

Q2 FYE 3/2021

Summary of Consolidated Financial Results
For the Six-Month Period Ended September 30, 2020
(IFRS basis)

(April 1, 2020 – September 30, 2020)

**This document is an English translation of materials originally prepared in Japanese.
The Japanese original shall be considered the primary version.*

Marubeni

(TSE Code: 8002)

Summary of Consolidated Financial Statements for the Six-Month Period Ended September 30, 2020 (IFRS basis)

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 Listed: Tokyo, Nagoya
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 Expected date of quarterly financial statement report : November 10, 2020
 Expected date of the beginning of delivery of dividends : December 1, 2020
 Supplementary explanations of quarterly business results: Prepared
 IR meeting on financial results: To be held (for institutional investors and analysts)

1. Consolidated financial results for the six-month period ended September 30, 2020 (April 1, 2020 - September 30, 2020)

(Remarks)

Figures are rounded to the nearest million.

(1) Consolidated business results

%: change from the previous fiscal year

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the parent		Comprehensive income for the period	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Six months ended September 30, 2020	3,046,029	(16.6)	74,023	(6.0)	132,959	(4.2)	106,170	(9.0)	101,686	(9.0)	100,915	-
2019	3,651,002	(10.9)	78,774	(20.3)	138,758	(28.5)	116,651	(25.3)	111,780	(26.4)	(1,283)	-

	Earnings per share (basic)		Earnings per share (diluted)	
	(yen)	(yen)	(yen)	(yen)
Six months ended September 30, 2020	57.43	57.37		
2019	63.27	63.21		

(Note) 1. "Operating profit" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS. "Operating profit" is the sum of "Gross trading profit", "Selling, general and administrative expenses" and "Provision for doubtful accounts" stated in Consolidated Statements of Comprehensive Income.

2. "Basic and diluted earnings per share attributable to owners of the parent" are based on "Profit attributable to owners of the parent" excluding the amount not attributable to ordinary shareholders.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio
	(millions of yen)	(millions of yen)	(millions of yen)	(%)
September 30, 2020	6,095,395	1,668,557	1,580,521	25.9
March 31, 2020	6,320,037	1,604,600	1,515,475	24.0

2. Dividends information

	Yearly dividends per share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	4th Quarter-end	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
FYE 3/2020	-	17.50	-	17.50	35.00
FYE 3/2021	-	11.00	-	-	-
FYE 3/2021 (forecast)	-	-	-	11.00	22.00

(Note) Changes from the latest announced forecasts: Yes

3. Consolidated earnings forecast for FYE 3/2021 (April 1, 2020 - March 31, 2021)

(Remarks)

%: change from the previous fiscal year

	Profit attributable to owners of the parent		Earnings per share attributable to owners of the parent (basic)	
	(millions of yen)	(%)	(yen)	(%)
FYE 3/2021	150,000	-	84.12	-

(Note) *1 Changes from the latest announced forecasts: Yes

*2 For the details of the assumptions in the forecasts of consolidated earnings, please refer to P.13 "1. Qualitative Information on Consolidated Financial Results for the Six-month Period under Review, (3) Qualitative Information on Future Outlook Including Forecasts of Consolidated Financial Results" on the attached materials.

*3 "Earnings per share attributable to owners of the parent (basic)" is based on "Profit attributable to owners of the parent" excluding the amount not attributable to ordinary shareholders.

***Notes**

- (1) Changes in principal subsidiaries during the period : None
(2) Changes in accounting principles and accounting estimates : None
① Changes in accounting principles required by IFRS : None
② Changes other than ① : None
③ Changes in accounting estimate : None

(3) Number of issued shares (Common shares)

① Number of issued shares at the end of the term	September 30, 2020	1,737,940,900
(Treasury stock is included)	March 31, 2020	1,737,940,900
② Number of treasury stock at the end of the term	September 30, 2020	1,544,914
	March 31, 2020	2,214,582
③ Average number of outstanding shares during the term	Six months ended September 30, 2020	1,736,107,067
	Six months ended September 30, 2019	1,735,385,818

※The Summary of Consolidated Financial Statements for the Six-Month Period Ended September 30, 2020 (IFRS basis) is not subject to quarterly review.

※Descriptions relating to the proper use of financial forecasts and other special notes

(Notes to the description about future, other)

The descriptions about future such as the above forecasts are based upon available information and assumptions, as of the time of the announcement date, about uncertain factors which would influence future businesses. Actual results might be influenced materially by various factors in the future.

(How to access supplementary explanations on business results and the details of briefing on business results)

Supplementary explanations on business results will be made available on the Company's website on Wednesday, November 4, 2020.

The Company is scheduled to hold an IR meeting on financial results for institutional investors and analysts on Monday, November 9, 2020, and to post the audio file of the meeting together with the materials used at the briefing on the Company's website at the earliest possible time.

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Consolidated Financial Results

1. Qualitative Information on Consolidated Financial Results for the Six-month Period under Review

(1) Qualitative Information on Consolidated Business Results

In the six-month period ended September 30, 2020, lockdowns and other measures were adopted around the world in an attempt to prevent the spread of the COVID-19 pandemic. As a result, economic activities in many countries were significantly restricted and the global economy rapidly contracted. Governments subsequently eased restrictions incrementally and economic activities resumed, leading to improvements in business conditions in many countries. Still, the circumstances surrounding the pandemic varied by country, with some managing to curb the spread of infections, while others experienced a second wave after lockdowns were lifted. Some countries enforced tighter restrictions in specific regions for a second time, while in other countries the spread of infections continued unabated. As a result, business conditions differed from country to country.

