

Feb 6, 2024

Notice Regarding Expected Posting of Gain on Sales of Investment Securities (Extraordinary Income)

NIPPON CORPORATION (the "Company") announces that at a meeting of the Board of Directors held today, it has decided to sell part of the investment securities held by the Company. In conjunction with this, it is expected that the Company will post a gain on the sale of investment securities (extraordinary income).

1. Reason for the sale of investment securities

The Company is re-examining its cross-shareholdings under the Corporate Governance Code and will use them as funds for strategic investments, among other purposes.

2. Details of investment securities sold

(i) Period in which the gain on sale is expected to occur: Fourth quarter of the fiscal year ending March 31, 2024

(ii) Type of assets to be sold: Listed stock held by the Company

(iii) Amount of the gain on sale: Approximately 13,000 million yen (estimated)

(Note) The gain on the sale of investment securities is an estimated amount calculated using the current stock prices of the relevant securities as of the end of January 2024 and may change due to the condition of stock prices going forward.

3. Future outlook

Regarding the impact of this gain on the sale of investment securities on the earnings forecast, please see the Notice Regarding Revisions to the Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2024 published today.

4. Initiatives for the reduction of cross-shareholdings

The Company, while remaining conscious of the cost of capital, examines the significance of its holding of each of the stocks that it holds. With this in mind, it has been working to reduce its cross-shareholdings. In consideration of the purposes of the Corporate Governance Code, the Company will seek to reduce the total amount of its cross-shareholdings to less than 20% of consolidated net assets by fiscal 2026 to further increase capital efficiency and strengthen its financial position with an eye toward enhancing its corporate value.

End.