

Q1 FYE 3/2022

Summary of Consolidated Financial Results
For the Three-Month Period Ended June 30, 2021
(IFRS basis)

(April 1, 2021 – June 30, 2021)

**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 Three-Month Period Ended June 30, 2021 (IFRS basis)

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 Listed: Tokyo
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 Expected date of quarterly financial statement report : August 10, 2021
 Expected date of the beginning of delivery of dividends : -
 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 three-month period ended June 30, 2021 (April 1, 2021 - June 30, 2021)

(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)	(%)
Three months ended June 30,												
2021	2,134,021	34.4	69,187	33.2	139,372	86.6	114,997	91.0	112,132	92.9	138,004	102.0
2020	1,587,556	(16.8)	51,946	(6.2)	74,696	(9.5)	60,198	(11.1)	58,132	(10.8)	68,326	-

	Earnings per share (basic)		Earnings per share (diluted)	
	(yen)	(yen)	(yen)	(yen)
Three months ended June 30,				
2021	64.02		63.92	
2020	32.92		32.89	

(Note) 1. "Operating profit" are presented in accordance with Japanese accounting practice for investors' convenience and are not required by IFRS.

"Operating profit" is the sum of "Gross trading profit" and "Selling, general and administrative expenses" including "Provision for doubtful accounts".

2. "Basic and diluted earnings per share attributable to owners of the parent" are based on "Profit attributable to owners of the parent"

(2) Consolidated financial position

	Total assets		Total equity		Equity attributable to owners of the parent		Equity attributable to owners of the parent ratio		Equity per share attributable to owners of the parent	
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(%)	(%)	(%)	(%)	
June 30, 2021	6,940,620		2,002,990		1,913,494	27.6		960.10		
March 31, 2021	6,938,958		1,911,769		1,819,055	26.2		906.32		

2. Dividends information

	Annual dividends per share				
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	4th Quarter-end	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
FYE 3/2021	-	11.00	-	22.00	33.00
FYE 3/2022	-				
FYE 3/2022 (forecast)		17.00	-	17.00	34.00

(Note) Changes from the latest announced forecasts: None

3. Consolidated earnings forecast for FYE 3/2022 (April 1, 2021 - March 31, 2022)

(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)	(yen)
FYE 3/2022	230,000	2.1		130.72

(Note) 1. Changes from the latest announced forecasts: None

2. 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

①Changes in accounting principles required by IFRS : None

②Changes other than ① : None

③Changes in accounting estimate : None

(3) Number of issued shares (Common shares)

①Number of issued shares at the end of the term June 30, 2021 1,737,940,900

(Treasury stock is included) March 31, 2021 1,737,940,900

②Number of treasury stock at the end of the term June 30, 2021 1,447,778

March 31, 2021 1,505,299

③Average number of outstanding shares during the term Three months ended June 30, 2021 1,736,464,362

Three months ended June 30, 2020 1,735,939,650

(Note) At the meeting of the Board of Directors held on June 24, 2021, the Company resolved to issue new shares in exchange for property contributed by monetary remuneration claims provided as restricted stock remuneration. As of July 21, 2021, the total number of outstanding shares increased by 534,597 to 1,738,475,497.

※The Summary of Consolidated Financial Statements for the Three-Month Period is not subject to quarterly review by certified accountants or audit firms.

※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 Tuesday, August 3, 2021.

The Company is scheduled to hold an IR meeting on financial results for institutional investors and analysts on Tuesday, August 3, 2021, and to post the script of the meeting together with the materials used at the briefing on the Company's website at the earliest possible time.

【Table of Contents of Attached Materials】

1. Qualitative Information on Consolidated Financial Results for the Three-month Period under Review	2
(1) Qualitative Information on Consolidated Business Results	2
(2) Qualitative Information on Cash Flows and Consolidated Financial Position	14
(3) Qualitative Information on Future Outlook Including Forecasts of Consolidated Financial Results	15
2. Consolidated Financial Statements and Notes	16
(1) Consolidated Statements of Financial Position	16
(2) Consolidated Statements of Comprehensive Income	18
(3) Consolidated Statements of Changes in Equity	19
(4) Consolidated Statements of Cash Flows	21
(5) Notes Related to Going Concern Assumptions	22
(6) Segment Information	22

Marubeni Corporation

Consolidated Financial Results

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

(1) Qualitative Information on Consolidated Business Results

The following is an overview of the economic environment for the three-month period ended June 30, 2021.

With progress being made with COVID-19 vaccinations, particularly in developed countries, lockdowns and other infection control measures were incrementally lifted. As a result, economic activity in the U.S. and China—the first countries to demonstrate a relatively robust recovery—continued to expand, while European economies also made progress toward recovery. In Japan, however, the vaccination rollout lagged behind other nations and business activity remained stagnant because restrictions on activities continued to be enforced to combat the spread of infections. Infections also resurged in some emerging market economies and the delay in economic recovery in those regions was relatively conspicuous. In this way, economic conditions differed from country to country, but the global economy as a whole continued to demonstrate a modest recovery.