In response to this economic downturn—said to be the worst of the post-war era—governments and central banks employed all manner of policy measures, including fiscal stimulus on an unprecedented scale, to prop up household finances, corporations, and financial markets. The swift and large-scale rollout of fiscal and monetary policies meant the financial markets avoided turmoil and share prices even staged a rally in some cases, in stark contrast to the sharp downturn in the real economy. On the whole, an improvement was seen in corporate and consumer sentiment, but concerns also began to emerge about diminishing policy effects.

As for primary commodity prices, the price of crude oil saw a temporary heavy decline in April but then gradually recovered thereafter on production cuts and expectations for the resumption of economic activity. That said, prices continued to meet upside resistance because of serious concerns over sluggish demand. In contrast, prices for copper and iron ore, which are strongly influenced by the Chinese economy, increased on the whole.

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Consolidated Financial Results

Under the aforementioned business environment, consolidated operating results for the six-month period ended September 30, 2020 are as follows.

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	3,651,002	3,046,029	(604,973)
Gross trading profit	355,348	328,165	(27,183)
Operating profit	78,774	74,023	(4,751)
Share of profits (losses) of associates and joint ventures	81,943	63,606	(18,337)
Profit attributable to owners of the parent	111,780	101,686	(10,094)

(Note 1) Figures are rounded to the nearest million yen unless otherwise stated.

(Note 2) "Operating profit" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS. "Operating profit" is the sum of "Gross trading profit" and "Selling, general and administrative expenses" including "Provision for doubtful accounts".

Revenue

Revenue was down 605.0 billion yen (16.6%) year on year to 3,046.0 billion yen. By operating segment, revenue decreased mainly in *Food and Agri Business*.

Gross trading profit

Gross trading profit decreased 27.2 billion yen (7.6%) from the year-earlier period to 328.2 billion yen. Main increases/decreases by operating segment are the following.

-Metals & Mineral Resources: Decrease by 8.4 billion yen

Profit decrease in the Australian coal business due to the fall in coal prices

-Aerospace & Ship: Decrease by 6.5 billion yen

Sluggish sales in aircraft parts and engines and a decrease in revenue from the vessel operations

-Construction, Industrial Machinery & Mobility: Decrease by 6.3 billion yen

Profit decrease in the construction machinery, industrial equipment, tires and rubber materials related businesses

-Food: Increase by 7.2 billion yen

Profit increase in the beef processing and sales business

Operating profit

Operating profit decreased 4.8 billion yen (6.0%) from the year-earlier period to 74.0 billion yen due to a decrease in gross trading profit despite a decrease in expenses.

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Consolidated Financial Results

Share of profits of associates and joint ventures

Share of profits of associates and joint ventures decreased 18.3 billion yen (22.4%) from the year-earlier period to 63.6 billion yen. Main decreases by operating segment are the following.

-Metals & Mineral Resources: Decrease by 11.4 billion yen

Profit decrease in the Australian coal business, the steel products business and the Chilean copper business

-Finance & Leasing Business: Decrease by 2.3 billion yen

Decrease in the aircraft leasing business in U.S.

-Infrastructure Project: Decrease by 2.2 billion yen

Profit decrease in the oil and gas E&P related business in U.S. and such

Profit attributable to owners of the parent

Profit attributable to owners of the parent for the six-month period ended September 30, 2020 (also referred to as ***net profit*** for the period under review) decreased 10.1 billion yen (9.0%) year on year to 101.7 billion yen due to the decrease in operating profit and share of profits of associates and joint ventures, despite the non-recurrence of an impairment loss recognized in the year-earlier period on the oil and gas E&P in the U.S. Gulf of Mexico.

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Consolidated Financial Results

Results for each operating segment for the six-month period ended September 30, 2020 are as follows.

Lifestyle

	(millions of yen)		
	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	82,443	60,189	(22,254)
Gross trading profit	11,380	9,085	(2,295)
Operating profit (loss)	2,076	919	(1,157)
Share of profits (losses) of associates and joint ventures	388	(163)	(551)
Profit (loss) attributable to owners of the parent	1,766	668	(1,098)

Gross trading profit decreased 2.3 billion yen (20.2%) year on year to 9.1 billion yen and operating profit deteriorated by 1.2 billion yen (55.7%) year on year to 0.9 billion yen, in response to reduced sales of apparel and such due to COVID-19. Share of profits/losses of associates and joint ventures decreased 0.6 billion yen (- %) year on year to negative 0.2 billion yen as a result of reduced profit from planning, production and sales business of apparel and such. Net profit was down 1.1 billion yen (62.2%) year on year to 0.7 billion yen.

ICT & Real Estate Business

	(millions of yen)		
	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	97,615	163,035	65,420
Gross trading profit	54,728	54,528	(200)
Operating profit (loss)	10,213	12,989	2,776
Share of profits (losses) of associates and joint ventures	290	88	(202)
Profit (loss) attributable to owners of the parent	7,058	8,943	1,885

Gross trading profit decreased 0.2 billion yen (0.4%) year on year to 54.5 billion yen due to a decline in domestic mobile phone sales business owing to the impact of COVID-19 and such, which offset an increase in domestic real estate sales. However, operating profit increased 2.8 billion yen (27.2%) year on year to 13.0 billion yen because of a decrease in overhead expenses caused by voluntary restraint in response to COVID-19. As a result, net profit increased 1.9 billion yen (26.7%) year on year to 8.9 billion yen.

