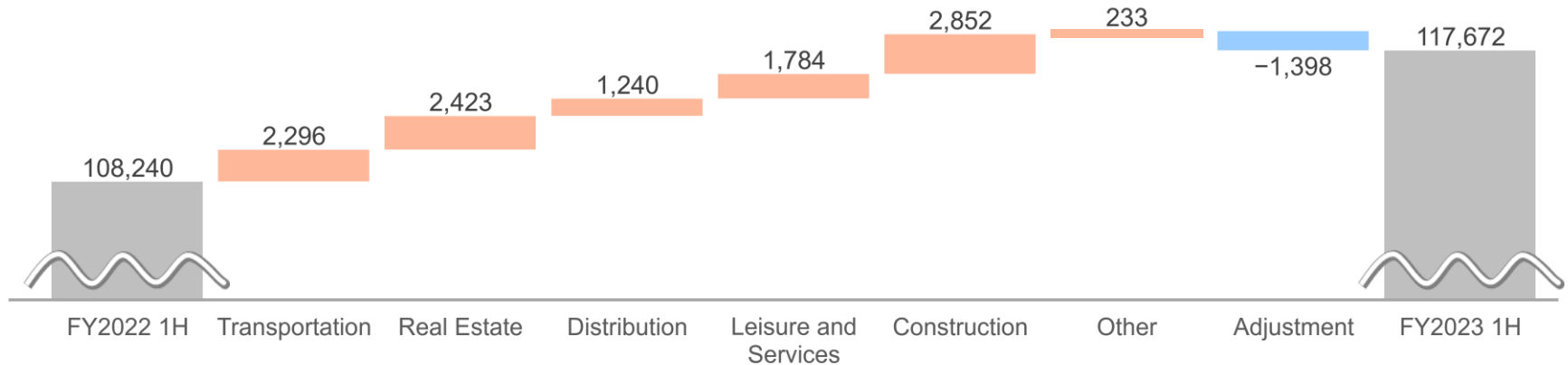
[Operating income]



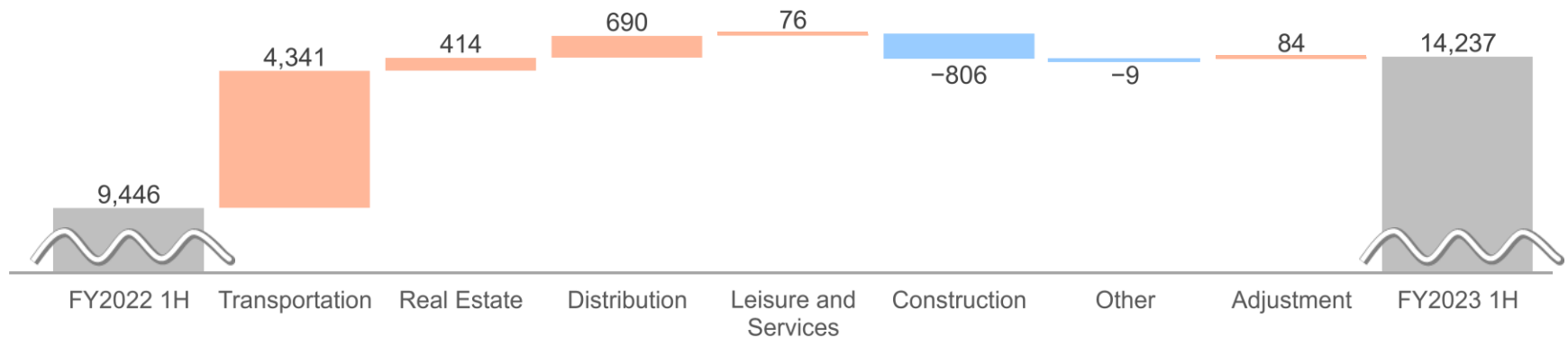
* Percentage share: Ratio to operating revenue, including that from intersegment transactions

2. Segment operating revenue and operating income

(i) Change of operating revenue (compared to FY 2022 1H) (Millions of yen)



(ii) Change of operating income (compared to FY 2022 1H)



2. Segment operating revenue and operating income

(Millions of yen)