Despite a mix of optimism about the economic outlook and fears of an early tapering of U.S. monetary policy owing to inflation growth, there was no major turmoil in the financial markets and stock prices held firm, especially in Europe and North America.

Primary commodity prices came under upward pressure in reaction not only to large-scale monetary easing, but also supply constraints during the demand recovery phase. Crude oil prices were consistently firm largely as a result of expectations for expansion of demand. Meanwhile, copper and iron ore prices hit record highs before temporarily weakening from May onwards in response to the announcement of price controls by the government of China, the world's largest importer of copper and iron ore.

Marubeni Corporation

Consolidated Financial Results

Under the aforementioned business environment, consolidated operating results for the three-month period ended June 30, 2021 are as follows.

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	1,587,556	2,134,021	546,465
Gross trading profit	178,773	214,078	35,305
Selling, general and administrative expenses	(124,806)	(143,964)	(19,158)
Provision for doubtful accounts	(2,021)	(927)	1,094
Operating profit	51,946	69,187	17,241
Interest expense - net of interest income	(4,645)	(2,588)	2,057
Dividend income	3,698	4,781	1,083
Other non-operating income	(843)	1,845	2,688
Gains (losses) on investment securities	(156)	2,184	2,340
Gains (losses) on property, plant and equipment	(52)	866	918
Other – net	(635)	(1,205)	(570)
Share of profits (losses) of associates and joint ventures	24,540	66,147	41,607
Profit (loss) for the year before tax	74,696	139,372	64,676
Provision for income tax	(14,498)	(24,375)	(9,877)
Profit (loss) for the year	60,198	114,997	54,799
attributable to owners of the parent	58,132	112,132	54,000
Non-controlling interests	2,066	2,865	799

(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” stated in Consolidated Statements of Comprehensive Income.

(Note 3) “Other non-operating income” is the sum of “Gains (losses) on investment securities”, “Gains (losses) on property, plant and equipment” and “Other – net” stated in Consolidated Statements of Comprehensive Income.

Marubeni Corporation

Consolidated Financial Results

Revenue

Revenue was up 546.5 billion yen (34.4%) from the year-earlier period to 2,134.0 billion yen, due mainly to increase in *Agri Business* segment.

Gross trading profit

Gross trading profit increased 35.3 billion yen (19.7%) from the year-earlier period to 214.1 billion yen. Main increases by operating segment are the following.

-Agri Business: Increase by 18.2 billion yen

Profit increase in Gavilon's fertilizer business and Helena against the backdrop of higher agri-input product prices and the favorable weather condition

-Construction, Industrial Machinery & Mobility: Increase by 8.5 billion yen

Increase in number of sales of automobile and construction machinery related businesses, etc., due to the easing of COVID-19, and others

-Forest Products: Increase by 4.7 billion yen

Profit increase in MUSI Pulp project due mainly to the improvement in pulp prices, and increase in sales volume of containerboard

-Aerospace & Ship: Increase by 3.8 billion yen

Profit increase in ship-related businesses owing to improvements in ship market conditions

Selling, general and administrative expenses

Selling, general and administrative expenses increased 19.2 billion yen (15.4%) from the year-earlier period to 144.0 billion yen, due to an increase in personnel expenses following the improved earnings, Tokyo head office relocation costs, and a rebound from the voluntary restraint due to COVID-19.

Provision for doubtful accounts

Provision for doubtful accounts decreased by 1.1 billion yen (54.1%) from the year-earlier period to 0.9 billion yen.

As a result, operating profit for the year increased 17.2 billion year on year (33.2%) to 69.2 billion yen.

Interest expense – net of interest income

Interest expense – net of interest income decreased 2.1 billion yen (44.3%) year on year to 2.6 billion yen.

Marubeni Corporation

Consolidated Financial Results

Dividend income

Dividend income increased 1.1 billion yen (29.3%) year on year to 4.8 billion yen.

Non-operating other-net

Non-operating other – net improved 2.7 billion yen (-%) year on year to 1.8 billion yen.

Share of profits of associates and joint ventures

Share of profits of associates and joint ventures increased 41.6 billion yen (169.5%) from the year-earlier period to 66.1 billion yen. Main increases by operating segment are the following.

-Metals & Mineral Resources: Increase by 31.5 billion yen

Profit increase in the Chilean copper business and the Australian iron ore business due to higher commodity prices, and in steel products businesses

-Finance & Leasing Business: Increase by 5.3 billion yen

Profit increase in the used car retail financing business in U.S., etc

As a result, profit before tax for the three-month period under review increased 64.7 billion yen (86.6%) compared to the year-earlier period to 139.4 billion yen.

Provision for income tax

Provision for income tax increased 9.9 billion yen (68.1%) to 24.4 billion yen.

As a result, profit for the period increased 54.8 billion yen (91.0%) from the year-earlier period to 115.0 billion yen, and profit attributable to owners of the parent for the three-month period ended June 30, 2021 increased 54.0 billion yen (92.9%) year on year to 112.1 billion yen. Consequently, the Company achieved 48.8% of 230.0 billion yen, the full-year net-profit forecast for the fiscal year ending March 31, 2022.