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Forest Products

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	137,275	113,624	(23,651)
Gross trading profit	16,624	12,884	(3,740)
Operating profit (loss)	6,522	1,655	(4,867)
Share of profits (losses) of associates and joint ventures	353	(559)	(912)
Profit (loss) attributable to owners of the parent	4,021	(567)	(4,588)

Gross trading profit decreased 3.7 billion yen (22.5%) year on year to 12.9 billion yen as a result of a decline in MUSI Pulp Project due to the deterioration of pulp market prices and such, and decreases in the sales volume of wood-chip and containerboard, and such. In addition to the above, the overseas bad debt expense increased, and operating profit declined 4.9 billion yen (74.6%) year on year to 1.7 billion yen accordingly. Share of profits/losses of associates and joint ventures decreased 0.9 billion yen (- %) year on year to negative 0.6 billion yen as a result of reduced profit from declined domestic sales volume of paper products and such. As a result, net profit/loss deteriorated 4.6 billion yen (- %) year on year to negative 0.6 billion yen.

Food

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	934,125	633,250	(300,875)
Gross trading profit	49,284	56,481	7,197
Operating profit (loss)	13,745	24,341	10,596
Share of profits (losses) of associates and joint ventures	3,297	4,464	1,167
Profit (loss) attributable to owners of the parent	11,585	17,340	5,755

Gross trading profit increased 7.2 billion yen (14.6%) year on year to 56.5 billion yen due to strong performance in the beef processing and sales business. This is because we were able to maintain operations amid tight supply and demand caused by the temporary suspension of production by other major industry members in response to COVID-19. Operating profit increased 10.6 billion yen (77.1%) year on year to 24.3 billion yen due to a decrease in overhead expenses in addition to the above. Net profit increased 5.8 billion yen (49.7%) year on year to 17.3 billion yen according to the increased operating profit, despite the non-recurrence of a gain recognized in the year-earlier period on the sale of shares in an associate company in the domestic retailing business.

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Agri Business

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	1,550,304	1,416,395	(133,909)
Gross trading profit	90,095	90,547	452
Operating profit (loss)	21,023	20,536	(487)
Share of profits (losses) of associates and joint ventures	231	2,035	1,804
Profit (loss) attributable to owners of the parent	9,957	16,656	6,699

Gross trading profit increased 0.5 billion yen (0.5%) from the year-earlier period to 90.5 billion yen as a result of higher profit from increased transaction volume of wheat and such in U.S., which offset lower profit in the North American agri-input business. Operating profit decreased 0.5 billion yen (2.3%) year on year to 20.5 billion yen. Share of profits of associates and joint ventures increased 1.8 billion yen (781.0%) from the year-earlier period to 2.0 billion yen due to higher profit in the grain export business on the U.S. West Coast. In addition, net profit increased 6.7 billion yen (67.3%) from the year-earlier period to 16.7 billion yen, reflecting an improvement in interest expenses and the non-recurrence of losses associated with prior-period adjustments at Gavilon booked in the year-earlier period.

Chemicals

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	205,575	180,040	(25,535)
Gross trading profit	15,626	20,009	4,383
Operating profit (loss)	2,151	9,807	7,656
Share of profits (losses) of associates and joint ventures	725	694	(31)
Profit (loss) attributable to owners of the parent	1,432	8,736	7,304

Gross trading profit increased 4.4 billion yen (28.0%) year on year to 20.0 billion yen, as a result of improved margins in the petrochemical products transactions. In addition to the above, overhead expenses and bad debt expense decreased, and operating profit increased 7.7 billion yen (355.9%) year on year to 9.8 billion yen accordingly. Net profit increased 7.3 billion yen (510.1%) year on year to 8.7 billion yen consequently.

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Energy

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	224,592	163,092	(61,500)
Gross trading profit	22,809	19,002	(3,807)
Operating profit (loss)	6,278	3,733	(2,545)
Share of profits (losses) of associates and joint ventures	52	165	113
Profit (loss) attributable to owners of the parent	(571)	3,505	4,076

Gross trading profit decreased 3.8 billion yen (16.7%) year on year to 19.0 billion yen with a profit decrease in the oil and gas E&P caused by a fall in oil and gas prices and such.

Operating profit decreased 2.5 billion yen (40.5%) year on year to 3.7 billion yen. Despite the above, because of a non-recurrence of impairment loss recognized in the year-earlier period on the oil and gas E&P in the U.S. Gulf of Mexico, net profit/loss improved by 4.1 billion yen (- %) to 3.5 billion yen.

Metals & Mineral Resources

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	181,155	134,410	(46,745)
Gross trading profit	16,348	7,942	(8,406)
Operating profit (loss)	7,051	(974)	(8,025)
Share of profits (losses) of associates and joint ventures	30,672	19,295	(11,377)
Profit (loss) attributable to owners of the parent	38,550	18,481	(20,069)

Gross trading profit decreased 8.4 billion yen (51.4%) year on year to 7.9 billion yen, as a result of fall of coal prices in the Australian coal business and such. Operating profit/loss deteriorated 8.0 billion yen (-%) year on year to negative 1.0 billion yen. Share of profits of associates and joint ventures decreased 11.4 billion yen (37.1%) year on year to 19.3 billion yen as a result of a profit decline in the Australian coal business, the steel products business and the Chilean copper business. As a result, net profit decreased 20.1 billion yen (52.1%) year on year to 18.5 billion yen.