	Operating revenue				Operating income			
	FY2023 1H results	FY2022 1H results	Change	Percentage change	FY2023 1H results	FY2022 1H results	Change	Percentage change
Transportation	48,632	46,335	2,296	5.0%	3,456	-885	4,341	—
Real Estate	25,218	22,794	2,423	10.6%	7,072	6,657	414	6.2%
Distribution	13,064	11,824	1,240	10.5%	1,616	925	690	74.6%
Leisure and Services	20,097	18,312	1,784	9.7%	1,701	1,624	76	4.7%
Construction	22,172	19,319	2,852	14.8%	173	980	-806	-82.3%
Other	1,313	1,080	233	21.6%	-58	-49	-9	—
Adjustment	-12,826	-11,427	—	—	276	192	—	—
Total	117,672	108,240	9,431	8.7%	14,237	9,446	4,791	50.7%

2. Segment information (Transportation)

(Millions of yen)

Transportation	FY2023 1H results	FY2022 1H results	Change	Percentage change
Operating revenue	48,632	46,335	2,296	5.0%
Railway business	30,999	26,500	4,498	17.0%
Bus business	11,536	8,982	2,553	28.4%
Other transportation businesses	9,389	13,870	-4,480	-32.3%
Adjustment (intra-segment)	-3,293	-3,018	—	—
Operating income	3,456	-885	4,341	—
Main components	Railway business	2,472	-400	—
	Bus business	1,031	-790	—

<Main reasons for changes>

- Despite a decrease in revenue in the cargo transportation business, both revenue and income grew due to an increase in the number of passengers carried compared to the same period of the previous year in the railway and bus businesses.

2. Revenue from railway passengers and passengers carried (non-consolidated)

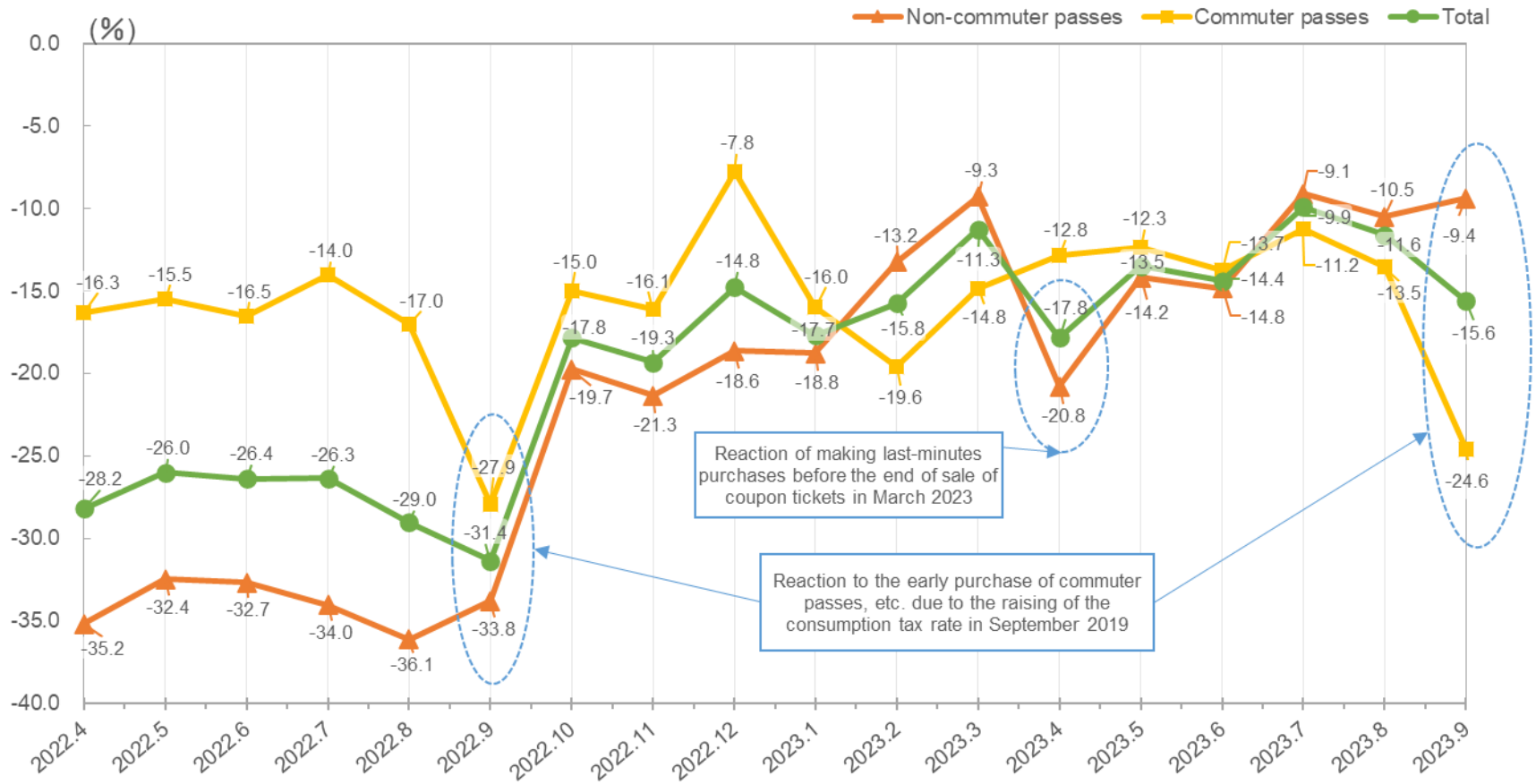
(Millions of yen, thousands of passengers)