Marubeni Corporation

Consolidated Financial Results

Results for each operating segment for the three-month period ended June 30, 2021 are as follows.

Lifestyle

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	26,431	19,438	(6,993)
Gross trading profit	3,763	3,871	108
Operating profit (loss)	(326)	(65)	261
Share of profits (losses) of associates and joint ventures	(154)	(10)	144
Profit (loss) attributable to owners of the parent	(274)	59	333

Gross trading profit increased 0.1 billion yen (2.9%) year on year to 3.9 billion yen and operating loss improved 0.3 billion yen (80.1%) year on year to 0.1 billion yen. As a result, net profit (loss) improved 0.3 billion yen (- %) year on year to positive 0.1 billion yen.

ICT & Real Estate Business

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	83,967	82,640	(1,327)
Gross trading profit	28,203	28,349	146
Operating profit (loss)	8,134	5,994	(2,140)
Share of profits (losses) of associates and joint ventures	6	1,247	1,241
Profit (loss) attributable to owners of the parent	5,612	5,256	(356)

Gross trading profit increased 0.1 billion yen (0.5%) year on year to 28.3 billion yen due mainly to profit growth in the domestic mobile phone sales business owing to the easing of COVID-19 restrictions on operating hours, which offset lower domestic real estate sales. Despite this, operating profit declined 2.1 billion yen (26.3%) year on year to 6.0 billion yen as a result of higher overhead expenses stemming from a rebound in operating activities previously suspended voluntarily in response to the impact of COVID-19. Share of profits of associates and joint ventures increased 1.2 billion yen (- %) year on year to 1.2 billion yen due to a profit increase in Chinese real estate sales business. As a result, net profit decreased 0.4 billion yen (6.3%) year on year to 5.3 billion yen.

Marubeni Corporation

Consolidated Financial Results

Forest Products

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	56,510	47,912	(8,598)
Gross trading profit	6,653	11,349	4,696
Operating profit (loss)	1,045	6,026	4,981
Share of profits (losses) of associates and joint ventures	(534)	307	841
Profit (loss) attributable to owners of the parent	(221)	3,583	3,804

Gross trading profit increased 4.7 billion yen (70.6%) year on year to 11.3 billion yen as a result of profit increase in MUSI Pulp project due to the improvement in pulp market prices and others, and an increase in sales volume of containerboard. Operating profit increased 5.0 billion yen (476.7%) year on year to 6.0 billion yen. Share of profits of associates and joint ventures improved 0.8 billion yen (- %) year on year to 0.3 billion yen. As a result, net profit (loss) improved 3.8 billion yen (- %) year on year to positive 3.6 billion yen.

Food I

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	148,632	170,435	21,803
Gross trading profit	11,950	12,691	741
Operating profit (loss)	2,231	2,067	(164)
Share of profits (losses) of associates and joint ventures	1,667	1,391	(276)
Profit (loss) attributable to owners of the parent	3,215	6,528	3,313

Gross trading profit increased 0.7 billion yen (6.2%) year on year to 12.7 billion yen mainly owing to profit margin improvements in imported marine product transactions. However, operating profit declined 0.2 billion yen (7.4%) year on year to 2.1 billion yen because of an increase in overhead expenses. Share of profits of associates and joint ventures decreased 0.3 billion yen (16.6%) from the year-earlier period to 1.4 billion yen due to profit decrease in domestic retail businesses. Nevertheless, net profit increased 3.3 billion yen (103.0%) year on year to 6.5 billion yen due to the gains from sale of the North American wild salmon business.

Marubeni Corporation

Consolidated Financial Results

Food II

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	178,118	195,858	17,740
Gross trading profit	19,058	15,969	(3,089)
Operating profit (loss)	12,276	8,814	(3,462)
Share of profits (losses) of associates and joint ventures	611	660	49
Profit (loss) attributable to owners of the parent	8,035	8,109	74

Gross trading profit decreased 3.1 billion yen (16.2%) year on year to 16.0 billion yen mainly owing to lower margins in grain trading. Operating profit decreased 3.5 billion yen (28.2%) year on year to 8.8 billion yen. Share of profits of associates and joint ventures stayed at the same level as the year-earlier period at 0.7 billion yen. In addition to the above, mainly due to improvement in foreign exchange gains and losses, net profit stayed at the same level as the year-earlier period at 8.1 billion yen.

Agri Business

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	794,114	1,127,926	333,812
Gross trading profit	57,456	75,691	18,235
Operating profit (loss)	21,097	34,152	13,055
Share of profits (losses) of associates and joint ventures	441	653	212
Profit (loss) attributable to owners of the parent	15,341	24,862	9,521

Gross trading profit increased 18.2 billion yen (31.7%) from the year-earlier period to 75.7 billion yen due to profit increases in Gavilon's fertilizer business and Helena against the backdrop of higher agri-input product prices and the favorable weather condition. Operating profit increased 13.1 billion yen (61.9%) year on year to 34.2 billion yen. Share of profits of associates and joint ventures increased 0.2 billion yen (48.1%) from the year-earlier period to 0.7 billion yen. As a result, net profit increased 9.5 billion yen (62.1%) from the year-earlier period to 24.9 billion yen.