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Consolidated Financial Results

Power Business

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	74,120	78,406	4,286
Gross trading profit	13,476	10,807	(2,669)
Operating profit (loss)	(4,035)	(6,352)	(2,317)
Share of profits (losses) of associates and joint ventures	20,310	18,592	(1,718)
Profit (loss) attributable to owners of the parent	14,067	12,081	(1,986)

Gross trading profit decreased 2.7 billion yen (19.8%) year on year to 10.8 billion yen, as a result of the declined profits in retail power sales business and such. Operating loss worsened 2.3 billion yen (-%) year on year to 6.4 billion yen. Although the stable earnings-type businesses such as power generation businesses with long-term PPA, etc., remained solid, share of profits of associates and joint ventures decreased 1.7 billion yen (8.5%) to 18.6 billion yen due to a profit decline in the businesses that are directly affected by market conditions. As a result, net profit decreased 2.0 billion yen (14.1%) to 12.1 billion yen.

Infrastructure Project

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	8,176	11,343	3,167
Gross trading profit	5,024	4,884	(140)
Operating profit (loss)	(3,087)	(2,400)	687
Share of profits (losses) of associates and joint ventures	7,859	5,621	(2,238)
Profit (loss) attributable to owners of the parent	1,450	6,315	4,865

Gross trading profit decreased 0.1 billion yen (2.8%) year on year to 4.9 billion yen, and operating loss improved 0.7 billion yen (-%) to 2.4 billion yen. Share of profits of associates and joint ventures decreased 2.2 billion yen (28.5%) year on year to 5.6 billion yen as a result of profit decline in oil and gas E&P related business in U.S. and such. Due to the above mentioned profit increase/decrease and a non-recurrence of loss recognized in the year-earlier period on overseas infrastructure projects and such, net profit increased 4.9 billion yen (335.5%) year on year to 6.3 billion yen.

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Consolidated Financial Results

Aerospace & Ship

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	40,738	28,154	(12,584)
Gross trading profit	13,086	6,561	(6,525)
Operating profit (loss)	7,145	1,433	(5,712)
Share of profits (losses) of associates and joint ventures	3,364	2,560	(804)
Profit (loss) attributable to owners of the parent	7,800	2,893	(4,907)

Gross trading profit decreased 6.5 billion yen (49.9%) year on year to 6.6 billion yen, caused from sluggish sales in aircraft parts and engines due to the impact of COVID-19, as well as a decrease in revenue from the vessel operations. Operating profit decreased 5.7 billion yen (79.9%) year on year to 1.4 billion yen. Share of profits of associates and joint ventures decreased 0.8 billion yen (23.9%) year on year to 2.6 billion yen as a result of the decreased profits in the airport ground handling related business owing to the impact of COVID-19 and the ship-related business. Consequently, net profit decreased 4.9 billion yen (62.9%) year on year to 2.9 billion yen.

Finance & Leasing Business

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	12,552	2,559	(9,993)
Gross trading profit	5,549	1,268	(4,281)
Operating profit (loss)	372	(2,623)	(2,995)
Share of profits (losses) of associates and joint ventures	11,481	9,223	(2,258)
Profit (loss) attributable to owners of the parent	10,533	6,597	(3,936)

Gross trading profit decreased 4.3 billion yen (77.1%) year on year to 1.3 billion yen, because a consolidated subsidiary in the U.S. refrigerated trailer leasing and rental business was converted into an equity-method associate. Operating profit/loss accordingly worsened 3.0 billion yen (- %) year on year to negative 2.6 billion yen. Share of profits of associates and joint ventures decreased 2.3 billion yen (19.7%) year on year to 9.2 billion yen, as a result of a decline in profit of the aircraft leasing business in U.S. due to the impact of COVID-19, which offset an profit increase in the used car retail financing business in U.S. As a result, net profit decreased 3.9 billion yen (37.4%) year on year to 6.6 billion yen.

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Construction, Industrial Machinery & Mobility

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	157,168	134,430	(22,738)
Gross trading profit	43,940	37,610	(6,330)
Operating profit (loss)	10,813	6,150	(4,663)
Share of profits (losses) of associates and joint ventures	2,739	1,540	(1,199)
Profit (loss) attributable to owners of the parent	11,650	6,212	(5,438)

Gross trading profit decreased 6.3 billion yen (14.4%) year on year to 37.6 billion yen, as results of profit decrease in the construction machinery, industrial equipment, tires and rubber materials related businesses due to the impact of COVID-19. Operating profit decreased 4.7 billion yen (43.1%) year on year to 6.2 billion yen. As a result, net profit decreased 5.4 billion yen (46.7%) year on year to 6.2 billion yen.

Next Generation Business Development

(millions of yen)

	Six-month period ended September 30,		Variance
	2019	2020	
Revenue	1,941	1,412	(529)
Gross trading profit	1,406	905	(501)
Operating profit (loss)	(477)	(1,102)	(625)
Share of profits (losses) of associates and joint ventures	172	50	(122)
Profit (loss) attributable to owners of the parent	(489)	(1,024)	(535)

Gross trading profit decreased 0.5 billion yen (35.6%) to 0.9 billion yen and operating loss worsened 0.6 billion yen (-%) year on year to 1.1 billion yen. As a result, net loss worsened 0.5 billion yen (-%) year on year to 1.0 billion yen.

(Note 1) From the fiscal year ending March 31, 2021, the former operating segments of "Plant" and "Construction, Auto & Industrial Machinery" are renamed as "Infrastructure Project" and "Construction, Industrial Machinery & Mobility" respectively, and a part of "Plant" has been incorporated into "Finance & Leasing Business", parts of "Plant" and "Other" have been incorporated into "Next Generation Business Development", a part of "Next Generation Business Development" has been incorporated into "Other". In conjunction with these organizational changes, operating segment information for the year-earlier period has been reclassified.

(Note 2) Inter-segment transactions are generally priced in accordance with the prevailing market prices.