All lines		FY2023 1H results	FY2022 1H results	Change	Percentage change
Passenger revenue	Non-commuter passes	16,254	12,339	3,914	31.7%
	Commuter passes	9,941	9,572	369	3.9%
	Total	26,196	21,912	4,284	19.6%
Passengers carried	Non-commuter passes	44,446	38,331	6,115	16.0%
	Commuter passes	63,768	61,958	1,810	2.9%
	Total	108,214	100,289	7,925	7.9%

Airport line		FY2023 1H results	FY2022 1H results	Change	Percentage change
Passenger revenue	Non-commuter passes	4,247	1,604	2,643	164.8%
	Commuter passes	605	421	183	43.4%
	Total	4,853	2,025	2,827	139.5%
Passengers carried	Non-commuter passes	5,308	2,230	3,078	138.0%
	Commuter passes	2,018	1,443	575	39.8%
	Total	7,326	3,673	3,653	99.5%

2. Segment information (Transportation)

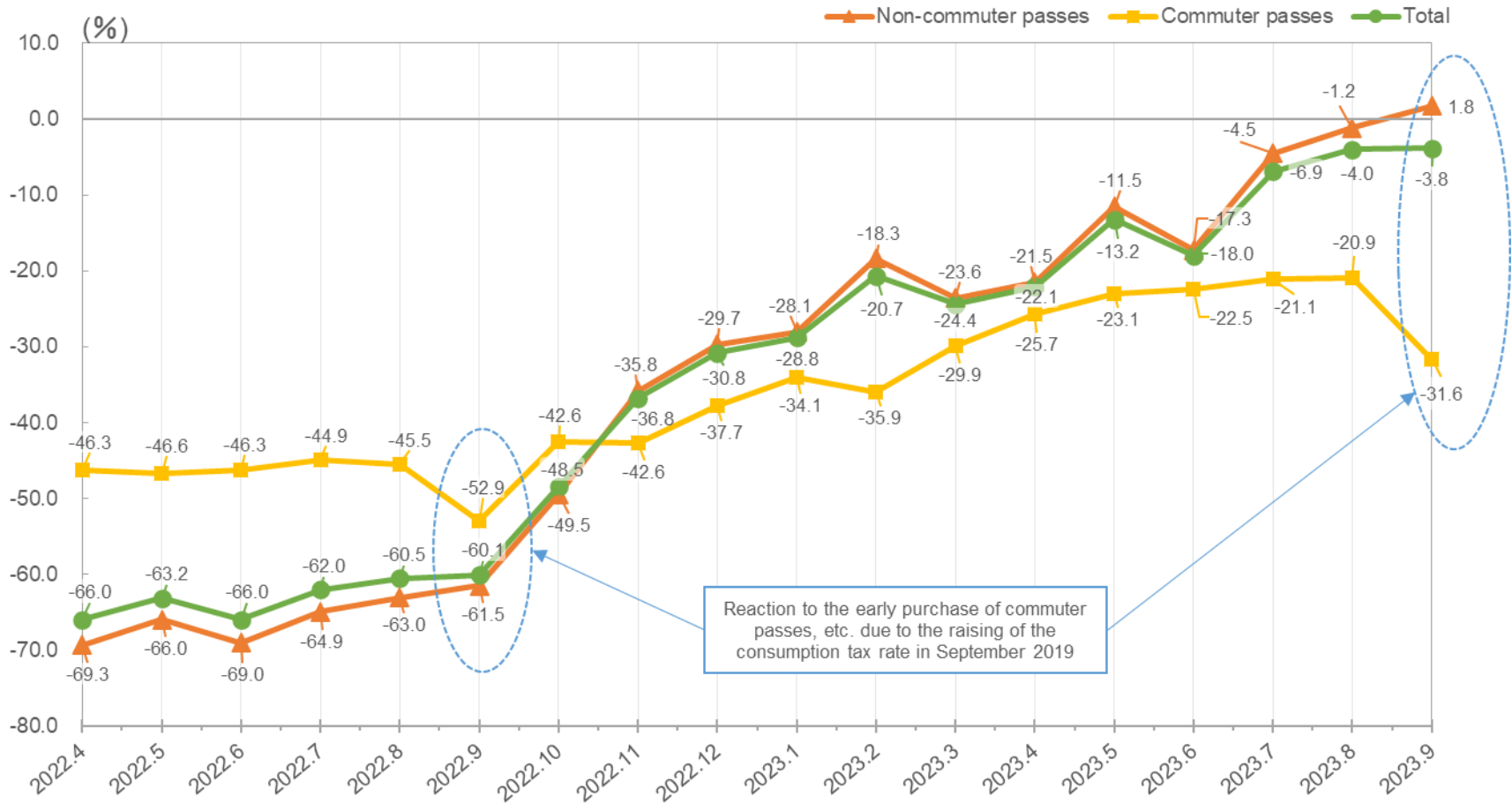
[Reference 1] (Individual - all lines) Changes in the rate of increase/decrease in railway passenger revenue compared to the same month of 2019