Marubeni Corporation

Consolidated Financial Results

Chemicals

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	87,289	132,974	45,685
Gross trading profit	10,472	10,979	507
Operating profit (loss)	5,358	5,683	325
Share of profits (losses) of associates and joint ventures	371	674	303
Profit (loss) attributable to owners of the parent	4,405	4,962	557

Gross trading profit increased 0.5 billion yen (4.8%) year on year to 11.0 billion yen, mainly as a result of improved margins in the PVC alkali related products transactions, and operating profit increased 0.3 billion yen (6.1%) year on year to 5.7 billion yen. Share of profits of associates and joint ventures increased 0.3 billion yen (81.7%) to 0.7 billion yen. As a result, net profit increased 0.6 billion yen (12.6%) year on year to 5.0 billion yen.

Energy

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	80,638	119,426	38,788
Gross trading profit	12,237	10,228	(2,009)
Operating profit (loss)	4,558	2,781	(1,777)
Share of profits (losses) of associates and joint ventures	8	1,014	1,006
Profit (loss) attributable to owners of the parent	4,237	4,299	62

Gross trading profit decreased 2.0 billion yen (16.4%) year on year to 10.2 billion yen, mainly as a result of lower margins in the oil and gas trading business, notwithstanding the profit increase in the oil and gas E&P due to higher crude oil and gas prices. Operating profit decreased 1.8 billion yen (39.0%) year on year to 2.8 billion yen. Share of profits of associates and joint ventures increased 1.0 billion yen (-%) from the year-earlier period to 1.0 billion yen. In addition to the above, dividends receivable increased, and net profit stayed at the same level as the year-earlier period at 4.3 billion yen.

Marubeni Corporation

Consolidated Financial Results

Metals & Mineral Resources

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	63,723	100,224	36,501
Gross trading profit	4,458	7,001	2,543
Operating profit (loss)	150	2,369	2,219
Share of profits (losses) of associates and joint ventures	6,903	38,375	31,472
Profit (loss) attributable to owners of the parent	7,024	40,896	33,872

Gross trading profit increased 2.5 billion yen (57.0%) year on year to 7.0 billion yen on profit growth in the aluminum business owing to rising commodity prices. Operating profit increased 2.2 billion yen (- %) year on year to 2.4 billion yen. Share of profits of associates and joint ventures increased 31.5 billion yen (455.9%) year on year to 38.4 billion yen as a result of profit increases in the Chilean copper business and the Australian iron ore business due to higher commodity prices, and in steel products businesses. As a result, net profit increased 33.9 billion yen (482.2%) year on year to 40.9 billion yen.

Power Business

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	28,982	54,771	25,789
Gross trading profit	4,628	4,804	176
Operating profit (loss)	(3,655)	(4,006)	(351)
Share of profits (losses) of associates and joint ventures	7,707	9,057	1,350
Profit (loss) attributable to owners of the parent	4,609	2,290	(2,319)

Gross trading profit increased 0.2 billion yen (3.8%) year on year to 4.8 billion yen, as a result of the increased profits in retail power sales business and others, notwithstanding the lower margins in the overseas power EPC project. On the other hand, operating loss worsened 0.4 billion yen (9.6%) year on year to 4.0 billion yen due to increased overhead expenses. Share of profits of associates and joint ventures increased 1.4 billion yen (17.5%) year on year to 9.1 billion yen. However, due to impairment loss on securities, net profit decreased 2.3 billion yen (50.3%) year on year to 2.3 billion yen.

Marubeni Corporation

Consolidated Financial Results

Infrastructure Project

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	4,868	6,532	1,664
Gross trading profit	2,534	2,680	146
Operating profit (loss)	(1,046)	(970)	76
Share of profits (losses) of associates and joint ventures	2,196	2,295	99
Profit (loss) attributable to owners of the parent	1,535	1,976	441

Gross trading profit increased 0.1 billion yen (5.8%) year on year to 2.7 billion yen, and operating loss stayed at the same level as the year-earlier period at 1.0 billion yen. Share of profits of associates and joint ventures also stayed at the same level year on year at 2.3 billion yen. In addition to the above, due to the gains from sale of the infrastructure business in Thailand, net profit increased 0.4 billion yen (28.7%) from the year-earlier period to 2.0 billion yen.

Aerospace & Ship

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	12,109	21,909	9,800
Gross trading profit	2,823	6,601	3,778
Operating profit (loss)	361	3,968	3,607
Share of profits (losses) of associates and joint ventures	1,665	991	(674)
Profit (loss) attributable to owners of the parent	1,521	4,217	2,696

Gross trading profit increased 3.8 billion yen (133.8%) year on year to 6.6 billion yen, because of profit growth in ship-related businesses owing to improvements in ship market conditions. Operating profit increased 3.6 billion yen (999.2%) year on year to 4.0 billion yen. Share of profits of associates and joint ventures decreased 0.7 billion yen (40.5%) year on year to 1.0 billion yen. Consequently, net profit increased 2.7 billion yen (177.3%) year on year to 4.2 billion yen.