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Consolidated Financial Results

(2) Qualitative Information on Consolidated Financial Conditions

① Conditions of Assets, Liabilities and Equity

(billions of yen)

	March 31, 2020	September 30, 2020	Variance
Total assets	6,320.0	6,095.4	(224.6)
Total equity	1,604.6	1,668.6	64.0
Net interest-bearing debt	1,859.1	1,836.1	(23.0)
Net D/E ratio (times)	1.16	1.10	-0.06 points

(Note 1) Figures are rounded to the nearest hundred million yen unless otherwise stated.

(Note 2) Net interest-bearing debt is calculated as cash and cash equivalents and time deposits subtracted from the sum of current and noncurrent corporate bonds and borrowings.

Total assets decreased 224.6 billion yen from the end of the previous fiscal year to 6,095.4 billion yen. **Net interest-bearing debt** decreased 23.0 billion yen from the end of the previous fiscal year to 1,836.1 billion yen, due to the free cash inflow and such that more than offset an increase caused by the dividend payment. **Total equity** increased 64.0 billion yen from the end of the previous fiscal year to 1,668.6 billion yen due to an increase in retained earnings and such. Consequently, **Net DE ratio** stood at 1.10 times.

② Cash Flows

Cash and cash equivalents at the end of the period under review were 657.2 billion yen, an increase of 134.6 billion yen from the end of the previous fiscal year.

(Operating activities)

Net cash provided by operating activities was 157.5 billion yen due to operating revenue and dividend income and such, despite an increase in working capital and such.

(Investing activities)

Net cash used in investing activities was 120.5 billion yen as a result of acquisition of shares in an equity method associate and capital expenditure in overseas businesses and such, despite the inflow from sales of investment securities.

As a result of the above-mentioned activities, free cash flow for the fiscal year under review was an inflow of 37.0 billion yen.

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(Financing activities)

Net cash provided by financing activities amounted to 101.4 billion yen as results of financing through corporate bonds, loans, and such.

(3) Qualitative Information on Future Outlook Including Forecasts of Consolidated Financial Results

The net profit for the six-month period ended September 30, 2020 amounted to 101.7 billion yen, with the progress to the full-year forecasts announced on May 7, 2020 (net profit of 100.0 billion yen) at 102%.

This is mainly due to the earnings increase in Energy and Metals & Mineral Resources resulted from the higher-than-assumed commodity prices in oil, copper and such, in addition to the strong performances in Food and Chemicals and such.

Based on this result, while taking into account the fact that the situation of COVID-19 remains uncertain, the forecasts for fiscal year ending March 31, 2021 have been revised as follows:

	Forecast announced on May 7, 2020 (A)	Revised forecast (B)	Variance (B-A)	Variance in percentage (%)
Profit attributable to owners of the parent for FYE 3/2021 – Net profit (billions of yen)	100.0	150.0	50.0	50.0%
Earnings per share attributable to owners of the parent (basic) for FYE 3/2021 (yen)	55.33	84.12	28.79	52.0%

The Company's assumptions including the spread of COVID-19 and when the pandemic might end and those of major financial indicators are as follows:

<The Company's Assumptions Including the Spread of COVID-19 and When the Pandemic Might End>

While the impact of COVID-19 on our business operations varies depending on the business domain and country/region, it remains unclear as to when the pandemic might end. The business environment surrounding the Company has started to recover after sharply deteriorating in the first half of the fiscal year ending March 31, 2021. We expect it to continue to recover only gradually in the second half, and the impact of COVID-19 to linger through the fiscal year ending March 31, 2022.

Marubeni Corporation

Consolidated Financial Results

<Assumptions of Major Financial Indicators for the above Forecasts>

	H1 FYE 3/2021 Actual	H2 FYE 3/2021 Assumption	FYE 3/2021 Assumption
Oil WTI: USD/Barrel	35	35	35
Copper LME: USD/MT	5,676	6,200	6,000
Foreign exchange rate (annual average): USD/JPY	106.92	105	106
JPY TIBOR 3M: %	0.069	0.1	0.1
USD LIBOR 3M: %	0.419	0.3	0.4

As for the dividend, the Company adopts the basic policy to maintain targeted dividend payout ratio of '25% or more' of consolidated net profit reflecting the principle of linking dividends to the Company's business results for each fiscal year and to announce the minimum dividend for each fiscal year at the beginning of the fiscal year.

According to the revised consolidated net profit forecast as the above, the forecast for annual dividend per share for the fiscal year ending March 31, 2021 has been revised to 22.00 yen from 15.00 yen in the previous forecast (announced on May 7, 2020). As a result, the interim dividend per share and year-end dividend forecast per share have been revised to 11.00 yen from the previous forecast (announced on May 7, 2020) of 7.50 yen, respectively.

The revised annual dividend forecast of 22.00 yen per share is set as the minimum for the fiscal year ending March 31, 2021.

The interim dividend has already been resolved at 11.00 yen per share.

(Disclaimer Regarding Forward Looking Statements)

The descriptions about future such as the above forecasts are based upon available information and assumptions, as of the time of the announcement date, about uncertain factors which would influence future businesses. Actual results might be influenced by various factors in the future.