※ Although the Accounting Standard for Revenue Recognition and other standards have been applied since April 2021, the percentage change is calculated based on the simple comparison without adjusting the amount affected.

2. Segment information (Transportation)

[Reference 2] (Individual - airport line) Changes in the rate of increase/decrease in railway passenger revenue compared to the same month of 2019



※ Although the Accounting Standard for Revenue Recognition and other standards have been applied since April 2021, the percentage change is calculated based on the simple comparison without adjusting the amount affected.

2. Segment information (Real Estate)

(Millions of yen)

Real Estate	FY2023 1H results	FY2022 1H results	Change	Percentage change
Operating revenue	25,218	22,794	2,423	10.6%
Real estate leasing business	17,481	16,782	698	4.2%
Real estate sales business	8,118	6,166	1,952	31.7%
Adjustment (intra-segment)	-381	-154	—	—
Operating income	7,072	6,657	414	6.2%
Main components				
Real estate leasing business	6,317	6,185	131	2.1%
Real estate sales business	837	549	288	52.5%

<Main reasons for changes>

- In the real estate leasing business, both revenue and income grew, mainly due to an increase in hotel rental income resulting from the lifting of border restrictions.
- The real estate sales business saw both revenue and income rise for reasons such as an increase in condominium sales.

2. Segment information (Distribution)

(Millions of yen)

Distribution	FY2023 1H results	FY2022 1H results	Change	Percentage change
Operating revenue	13,064	11,824	1,240	10.5%
Management of Shopping Centers	7,224	6,788	436	6.4%
Station premises business	6,628	5,661	967	17.1%
Other distribution businesses	109	260	-150	-57.8%
Adjustment (intra-segment)	-899	-886	—	—
Operating income	1,616	925	690	74.6%
Main components				
Management of Shopping Centers	895	482	413	85.6%
Station premises business	742	488	254	52.1%

<Main reasons for changes>

- In the management of shopping centers, both revenue and income grew mainly due to an increase in rental income.
- In the station premises business, both revenue and income grew due to strong sales at convenience stores that underwent brand conversion.

2. Segment information (Leisure and Services)

(Millions of yen)

Leisure and Services		FY2023 1H results	FY2022 1H results	Change	Percentage change
Operating revenue		20,097	18,312	1,784	9.7%
	Building management and maintenance business	11,725	10,504	1,220	11.6%
	Other leisure and service businesses	9,358	8,739	619	7.1%
	Adjustment (intra-segment)	-986	-931	—	—
Operating income		1,701	1,624	76	4.7%
Main components	Building management and maintenance business	517	300	216	72.1%

<Main reasons for changes>

- In the building management and maintenance business, both revenue and income grew mainly due to an increase in revenue from equipment construction work.
- In the other leisure and services business, revenue increased due to a recovery in travel demand and other factors, while income fell mainly due to an increase in the cost of sales and expenses.