Marubeni Corporation

Consolidated Financial Results

Finance & Leasing Business

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	1,121	1,976	855
Gross trading profit	492	942	450
Operating profit (loss)	(1,366)	(1,180)	186
Share of profits (losses) of associates and joint ventures	2,812	8,083	5,271
Profit (loss) attributable to owners of the parent	1,963	5,667	3,704

Gross trading profit increased 0.5 billion yen (91.5%) year on year to 0.9 billion yen, and operating loss improved 0.2 billion yen (13.6%) year on year to 1.2 billion yen. Share of profits of associates and joint ventures increased 5.3 billion yen (187.4%) year on year to 8.1 billion yen, as a result of profit increase in the used car retail financing business in U.S., etc. Consequently, net profit increased 3.7 billion yen (188.7%) year on year to 5.7 billion yen.

Construction, Industrial Machinery & Mobility

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	54,429	97,708	43,279
Gross trading profit	15,936	24,479	8,543
Operating profit (loss)	1,208	6,638	5,430
Share of profits (losses) of associates and joint ventures	849	1,403	554
Profit (loss) attributable to owners of the parent	2,074	5,538	3,464

Gross trading profit increased 8.5 billion yen (53.6%) year on year to 24.5 billion yen, mainly as results of increase in number of sales of automobile and construction machinery related businesses and others due to the easing of COVID-19. Operating profit increased 5.4 billion yen (449.5%) year on year to 6.6 billion yen. Share of profits of associates and joint ventures increased 0.6 billion yen (65.3%) year on year to 1.4 billion yen. As a result, net profit increased 3.5 billion yen (167.0%) year on year to 5.5 billion yen.

Marubeni Corporation

Consolidated Financial Results

Next Generation Business Development

(Millions of yen)

	Three-month period ended June 30,		Variance
	2020	2021	
Revenue	793	766	(27)
Gross trading profit	470	496	26
Operating profit (loss)	(543)	(475)	68
Share of profits (losses) of associates and joint ventures	(14)	2	16
Profit (loss) attributable to owners of the parent	(495)	(186)	309

Gross trading profit and operating loss both stayed at the same level as the year-earlier period at 0.5 billion yen and at 0.5 billion yen, respectively. Net loss improved 0.3 billion yen (62.4%) year on year to 0.2 billion yen, as a result of valuation gains on fund investment.

(Note 1) From the fiscal year ending March 31, 2022, the former operating segments of “Food” has been divided into “Food I” and “Food II” segments, parts of “Energy” and “Infrastructure Project” have been reorganized, parts of “Infrastructure Project” and “Aerospace & Ship” have been incorporated into “Metals & Mineral Resources”, a part of “Construction, Industrial Machinery & Mobility” has been incorporated into “Finance & Leasing Business”.

In conjunction with these organizational changes, operating segment information for the first quarter of the fiscal year ended March 31, 2021 has been reclassified.

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

Marubeni Corporation

Consolidated Financial Results

(2) Qualitative Information on Cash Flows and Consolidated Financial Position

① Cash Flows

Cash and cash equivalents at the end of the three-month period under review were 619.0 billion yen, a decrease of 126.9 billion yen from the end of the previous fiscal year.

(Operating activities)

Net cash used in operating activities was 38.3 billion yen due to increases in working capital and others, despite the inflow of operating revenue and dividend income.

(Investing activities)

Net cash used in investing activities was 47.0 billion yen due to the outflow of a capital expenditure in overseas businesses and others, despite the inflow from sales of investment securities.

As a result of the above-mentioned activities, free cash flow for the three-month period under review was an outflow of 85.3 billion yen.

(Financing activities)

Net cash used in financing activities amounted to 42.3 billion yen as results of dividend payment and others.

② Assets, Liabilities and Equity

	(Billions of yen)		
	March 31, 2021	June 30, 2021	Variance
Total assets	6,939.0	6,940.6	1.7
Net interest-bearing debt	1,687.9	1,884.9	197.1
Total equity	1,911.8	2,003.0	91.2
Net D/E ratio (times)	0.88	0.94	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 corporate bonds and current and noncurrent borrowings.

Total assets at the end of the three-month period under review increased 1.7 billion yen from the end of the previous fiscal year to 6,940.6 billion yen. **Net interest-bearing debt**

Marubeni Corporation

Consolidated Financial Results

increased 197.1 billion yen from the end of the previous fiscal year to 1,884.9 billion yen, mainly due to the free cash outflow and an increase in dividend payment. **Total equity** increased 91.2 billion yen from the end of the previous fiscal year to 2,003.0 billion yen, mainly due to an increase in retained earnings. Consequently, **Net DE ratio** stood at 0.94 times.

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

The earnings forecasts (net profit of 230.0 billion yen) for the fiscal year ending March 31, 2022 are unchanged from the initial forecast announced on May 6, 2021.

