May 9, 2025

To whom it may concern

Company MARUBUN CORPORATION
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Notice of Posting of Non-operating Income (Foreign Exchange Gains)

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

1. Posting of non-operating income (foreign exchange gains)

The Company posted foreign exchange gains of 2,046 million yen in the fourth quarter of the consolidated fiscal year ending March 31, 2025 (January 1, 2025 - March 31, 2025).

This mainly reflects the occurrence of evaluation gains at the end of the period, which was associated with the repayment of foreign currency-denominated borrowings in connection with natural hedges, and 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.

As a result, foreign exchange gains for the consolidated fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025) amounted to 798 million yen.

(Note)

Most of the commodity trading of the Company is conducted based on the same currency for purchases and sales, and the Company employs 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 evaluated and recorded in 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 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. On the other hand, 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. In transactions straddling two accounting periods when the yen is appreciating, foreign-currency denominated liabilities are marked to market and recognized as non-operating income (foreign exchange gains) in the current fiscal year, and a negative impact from gross profit may become evident with the completion of the transaction in the next quarter or thereafter (by way of recording of sales and cost of inventories sold).