2. Segment information (Construction and Other)

(Millions of yen)

Construction	FY2023 1H results	FY2022 1H results	Change	Percentage change
Operating revenue	22,172	19,319	2,852	14.8%
Construction	22,180	19,320	2,859	14.8%
Adjustment (intrasegment)	-8	-0	—	—
Operating income	173	980	-806	-82.3%

<Main reasons for changes> Revenue increased mainly due to an increase in the amount of completed construction contracts, while income fell because of lower profit ratios and other factors.

(Millions of yen)

Other	FY2023 1H results	FY2022 1H results	Change	Percentage change
Operating revenue	1,313	1,080	233	21.6%
Other	1,334	1,092	241	22.1%
Adjustment (intrasegment)	-20	-12	—	—
Operating income	-58	-49	-9	—

<Main reasons for changes> Revenue increased due to an increase in revenue from systems and other factors, while income fell mainly due to an increase in cost of sales and expenses.

3. Non-operating income and expenses and extraordinary income and losses

(Millions of yen)

	FY2023 1H results	FY2022 1H results	Change	Remarks
Non-operating income	974	854	120	
Interest income	13	13	-0	
Dividend income	640	524	116	
Miscellaneous income	321	316	4	
Non-operating expenses	1,944	2,085	-140	
Interest expenses	1,711	1,798	-86	
Miscellaneous expenses	232	286	-53	
Extraordinary income	156	390	-234	
Contribution received for construction	153	178	-25	
Subsidies	—	195	-195	
Other	2	16	-13	
Extraordinary losses	525	593	-68	
Loss on valuation of investment securities	332	—	332	
Tax purpose reduction entry of contribution for construction	150	158	-7	
Loss on liquidation of subsidiaries and associates	—	197	-197	
Other	42	237	-195	

4. Status of assets, liabilities and net assets

(Millions of yen)

	As of September 30,2023	As of March 31,2023	Change	Main reasons for changes												
Current assets	87,536	103,616	-16,080	<ul style="list-style-type: none"> ● Current assets • Decrease in cash and deposits -¥13.2 billion • Decrease in other current assets due to collection of accounts receivable -¥5.2 billion 												
Non-current assets	838,879	831,497	7,382	<ul style="list-style-type: none"> ● Non-current assets • Increase in investment securities +¥8.0 billion 												
Total assets	926,415	935,113	-8,697	<ul style="list-style-type: none"> ● Liabilities 【The balance of interest-bearing debt】 <table border="1"> <thead> <tr> <th></th> <th>As of September 30,2023</th> <th>As of March 31,2023</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Interest-bearing debt</td> <td>447.6</td> <td>474.5</td> <td>-26.8</td> </tr> <tr> <td>Net interest-bearing debt</td> <td>422.4</td> <td>436.1</td> <td>-13.6</td> </tr> </tbody> </table> <p>(Billions of yen)</p>		As of September 30,2023	As of March 31,2023	Change	Interest-bearing debt	447.6	474.5	-26.8	Net interest-bearing debt	422.4	436.1	-13.6
	As of September 30,2023	As of March 31,2023	Change													
Interest-bearing debt	447.6	474.5	-26.8													
Net interest-bearing debt	422.4	436.1	-13.6													
Total liabilities	641,192	660,526	-19,334	<ul style="list-style-type: none"> • Increase in advances received +¥7.0 billion 												
Net assets	285,223	274,586	10,636	<ul style="list-style-type: none"> ● Net assets • Profit attributable to owners of parent +¥8.8 billion • Increase in valuation difference on available-for-sale securities +¥4.6 billion • Dividend of surplus -¥2.8 billion 												
Total liabilities and net assets	926,415	935,113	-8,697													

5. Status of cash flows

(Millions of yen)