(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 by various factors in the future.

Marubeni Corporation
Consolidated Financial Results

2. Consolidated Financial Statements and Notes

(1) Consolidated Statements of Financial Position

	(Millions of yen)		
	March 31	June 30	
	2021	2021	Variance
Assets			
Current assets:			
Cash and cash equivalents	745,858	618,954	(126,904)
Time deposits	113	486	373
Investment securities	6	6	—
Trade and loan receivables	1,057,245	1,167,263	110,018
Other current financial assets	341,928	391,547	49,619
Inventories	988,004	903,650	(84,354)
Assets held-for-sale	24,865	14,067	(10,798)
Other current assets	223,573	230,219	6,646
Total current assets	3,381,592	3,326,192	(55,400)
Non-current assets:			
Investments in associates and joint ventures	1,730,680	1,771,267	40,587
Other investments	256,621	261,497	4,876
Trade and loan receivables	94,803	90,968	(3,835)
Other non-current financial assets	89,205	101,406	12,201
Property, plant and equipment	1,001,853	1,004,181	2,328
Intangible assets	296,910	296,721	(189)
Deferred tax assets	25,435	24,774	(661)
Other non-current assets	61,859	63,614	1,755
Total non-current assets	3,557,366	3,614,428	57,062
Total assets	6,938,958	6,940,620	1,662

Marubeni Corporation
Consolidated Financial Results

	(Millions of yen)		
	March 31	June 30	
	2021	2021	Variance
Liabilities and Equity			
Current liabilities:			
Bonds and borrowings	623,501	789,969	166,468
Trade and other payables	1,187,719	1,056,603	(131,116)
Other current financial liabilities	465,244	482,763	17,519
Income tax payable	14,998	21,314	6,316
Liabilities directly associated with assets held-for-sale	2,854	—	(2,854)
Other current liabilities	398,036	335,318	(62,718)
Total current liabilities	2,692,352	2,685,967	(6,385)
Non-current liabilities:			
Bond and borrowings	1,810,355	1,714,407	(95,948)
Trade and other payables	3,215	1,162	(2,053)
Other non-current financial liabilities	264,752	277,717	12,965
Accrued pension and retirement benefits	70,394	67,206	(3,188)
Deferred tax liabilities	94,445	102,817	8,372
Other non-current liabilities	91,676	88,354	(3,322)
Total non-current liabilities	2,334,837	2,251,663	(83,174)
Total liabilities	5,027,189	4,937,630	(89,559)
Equity:			
Issued capital	262,686	262,686	—
Capital surplus	143,667	143,658	(9)
Other equity instruments	243,589	243,589	—
Treasury stock	(772)	(740)	32
Retained earnings	1,071,639	1,148,008	76,369
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	43,864	46,663	2,799
Foreign currency translation adjustments	123,789	131,387	7,598
Gains (losses) on cash flow hedges	(69,407)	(61,757)	7,650
Equity attributable to owners of the parent	1,819,055	1,913,494	94,439
Non-controlling interests	92,714	89,496	(3,218)
Total equity	1,911,769	2,002,990	91,221
Total liabilities and equity	6,938,958	6,940,620	1,662

Marubeni Corporation

Consolidated Financial Results

(2) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three-month period ended June 30,			
	2020	2021	Variance	Ratio (%)
Revenue:				
Sale of goods	1,558,876	2,106,809	547,933	35.1
Commissions on services and trading margins	28,680	27,212	(1,468)	(5.1)
Total revenue	1,587,556	2,134,021	546,465	34.4
Cost of goods sold	(1,408,783)	(1,919,943)	(511,160)	36.3
Gross trading profit	178,773	214,078	35,305	19.7
Other income (expenses) :				
Selling, general and administrative expenses	(124,806)	(143,964)	(19,158)	15.4
Provision for doubtful accounts	(2,021)	(927)	1,094	(54.1)
Gains (losses) on property, plant and equipment				
Impairment losses on property, plant and equipment	(96)	(13)	83	(86.5)
Gains (losses) on sales of property, plant and equipment	44	879	835	—
Other – net	(635)	(1,205)	(570)	89.8
Total other income (expenses)	(127,514)	(145,230)	(17,716)	13.9
Finance income (expenses):				
Interest income	2,972	2,726	(246)	(8.3)
Interest expense	(7,617)	(5,314)	2,303	(30.2)
Dividend income	3,698	4,781	1,083	29.3
Gains (losses) on investment securities	(156)	2,184	2,340	—
Total finance income (expenses)	(1,103)	4,377	5,480	—
Share of profits of associates and joint ventures	24,540	66,147	41,607	169.5
Profit for the period before tax	74,696	139,372	64,676	86.6
Provision for income tax	(14,498)	(24,375)	(9,877)	68.1
Profit for the period	60,198	114,997	54,799	91.0
Profit for the period attributable to:				
Owners of the parent	58,132	112,132	54,000	92.9
Non-controlling interests	2,066	2,865	799	38.7
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	(1,986)	5,954	7,940	—
Remeasurements of defined benefit pension plan	7,215	2,010	(5,205)	(72.1)
Changes in other comprehensive income of associates and joint ventures	993	(2,852)	(3,845)	—
Items that will be retransferred to profit and loss for the period				
Foreign currency translation adjustments	12,577	6,936	(5,641)	(44.9)
Gains (losses) on cash flow hedges	4,712	(2,968)	(7,680)	—
Changes in other comprehensive income of associates and joint ventures	(15,383)	13,927	29,310	—
Other comprehensive income, net of tax	8,128	23,007	14,879	183.1
Total comprehensive income for the period	68,326	138,004	69,678	102.0
Attributable to:				
Owners of the parent	66,464	134,581	68,117	102.5
Non-controlling interests	1,862	3,423	1,561	83.8

