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August 6, 2025

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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 recorded non-operating expenses (valuation losses on forward exchange contracts) in its quarterly consolidated financial results for the first three months ended June 30, 2025.

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

The gains and losses on mark-to-market valuation of the outstanding balance of the said forward exchange contracts as of the last day of each accounting period is as detailed in the table below. In the quarterly financial results for the first three months ended June, 30, 2025, the Company recorded ¥1,176 million under non-operating expenses in the consolidated statement of income.

(Millions of Yen)

	Fiscal year ended March 31, 2025	Fiscal year ending March 31, 2026			
		Three months ended June 30, 2025 (Apr. – June)	Six months ending September 30, 2025 (Apr. – Sep.)	Nine months ending December 31, 2025 (Apr. – Dec.)	Twelve months ending March 31, 2026 (Apr. – Mar.)
[Last day of each quarterly accounting period] Mark-to-market valuation gains (losses)	(701)	(1,878)	–	–	–
[Last day of previous consolidated fiscal year] Reversal treatment of mark-to-market valuation gains	–	701	–	–	–
Amount recorded in the consolidated statement of income	**(701)**	**(1,176)**	**–**	**–**	**–**

(Note) 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. However, on July 19, 2024, an explosion occurred in the power generation equipment at ISHIKARI BIO ENERGY GODO KAISHA and, as a result, the said subsidiary no longer met the requirements for hedge accounting. Therefore, the Company suspended the application of hedge accounting from the six months ended September 30, 2024 (the interim financial results).

As a result, 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.

2. Shareholder return policy during the Medium-Term Business Plan (FY2025–2027)

The Company's shareholder return policy for application during the Medium-Term Business Plan (FY2025–2027) is as below. We have decided not to include valuation gains and losses on forward exchange contracts, which are one-off special factors, in the calculation of our payout ratio.

Consolidated payout ratio*1 of 70% or more (Dividend on equity (DOE)*2 ratio of 2.0% or more, regardless of business performance)

*1: Consolidated payout ratio = Total annual dividends (interim + year-end) / profit attributable to owners of parent

[Excluding the impact of one-off special factors (valuation gains and losses on forward exchange contracts)]

*2: DOE = Total annual dividends (interim + year-end) / equity