	FY2023 1H results	FY2022 1H results	Change	Main reasons for changes
Cash flows from operating activities	20,739	15,371	5,367	<ul style="list-style-type: none"> ● Cash flows from operating activities • Profit before income taxes +¥4.8 billion • Increase (decrease) in trade payables +¥1.0 billion
Cash flows from investing activities	-4,153	-11,852	7,698	<ul style="list-style-type: none"> ● Cash flows from investing activities • Purchase of non-current assets +¥4.3 billion • Proceeds from sale of non-current assets +¥3.4 billion
Cash flows from financing activities	-29,868	-7,909	-21,958	<ul style="list-style-type: none"> ● Cash flows from financing activities • Decrease (increase) in interest-bearing debt -22.0 billion ○ FY2023 Borrowings -¥24.8 billion Bonds payable -¥10.0 billion Commercial papers +¥8.0 billion ○ FY2022 Borrowings -¥11.8 billion Commercial papers +¥7.0 billion
Cash and cash equivalents at end of period	24,257	31,710	-7,452	

II. Business Forecasts for FY2023

1. Performance highlights

(Millions of yen)

	FY2023			Main reasons for changes	FY2022 results (C)	Change (A-C)
	Revised forecasts (A)	Forecasts at the beginning of the term (B)	Change (A-B)			
Operating revenue	248,000	253,900	-5,900	<p>●Operating revenue Revenue is expected to decrease mainly because of reduced income in the cargo transportation business and construction business, despite an increase in income from property sales.</p> <p>●Operating income Income will increase due to steady recovery from the COVID-19 pandemic and an increase in income from property sales.</p> <p>●Profit attributable to owners of parent Income will increase due to an increase in ordinary income.</p> <p>●Investment Investment will decrease due to a revision of investment timing, etc.</p> <p>●Interest-bearing debt Interest-bearing debt will decrease mainly due to improved cash flow from higher income and a decrease in investment.</p>	221,280	26,719
Operating income	27,200	24,300	2,900		21,023	6,176
Ordinary income	25,400	21,400	4,000		18,965	6,434
Profit attributable to owners of parent	21,800	18,200	3,600		14,623	7,176
Investment	48,100	52,300	-4,200		27,872	20,227
Depreciation and amortization	27,600	28,200	-600		27,619	-19
EBITDA*	56,000	53,700	2,300		49,645	6,354
Interest-bearing debt	438,600	451,400	-12,800		474,514	-35,914
Net interest-bearing debt	416,100	429,800	-13,700		436,105	-20,005
Ratio of interest-bearing debt to EBITDA*	7.8 times	8.4 times	-0.6 pt	9.6 times	-1.8 pt	
Ratio of net interest-bearing debt to EBITDA*	7.4 times	8.0 times	-0.6 pt	8.8 times	-1.4 pt	

* Operating income + Dividend income + Depreciation and amortization

2. Segment operating revenue and operating income

(Millions of yen)

		FY2023			Main reasons for changes	FY2022 results (C)	Change (A-C)
		Revised forecasts (A)	Forecasts at the beginning of the term (B)	Change (A-B)			
Transportation	Operating revenue	105,400	108,400	-3,000	<ul style="list-style-type: none"> Bus business +¥0.7 billion Increase in non-commuter pass passenger transportation Cargo transportation business -¥4.1 billion Decline in cargo transportation rates and transportation volume 	95,532	9,867
	Operating income	7,100	5,900	1,200	<ul style="list-style-type: none"> Railway business +¥0.8 billion Increase in revenue and decrease in power costs Bus business +¥0.5 billion 	1,152	5,947
Real Estate	Operating revenue	53,600	52,800	800	<ul style="list-style-type: none"> Real estate sales business +¥0.6 billion Increase in income from property sales 	44,627	8,972
	Operating income	13,700	11,800	1,900	<ul style="list-style-type: none"> Real estate leasing business +¥0.6 billion Increase in hotel rental income and decrease in utilities expenses Real estate sales business +¥1.3 billion Increase in income from property sales 	12,570	1,129
Distribution	Operating revenue	25,900	25,200	700	<ul style="list-style-type: none"> Station premises business +¥0.9 billion Increase in revenue from convenience store sales 	23,607	2,292
	Operating income	1,900	1,600	300	<ul style="list-style-type: none"> Station premises business +¥0.1 billion Management of Shopping Centers +¥0.1 billion 	1,710	189

2. Segment operating revenue and operating income

(Millions of yen)