Marubeni Corporation
Consolidated Financial Results

2. Consolidated Financial Statements and Notes

(1) Consolidated Statements of Financial Position

	<i>Millions of yen</i>		
	March 31 2020	September 30 2020	Variance
Assets			
Current assets:			
Cash and cash equivalents	522,523	657,151	134,628
Time deposits	140	109	(31)
Investment securities	67	32	(35)
Trade and loan receivables	1,056,938	948,588	(108,350)
Other current financial assets	315,861	246,958	(68,903)
Inventories	852,927	668,246	(184,681)
Assets held-for-sale	19,344	12,880	(6,464)
Other current assets	235,255	212,685	(22,570)
Total current assets	3,003,055	2,746,649	(256,406)
Non-current assets:			
Investments in associates and joint ventures	1,601,298	1,622,459	21,161
Other investments	229,080	230,858	1,778
Trade and loan receivables	103,367	93,437	(9,930)
Other non-current financial assets	98,002	85,687	(12,315)
Property, plant and equipment	902,423	940,087	37,664
Intangible assets	288,992	283,373	(5,619)
Deferred tax assets	32,555	30,778	(1,777)
Other non-current assets	61,265	62,067	802
Total non-current assets	3,316,982	3,348,746	31,764
Total assets	6,320,037	6,095,395	(224,642)

Marubeni Corporation

Consolidated Financial Results

	<i>Millions of yen</i>		
	March 31 2020	September 30 2020	Variance
Liabilities and Equity			
Current liabilities:			
Bonds and borrowings	620,020	788,391	168,371
Trade and other payables	1,085,616	798,706	(286,910)
Other current financial liabilities	367,971	332,619	(35,352)
Income tax payable	16,360	12,262	(4,098)
Liabilities directly associated with assets held-for-sale	417	715	298
Other current liabilities	370,566	300,458	(70,108)
Total current liabilities	2,460,950	2,233,151	(227,799)
Non-current liabilities:			
Bond and borrowings	1,761,768	1,705,014	(56,754)
Trade and other payables	5,245	3,668	(1,577)
Other non-current financial liabilities	231,116	218,020	(13,096)
Accrued pension and retirement benefits	109,143	94,424	(14,719)
Deferred tax liabilities	63,073	87,718	24,645
Other non-current liabilities	84,142	84,843	701
Total non-current liabilities	2,254,487	2,193,687	(60,800)
Total liabilities	4,715,437	4,426,838	(288,599)
Equity:			
Issued capital	262,686	262,686	—
Capital surplus	143,189	142,931	(258)
Other equity instruments	243,589	243,589	—
Treasury stock	(1,172)	(795)	377
Retained earnings	866,140	943,716	77,576
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	22,718	27,457	4,739
Foreign currency translation adjustments	41,247	36,793	(4,454)
Gains (losses) on cash flow hedges	(62,922)	(75,856)	(12,934)
Equity attributable to owners of the parent	1,515,475	1,580,521	65,046
Non-controlling interests	89,125	88,036	(1,089)
Total equity	1,604,600	1,668,557	63,957
Total liabilities and equity	6,320,037	6,095,395	(224,642)

Marubeni Corporation
Consolidated Financial Results

(2) Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>			
	Six-month period ended September 30,			
	2019	2020	Variance	Ratio (%)
Revenue:				
Sale of goods	3,558,567	2,995,077	(563,490)	(15.8)
Commissions on services and trading margins	92,435	50,952	(41,483)	(44.9)
Total revenue	3,651,002	3,046,029	(604,973)	(16.6)
Cost of goods sold	(3,295,654)	(2,717,864)	577,790	(17.5)
Gross trading profit	355,348	328,165	(27,183)	(7.6)
Other income (expenses) :				
Selling, general and administrative expenses	(273,342)	(251,198)	22,144	(8.1)
Provision for doubtful accounts	(3,232)	(2,944)	288	(8.9)
Gains (losses) on property, plant and equipment				
Impairment losses on property, plant and equipment	(12,199)	(199)	12,000	(98.4)
Gains (losses) on sales of property, plant and equipment	129	2	(127)	(98.4)
Other – net	(6,024)	(3,705)	2,319	(38.5)
Total other income (expenses)	(294,668)	(258,044)	36,624	(12.4)
Finance income (expenses):				
Interest income	9,697	5,758	(3,939)	(40.6)
Interest expense	(26,317)	(13,168)	13,149	(50.0)
Dividend income	11,361	6,150	(5,211)	(45.9)
Gains (losses) on investment securities	1,394	492	(902)	(64.7)
Total finance income (expenses)	(3,865)	(768)	3,097	(80.1)
Share of profits of associates and joint ventures	81,943	63,606	(18,337)	(22.4)
Profit for the period before tax	138,758	132,959	(5,799)	(4.2)
Provision for income tax	(22,107)	(26,789)	(4,682)	21.2
Profit for the period	116,651	106,170	(10,481)	(9.0)
Profit for the period attributable to:				
Owners of the parent	111,780	101,686	(10,094)	(9.0)
Non-controlling interests	4,871	4,484	(387)	(7.9)
Other comprehensive income:				
Items that will not be retransferred to profit and loss for the period				
Gains (losses) on financial assets measured at fair value through other comprehensive income	(22,886)	537	23,423	—
Remeasurements of defined benefit pension plan	1,448	9,865	8,417	581.3
Changes in other comprehensive income of associates and joint ventures	(1,359)	2,873	4,232	—
Items that may be retransferred to profit and loss for the period				
Foreign currency translation adjustments	(68,721)	(2,707)	66,014	(96.1)
Gains (losses) on cash flow hedges	(983)	1,378	2,361	—
Changes in other comprehensive income of associates and joint ventures	(25,433)	(17,201)	8,232	(32.4)
Other comprehensive income, net of tax	(117,934)	(5,255)	112,679	(95.5)
Total comprehensive income for the period	(1,283)	100,915	102,198	—
Attributable to:				
Owners of the parent	(5,313)	96,903	102,216	—
Non-controlling interests	4,030	4,012	(18)	(0.4)

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Consolidated Financial Statements

