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Notice Concerning the Recording of Non-Operating Expenses (Valuation Losses on Forward Exchange Contracts)

OKUMURA CORPORATION (the “Company”) hereby announces that it expects to record non-operating expenses (valuation losses on forward exchange contracts), summarized below, in its results for the fiscal year ended March 31, 2025.

○ Recording of non-operating expenses (valuation losses on forward exchange contracts)

ISHIKARI BIO ENERGY GODO KAISHA, a consolidated subsidiary of the Company, has entered into long-term forward exchange contracts as a method to hedge the risk of foreign exchange rate fluctuations in fuel purchase transactions during the business period. Previously, the gains and losses on mark-to-market valuation of the outstanding balance of these forward exchange contracts as of the last day of each accounting period were subject to hedge accounting and recorded in “deferred gains or losses on hedges” in the consolidated balance sheet.

On July 19, 2024, an explosion occurred in the power generation equipment at ISHIKARI BIO ENERGY GODO KAISHA, and it suspended commercial operation. As it is expected to take a long time before operation is resumed, the Company held several careful discussions with its accounting auditor concerning whether to continue the application of hedge accounting. As the outcome of these discussions, it was decided to suspend the application of hedge accounting.

As a result, beginning from the six months ended September 30, 2024 (the interim financial results), gains and losses on mark-to-market valuation of the outstanding balance of these forward exchange contracts as of the last day of each accounting period of ISHIKARI BIO ENERGY GODO KAISHA have been recorded as “valuation gains and losses on forward exchange contracts” under non-operating income or non-operating expenses in the consolidated statement of income.

The gains and losses on mark-to-market valuation of the outstanding balance of forward exchange contracts as of the last day of each quarterly accounting period of ISHIKARI BIO ENERGY GODO KAISHA are shown in the table below. For the fiscal year ended March 31, 2025, the Company expects to record valuation losses on forward exchange contracts of ¥701 million under non-operating expenses in the consolidated statement of income.

(Millions of Yen)

	Fiscal year ended March 31, 2025			Amount to be recorded in the consolidated statement of income
	Three months ended September 30, 2024 (July – Sep.)	Three months ended December 31, 2024 (Oct. – Dec.)	Three months ended March 31, 2024 (Jan. – Mar.)	
Mark-to-market valuation gains (losses) on the outstanding balance of forward exchange contracts	(3,908)	3,971	(765)	(701)