February 7, 2025

To whom it may concern

Company MARUBUN CORPORATION
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Notice of Posting of Non-operating Expenses (Foreign Exchange Losses)

Marubun Corporation (the "Company") hereby announces that it posted non-operating expenses (foreign exchange losses) in the third quarter of the fiscal year ending March 31, 2025, as follows.

1. Posting of non-operating expenses (foreign exchange losses)

The Company posted foreign exchange losses of 1,910 million yen in the Third quarter of the consolidated fiscal year ending March 31, 2025 (October 1, 2024 - December 31, 2024).

The said losses are attributable to settlement losses recorded during the third quarter, which was associated with the repayment of foreign currency-denominated borrowings in connection with foreign exchange netting, and revaluation losses recorded at the end of the third quarter in relation to the foreign currency-denominated borrowings, against the backdrop of the devaluation of the yen during the third quarter.

Because foreign exchange losses of 1,248 million yen had been recorded in the nine months ended December 31, 2024.

The above amount represents foreign exchange losses as at the end of the third quarter of the fiscal year ending March 31, 2025 and it is subject to change depending on the condition of the foreign exchange loss markets in the future.

(Note)

Most of the commodity trading of the Company is conducted based on the same currency for purchases and sales, and the Company uses foreign exchange netting. For purchases and sales in different currencies, the Company uses forward exchange contracts to respond to yen-based exchange rate fluctuation risks. In foreign exchange netting, payment for purchases and the collection of sales proceeds are made in the same currency, and differences occur in due dates between payment and collection in most cases. These differences in due dates are handled by procuring working capital in the said currency for the period until sales proceeds are collected. In this manner, a series of relevant transactions, including payment for purchases and collection of sales proceeds and borrowing and repayment, are completed in the said currency, without converting it into yen. Under the accounting standards, on the other hand, all foreign currency-denominated transactions, including those that require no conversion into yen, need to be converted into yen in individual phases of transactions by applying exchange rates at the time when a transaction is concluded or when accounts are settled. Accordingly, in foreign exchange netting, when there is misalignment in due dates for purchases and sales, gross operating profit may be positively affected by a weakening yen (increase in the yen value of foreign currency denominated gross profit at the time of sales), while exchange losses in non-operating expenses (increase in the yen value of liabilities) may be generated. On the other hand, gross operating profit may be negatively affected by an appreciating yen (decrease in the yen value of foreign currency denominated gross profit at the time of sales), while exchange gains in non-operating expenses (decrease in the yen value of liabilities) may be generated. In transactions straddling two accounting periods when the yen is depreciating, foreign-currency denominated liabilities are marked to market and recognized as non-operating expenses (foreign exchange losses) in the current fiscal year, and a positive impact from gross profit may become evident with the completion of the transaction in the next quarter or thereafter (recording of sales and cost of inventories sold).

2. Impact on financial results

The posting of non-operating expenses (foreign exchange losses) described above is reflected in the "Summary of Consolidated Financial Statements for the Nine Months Ended December 31, 2024 <under Japan GAAP>" announced today.

As described in (Notes) above, the Company responds to yen-based exchange rate fluctuation risks by using foreign exchange netting or forward exchange contracts, in principle, and currently expects that the impact of this matter on consolidated operating results of the fiscal year ending March 31, 2025 will be minimal. Should it become clear that there will be a significant impact on the Company's business performance, disclosure will be made promptly.