(3) Consolidated Statements of Changes in Equity

◆ The Six-month Period Ended September 30, 2019 (April 1, 2019 - September 30, 2019)

(Millions of yen)

	Equity attributable to owners of the parent						
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings	Other components of equity	
						Gains (losses) on financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments
Balance at beginning of period	262,686	139,898	243,589	(1,384)	1,163,472	71,912	131,178
Cumulative effects of new accounting policy adopted					(6,674)		
Profit for the period					111,780		
Other comprehensive income						(24,183)	(73,285)
Purchases and sales of treasury stock		(17)		77			
Dividends payment					(29,504)		
Equity transactions with non-controlling interests and others		3,044			(120)		
Distribution to owners of other equity instruments					(1,956)		
Transfer to retained earnings					(1,052)	2,417	
Transfer to non-financial assets and others							
Balance at end of period	262,686	142,925	243,589	(1,307)	1,235,946	50,146	57,893

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Equity attributable to owners of the parent		
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit pension plan	Other components of equity total			
Balance at beginning of period	(33,610)	—	169,480	1,977,741	93,985	2,071,726
Cumulative effects of new accounting policy adopted				(6,674)		(6,674)
Profit for the period				111,780	4,871	116,651
Other comprehensive income	(20,990)	1,365	(117,093)	(117,093)	(841)	(117,934)
Purchases and sales of treasury stock				60		60
Dividends payment				(29,504)	(6,296)	(35,800)
Equity transactions with non-controlling interests and others				2,924	(5,147)	(2,223)
Distribution to owners of other equity instruments				(1,956)		(1,956)
Transfer to retained earnings		(1,365)	1,052	—		—
Transfer to non-financial assets and others	211		211	211		211
Balance at end of period	(54,389)	—	53,650	1,937,489	86,572	2,024,061

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Consolidated Financial Statements

◆ The Six-month Period Ended September 30, 2020 (April 1, 2020 - September 30, 2020)

(Millions of yen)

	Equity attributable to owners of the parent						
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings	Other components of equity	
						Gains (losses) on financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments
Balance at beginning of period	262,686	143,189	243,589	(1,172)	866,140	22,718	41,247
Profit for the period					101,686		
Other comprehensive income						3,327	(4,454)
Purchases and sales of treasury stock		34		377			
Dividends payment					(30,378)		
Equity transactions with non-controlling interests and others		(292)			(27)		
Distribution to owners of other equity instruments					(1,972)		
Transfer to retained earnings					8,267	1,412	
Transfer to non-financial assets and others							
Balance at end of period	262,686	142,931	243,589	(795)	943,716	27,457	36,793

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Equity attributable to owners of the parent		
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit pension plan	Other components of equity total			
Balance at beginning of period	(62,922)	—	1,043	1,515,475	89,125	1,604,600
Profit for the period				101,686	4,484	106,170
Other comprehensive income	(13,335)	9,679	(4,783)	(4,783)	(472)	(5,255)
Purchases and sales of treasury stock				411		411
Dividends payment				(30,378)	(6,065)	(36,443)
Equity transactions with non-controlling interests and others				(319)	964	645
Distribution to owners of other equity instruments				(1,972)		(1,972)
Transfer to retained earnings		(9,679)	(8,267)	—		—
Transfer to non-financial assets and others	401		401	401		401
Balance at end of period	(75,856)	—	(11,606)	1,580,521	88,036	1,668,557

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Consolidated Financial Statements

(4) Consolidated Statements of Cash Flows

	<i>Millions of yen</i>		
	Six-month period ended September 30, 2019	2020	Variance
Operating activities			
Profit for the period	116,651	106,170	(10,481)
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:			
Depreciation and amortisation	79,587	69,123	(10,464)
Losses (Gains) on property, plant and equipment	12,070	197	(11,873)
Finance expenses (income)	3,865	768	(3,097)
Share of profits of associates and joint ventures	(81,943)	(63,606)	18,337
Income taxes	22,107	26,789	4,682
Changes in notes and trade accounts receivable	136,707	144,502	7,795
Changes in inventories	157,485	171,431	13,946
Changes in notes and trade accounts payable	(319,798)	(276,824)	42,974
Other-net	(82,303)	(57,562)	24,741
Interest received	7,136	5,707	(1,429)
Interest paid	(25,931)	(14,219)	11,712
Dividends received	52,829	58,221	5,392
Income taxes paid	(12,174)	(13,189)	(1,015)
Net cash provided by/ used in operating activities	66,288	157,508	91,220
Investing activities			
Net decrease (increase) in time deposits	100	27	(73)
Proceeds from sale of property, plant and equipment	2,538	1,054	(1,484)
Proceeds from sale of investment property	109	—	(109)
Collection of loans receivable	4,978	3,318	(1,660)
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	173	(480)	(653)
Proceeds from sale of investments in associates and joint ventures, and other investments	26,695	38,579	11,884
Purchase of property, plant and equipment	(47,639)	(63,776)	(16,137)
Purchase of investment property	(97)	(3)	94
Loans provided to customers	(12,952)	(41,590)	(28,638)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(8,002)	(18,754)	(10,752)
Purchase of investments in associates and joint ventures, and other investments	(25,167)	(38,834)	(13,667)
Net cash provided by/used in investing activities	(59,264)	(120,459)	(61,195)
Financing activities			
Net increase (decrease) in short-term borrowings	113,147	157,788	44,641
Proceeds from long-term bonds and borrowings	126,883	186,452	59,569
Repayments of long-term bonds and borrowings	(166,693)	(204,060)	(37,367)
Dividends paid to owners of the parent	(29,504)	(30,378)	(874)
Net cash outflows on purchases and sales of treasury stock	(2)	(4)	(2)
Capital contribution from non-controlling interests	71	27	(44)
Acquisition of equity portion of subsidiary from non-controlling interests	(6,909)	(383)	6,526
Distribution to owners of other equity instruments	(1,956)	(1,972)	(16)
Other	(6,954)	(6,082)	872
Net cash provided by/used in financing activities	28,083	101,388	73,305
Effect of exchange rate changes on cash and cash equivalents	(7,620)	(3,296)	4,324
Net increase (decrease) in cash and cash equivalents	27,487	135,141	107,654
Cash and cash equivalents at beginning of period	509,288	522,523	13,235
Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	(513)	(513)
Cash and cash equivalents at end of period	536,775	657,151	120,376

