



January 31, 2023

To Whom It May Concern

Company	MARUBUN CORPORATION
Representative	Toru Iino CEO and Representative Director (Securities Code:7537 TSE, Prime Market)
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### **Notice of Posting of Non-operating profit (Foreign Exchange Gains)**

Marubun Corporation (the Company) announced the posting of non-operating profit (foreign exchange gains) in the third quarter of the consolidated fiscal year ending March 31, 2023 (October 1, 2022 – December 31, 2022). Details are as follows.

#### **(1) Posting of non-operating profit (foreign exchange gains)**

The Company posted foreign exchange gain of 2,516 million yen in the third quarter of the consolidated fiscal year ending March 31, 2023 (October 1, 2022 – December 31, 2022). This mainly reflects the occurrence of evaluation gains at the end of the period under review associated with the revaluation of foreign currency-denominated borrowings, which correspond to foreign exchange netting. This resulted because the exchange rate turned in favor of the yen during the period under review.

Because foreign exchange losses of 3,491 million yen had been recorded in the six months ended September 30, 2022, foreign exchange losses of 975 million yen were posted for the nine months ended December 31, 2022.

The above amount represents foreign exchange losses as at the end of the third quarter of the fiscal year ending March 31, 2023, and it is subject to change depending on the condition of the foreign exchange gain markets in the future.

(Note)

The Company engages in business transactions mainly in foreign currencies and uses the same currency for purchasing and sales in most cases based on foreign exchange netting. For transactions involving different currencies for purchasing and sales, we hedge risks by using forward exchange contracts. In foreign exchange netting, payment for purchases and collection of sales proceeds are made in foreign currencies, and differences occur in due dates between payment and collection in most cases. Accordingly, we borrow money in the same currency to deal with such differences. In this manner, a series of transactions including payment of proceeds, collection, borrowing and repayment are completed in the same currency, with no conversion 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. In foreign exchange netting, when there is misalignment in months for purchasing and sales, gross operating profit may be positively affected by a weakening yen, while non-operating expenses (foreign exchange losses) may be generated. A strong yen, to the contrary, may cause negative impact on gross operating profit and generate non-operating profit (foreign exchange gains). When a transaction period spans two accounting periods amid a weak yen, however, non-operating expenses (foreign exchange losses) associated with foreign currency-denominated obligations are recorded in the current fiscal period, while a positive impact on gross operating profit may surface in the following quarter or later.

## **(2) Impact on financial results**

The above non-operating profit (foreign exchange gains) is included in the “Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 under Japanese GAAP” announced today.