May 10, 2024

To whom it may concern

Company	MARUBUN CORPORATION
Representative	Toru Iino CEO and Representative Director (Securities Code:7537 Prime Market)
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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 fourth quarter of the fiscal year ended March 31, 2024, as follows.

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

The Company posted foreign exchange losses of 1,583 million yen in the fourth quarter of the consolidated fiscal year ended March 31, 2024 (January 1, 2024 – March 31, 2024). As a result, foreign exchange losses for the consolidated fiscal year ended March 31, 2024 (April 1, 2024 – March 31, 2024) amounted to 3,438 million yen.

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

(Note) Most of the commodity trading of the Company is conducted based on using the same currency for purchases and sales. When making purchases and sales in the same currency, there is a natural hedge. When the currencies used in the transactions are different, the Company hedges by engaging in a currency forward on a transaction-by-transaction basis. This is how the Company addresses foreign exchange fluctuation risks. A natural hedge is achieved by ensuring that the purchase price payment and the collection of sales receivables are in the same currency while the payment date and the collection date differ. The Company uses borrowings to finance the operations until the funds can be collected from the series of transactions that are settled in the same currency without converting the funds to 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 natural hedges, when there is misalignment in due dates for purchases and sales, gross 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 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 income (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 Fiscal Year Ended March 31, 2024 under Japan GAAP" announced today.