Marubeni Corporation

Consolidated Financial Results

(3) Consolidated Statements of Changes in Equity

◆ The Three-month Period Ended June 30, 2020 (April 1, 2020 - June 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					58,132		
Other comprehensive income						(995)	10,489
Purchases and sales of treasury stock		28		240			
Dividends payment					(30,378)		
Equity transactions with non-controlling interests and others		114			9		
Transfer to retained earnings					5,470	1,555	
Transfer to non-financial assets and others							
Balance at end of period	262,686	143,331	243,589	(932)	899,373	23,278	51,736

	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				58,132	2,066	60,198
Other comprehensive income	(8,187)	7,025	8,332	8,332	(204)	8,128
Purchases and sales of treasury stock				268		268
Dividends payment				(30,378)	(5,139)	(35,517)
Equity transactions with non-controlling interests and others				123	638	761
Transfer to retained earnings		(7,025)	(5,470)	—		—
Transfer to non-financial assets and others	1		1	1		1
Balance at end of period	(71,108)	—	3,906	1,551,953	86,486	1,638,439

Marubeni Corporation

Consolidated Financial Results

◆ *The Three-month Period Ended June 30, 2021 (April 1, 2021 - June 30, 2021)*

(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	143,667	243,589	(772)	1,071,639	43,864	123,789
Profit for the period					112,132		
Other comprehensive income						3,170	7,598
Share-based payment transactions		144					
Purchases and sales of treasury stock		4		32			
Dividends payment					(38,206)		
Equity transactions with non-controlling interests and others		(157)			129		
Transfer to retained earnings					2,314	(371)	
Transfer to non-financial assets and others							
Balance at end of period	262,686	143,658	243,589	(740)	1,148,008	46,663	131,387

	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	(69,407)	—	98,246	1,819,055	92,714	1,911,769
Profit for the period				112,132	2,865	114,997
Other comprehensive income	9,738	1,943	22,449	22,449	558	23,007
Share-based payment transactions				144		144
Purchases and sales of treasury stock				36		36
Dividends payment				(38,206)	(5,718)	(43,924)
Equity transactions with non-controlling interests and others				(28)	(923)	(951)
Transfer to retained earnings		(1,943)	(2,314)	—		—
Transfer to non-financial assets and others	(2,088)		(2,088)	(2,088)		(2,088)
Balance at end of period	(61,757)	—	116,293	1,913,494	89,496	2,002,990

Marubeni Corporation

Consolidated Financial Results

(4) Consolidated Statements of Cash Flows

	(Millions of yen)		
	Three-month period ended June 30,		Variance
	2020	2021	
Operating activities			
Profit for the period	60,198	114,997	54,799
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:			
Depreciation and amortisation	34,484	36,854	2,370
Losses (Gains) on property, plant and equipment	52	(866)	(918)
Finance expenses (income)	1,103	(4,377)	(5,480)
Share of profits of associates and joint ventures	(24,540)	(66,147)	(41,607)
Income taxes	14,498	24,375	9,877
Changes in notes and trade accounts receivable	101,848	(78,506)	(180,354)
Changes in inventories	151,009	81,884	(69,125)
Changes in notes and trade accounts payable	(214,934)	(130,243)	84,691
Other-net	(11,606)	(38,783)	(27,177)
Interest received	2,437	2,774	337
Interest paid	(7,868)	(4,593)	3,275
Dividends received	30,457	44,447	13,990
Income taxes paid	(18,972)	(20,116)	(1,144)
Net cash provided by/ used in operating activities	118,166	(38,300)	(156,466)
Investing activities			
Net decrease (increase) in time deposits	(107)	(374)	(267)
Proceeds from sale of property, plant and equipment	607	2,783	2,176
Collection of loans receivable	1,202	5,280	4,078
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	(26)	8,734	8,760
Proceeds from sale of investments in associates and joint ventures, and other investments	18,470	6,557	(11,913)
Purchase of property, plant and equipment	(28,777)	(30,384)	(1,607)
Purchase of investment property	(1)	(5)	(4)
Loans provided to customers	(24,090)	(30,207)	(6,117)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(18,800)	(1,257)	17,543
Purchase of investments in associates and joint ventures, and other investments	(32,123)	(8,165)	23,958
Net cash provided by/used in investing activities	(83,645)	(47,038)	36,607
Financing activities			
Net increase (decrease) in short-term borrowings	160,324	135,657	(24,667)
Proceeds from long-term bonds and borrowings	90,476	30,413	(60,063)
Repayments of long-term bonds and borrowings	(108,174)	(165,904)	(57,730)
Dividends paid to owners of the parent	(30,378)	(38,206)	(7,828)
Net cash outflows on purchases and sales of treasury stock	(1)	(2)	(1)
Capital contribution from non-controlling interests	20	—	(20)
Acquisition of equity portion of subsidiary from non-controlling interests	(242)	—	242
Other	(4,238)	(4,249)	(11)
Net cash provided by/used in financing activities	107,787	(42,291)	(150,078)
Effect of exchange rate changes on cash and cash equivalents	111	(170)	(281)
Net increase (decrease) in cash and cash equivalents	142,419	(127,799)	(270,218)
Cash and cash equivalents at beginning of period	522,523	745,858	223,335
Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	895	895
Cash and cash equivalents at end of period	664,942	618,954	(45,988)