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Consolidated Financial Results

(5) Notes Related to Going Concern Assumptions

None

(6) Segment Information

<Operating Segment>

◆ The Six-Month Period Ended September 30, 2019 (April 1, 2019 - September 30, 2019)

<i>Millions of yen</i>								
	Lifestyle	ICT & Real Estate Business	Forest Products	Food	Agri Business	Chemicals	Energy	Metals & Mineral Resources
Revenue	82,443	97,615	137,275	934,125	1,550,304	205,575	224,592	181,155
Gross trading profit (loss)	11,380	54,728	16,624	49,284	90,095	15,626	22,809	16,348
Operating profit (loss)	2,076	10,213	6,522	13,745	21,023	2,151	6,278	7,051
Share of profits (losses) of associates and joint ventures	388	290	353	3,297	231	725	52	30,672
Profit (loss) attributable to owners of the parent	1,766	7,058	4,021	11,585	9,957	1,432	(571)	38,550
Segment assets (as of March 31, 2020)	102,770	483,014	266,786	679,664	1,164,784	267,098	572,001	758,594

	Power Business	Infrastructure Project	Aerospace & Ship	Finance & Leasing Business	Construction, Industrial Machinery & Mobility	Next Generation Business Development	Other	Consolidated
Revenue	74,120	8,176	40,738	12,552	157,168	1,941	(56,777)	3,651,002
Gross trading profit (loss)	13,476	5,024	13,086	5,549	43,940	1,406	(4,027)	355,348
Operating profit (loss)	(4,035)	(3,087)	7,145	372	10,813	(477)	(1,016)	78,774
Share of profits (losses) of associates and joint ventures	20,310	7,859	3,364	11,481	2,739	172	10	81,943
Profit (loss) attributable to owners of the parent	14,067	1,450	7,800	10,533	11,650	(489)	(7,029)	111,780
Segment assets (as of March 31, 2020)	704,279	236,751	274,961	307,267	359,864	13,906	128,298	6,320,037

◆ The Six-Month Period Ended September 30, 2020 (April 1, 2020 - September 30, 2020)

<i>Millions of yen</i>								
	Lifestyle	ICT & Real Estate Business	Forest Products	Food	Agri Business	Chemicals	Energy	Metals & Mineral Resources
Revenue	60,189	163,035	113,624	633,250	1,416,395	180,040	163,092	134,410
Gross trading profit (loss)	9,085	54,528	12,884	56,481	90,547	20,009	19,002	7,942
Operating profit (loss)	919	12,989	1,655	24,341	20,536	9,807	3,733	(974)
Share of profits (losses) of associates and joint ventures	(163)	88	(559)	4,464	2,035	694	165	19,295
Profit (loss) attributable to owners of the parent	668	8,943	(567)	17,340	16,656	8,736	3,505	18,481
Segment assets (as of September 30, 2020)	106,546	431,193	277,868	651,501	967,600	280,258	477,347	770,722

	Power Business	Infrastructure Project	Aerospace & Ship	Finance & Leasing Business	Construction, Industrial Machinery & Mobility	Next Generation Business Development	Other	Consolidated
Revenue	78,406	11,343	28,154	2,559	134,430	1,412	(74,310)	3,046,029
Gross trading profit (loss)	10,807	4,884	6,561	1,268	37,610	905	(4,348)	328,165
Operating profit (loss)	(6,352)	(2,400)	1,433	(2,623)	6,150	(1,102)	5,911	74,023
Share of profits (losses) of associates and joint ventures	18,592	5,621	2,560	9,223	1,540	50	1	63,606
Profit (loss) attributable to owners of the parent	12,081	6,315	2,893	6,597	6,212	(1,024)	(5,150)	101,686
Segment assets (as of September 30, 2020)	679,115	234,647	265,996	312,620	326,116	13,803	300,063	6,095,395

(Note 1) From the fiscal year ending March 31, 2021, the former operating segments of "Plant" and "Construction, Auto & Industrial Machinery" are renamed as "Infrastructure Project" and "Construction, Industrial Machinery & Mobility" respectively, and a part of "Plant" has been incorporated into "Finance & Leasing Business", parts of "Plant" and "Other" have been incorporated into "Next Generation Business Development", a part of "Next Generation Business Development" has been incorporated into "Other".

(Note 2) In conjunction with these revisions, operating segment information for the year-earlier period and March 31, 2020 has been reclassified.

(Note 3) "Operating profit (loss)" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS. "Operating profit (loss)" is the sum of "Gross trading profit", "Selling, general and administrative expenses" and "Provision for doubtful accounts" stated in Consolidated Statements of Comprehensive Income.

(Note 4) Inter-segment transactions are generally priced in accordance with the prevailing market prices.

(Note 5) "Other" includes headquarters expenses that are not allocated to the operating segments and inter segment elimination, cash and cash equivalents related to financing held for general corporate purposes that are not allocated to the operating segments.