		FY2023			Main reasons for changes	FY2022 results (C)	Change (A-C)
		Revised forecasts (A)	Forecasts at the beginning of the term (B)	Change (A-B)			
Leisure and Services	Operating revenue	43,100	43,400	-300	·Travel agency business +¥0.2 billion ·Other leisure and services business -¥0.7 billion Decrease in e-sports business	39,851	3,248
	Operating income	2,600	2,600	—	·Travel agency business +¥0.1 billion ·Boat racing facility leasing business -¥0.2 billion ·Building management and maintenance business +¥0.1 billion	3,550	-950
Construction	Operating revenue	45,800	48,400	-2,600	Decrease in the amount of completed construction contracts	43,662	2,137
	Operating income	1,800	2,300	-500		1,889	-89
Other	Operating revenue	3,700	3,100	600		2,963	736
	Operating income	100	100	—		175	-75
Adjustment	Operating revenue	-29,500	-27,400	—		-28,964	—
	Operating income	-0	-0	—		-25	—
Total	Operating revenue	248,000	253,900	-5,900		221,280	26,719
	Operating income	27,200	24,300	2,900		21,023	6,176

2. Investment and EBITDA by segment

(Millions of yen)

	Investment				EBITDA *1		
	FY2023			Revised forecast amounts Main details	FY2023		
	Revised forecasts (A)	Forecasts at the beginning of the term (B)	Change (A-B)		Revised forecasts (A)	Forecasts at the beginning of the term (B)	Change (A-B)
Transportation	27,900	30,100	-2,200	<Investments to expand profits ¥11.3 billion> • Namba area peripheral zone development ¥6.7 billion • Establishment of private REIT ¥1.3 billion <Safety and refurbishment investments ¥31.7 billion> • Railway-related construction work ¥17.3 billion Rolling stock manufacturing, bridge reinforcement, etc. • Real estate and distribution facility construction ¥6.7 billion <Future exploration investment ¥6.1 billion> • New Businesses ¥0.8 billion	22,600	21,700	900
Real Estate	13,000	14,400	-1,400		21,500	19,700	1,800
Distribution	5,200	5,300	-100		5,900	5,700	200
Leisure and Services	2,800	3,400	-600		3,800	3,900	-100
Construction	100	100	—		1,900	2,400	-500
Other	100	0	100		100	100	—
Adjustment	-1,000	-1,000	—		*2 200	*2 200	—
Total	48,100	52,300	-4,200		56,000	53,700	2,300

*1 Operating income + Dividend income + Depreciation and amortization

*2 Adjustment for EBITDA is the sum of intersegment eliminations and dividend income.

2. Transportation : Revenue from railway passengers and passengers carried (non-consolidated)

[Nankai Electric Railway lines: Assumptions for business forecasts]

Although the impact of the revenue decline due to the COVID-19 pandemic may remain, given the current situation of inbound passengers, passenger revenue for the airport line (non-commuter passes) is expected to recover faster than the initial forecast and that for existing lines (non-commuter passes) is expected to remain in line with the initial forecast.

(Millions of yen, thousands of passengers)

All lines		FY2023 Revised forecasts	YoY percentage change	FY2023 Forecasts at the beginning of the term	YoY percentage change	FY2022 results	YoY percentage change
Passenger revenue	Non-commuter passes	33,606	22.3%	34,032	23.8%	27,486	33.8%
	Commuter passes	20,830	9.8%	20,462	7.9%	18,971	2.6%
	Total	54,437	17.2%	54,495	17.3%	46,457	19.0%
Passengers carried	Non-commuter passes	89,256	8.7%	92,585	12.8%	82,077	24.4%
	Commuter passes	126,342	3.8%	124,712	2.5%	121,694	4.1%
	Total	215,598	5.8%	217,297	6.6%	203,771	11.4%

Airport line		FY2023 Revised forecasts	YoY percentage change	FY2023 Forecasts at the beginning of the term	YoY percentage change	FY2022 results	YoY percentage change
Passenger revenue	Non-commuter passes	8,960	80.9%	7,862	58.7%	4,953	124.8%
	Commuter passes	1,490	67.4%	1,267	42.4%	889	14.0%
	Total	10,450	78.8%	9,130	56.2%	5,843	95.8%
Passengers carried	Non-commuter passes	10,734	65.3%	9,708	49.5%	6,494	103.3%
	Commuter passes	4,152	37.5%	3,430	13.6%	3,020	14.8%
	Total	14,886	56.5%	13,138	38.1%	9,514	63.3%



Cautionary note on forward-looking statements :

The forward-looking statements in this presentation, including financial forecasts, are based on information currently available to the Company and certain assumptions deemed reasonable. Therefore, actual results may differ from these forecasts due to various factors.

Note :

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Nankai Electric Railway Co., Ltd.

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