Marubeni Corporation

Consolidated Financial Results

(5) Notes Related to Going Concern Assumptions

None

(6) Segment Information

<Operating Segment>

◆ The Three-Month Period Ended June 30, 2020 (April 1, 2020 - June 30, 2020)

(Millions of yen)

	Lifestyle	ICT & Real Estate Business	Forest Products	Food I	Food II	Agri Business	Chemicals	Energy	Metals & Mineral Resources
Revenue	26,431	83,967	56,510	148,632	178,118	794,114	87,289	80,638	63,723
Gross trading profit (loss)	3,763	28,203	6,653	11,950	19,058	57,456	10,472	12,237	4,458
Operating profit (loss)	(326)	8,134	1,045	2,231	12,276	21,097	5,358	4,558	150
Share of profits (losses) of associates and joint ventures	(154)	6	(534)	1,667	611	441	371	8	6,903
Profit (loss) attributable to owners of the parent	(274)	5,612	(221)	3,215	8,035	15,341	4,405	4,237	7,024
Segment assets (as of March 31, 2021)	94,159	449,829	285,931	379,010	313,012	1,402,869	283,728	549,888	871,790

	Power Business	Infrastructure Project	Aerospace & Ship	Finance & Leasing Business	Construction, Industrial Machinery & Mobility	Next Generation Business Development	Other	Consolidated
Revenue	28,982	4,868	12,109	1,121	54,429	793	(34,168)	1,587,556
Gross trading profit (loss)	4,628	2,534	2,823	492	15,936	470	(2,360)	178,773
Operating profit (loss)	(3,655)	(1,046)	361	(1,366)	1,208	(543)	2,464	51,946
Share of profits (losses) of associates and joint ventures	7,707	2,196	1,665	2,812	849	(14)	6	24,540
Profit (loss) attributable to owners of the parent	4,609	1,535	1,521	1,963	2,074	(495)	(449)	58,132
Segment assets (as of March 31, 2021)	741,162	227,789	265,651	341,153	353,782	16,598	362,607	6,938,958

◆ The Three-Month Period Ended June 30, 2021 (April 1, 2021 - June 30, 2021)

(Millions of yen)

	Lifestyle	ICT & Real Estate Business	Forest Products	Food I	Food II	Agri Business	Chemicals	Energy	Metals & Mineral Resources
Revenue	19,438	82,640	47,912	170,435	195,858	1,127,926	132,974	119,426	100,224
Gross trading profit (loss)	3,871	28,349	11,349	12,691	15,969	75,691	10,979	10,228	7,001
Operating profit (loss)	(65)	5,994	6,026	2,067	8,814	34,152	5,683	2,781	2,369
Share of profits (losses) of associates and joint ventures	(10)	1,247	307	1,391	660	653	674	1,014	38,375
Profit (loss) attributable to owners of the parent	59	5,256	3,583	6,528	8,109	24,862	4,962	4,299	40,896
Segment assets (as of June 30, 2021)	91,388	448,687	292,416	372,520	326,350	1,343,548	290,514	621,490	905,310

	Power Business	Infrastructure Project	Aerospace & Ship	Finance & Leasing Business	Construction, Industrial Machinery & Mobility	Next Generation Business Development	Other	Consolidated
Revenue	54,771	6,532	21,909	1,976	97,708	766	(46,474)	2,134,021
Gross trading profit (loss)	4,804	2,680	6,601	942	24,479	496	(2,052)	214,078
Operating profit (loss)	(4,006)	(970)	3,968	(1,180)	6,638	(475)	(2,609)	69,187
Share of profits (losses) of associates and joint ventures	9,057	2,295	991	8,083	1,403	2	5	66,147
Profit (loss) attributable to owners of the parent	2,290	1,976	4,217	5,667	5,538	(186)	(5,924)	112,132
Segment assets (as of June 30, 2021)	815,859	219,641	271,834	354,879	350,039	21,998	214,147	6,940,620

(Note 1) From FYE 3/2022, the former operating segments of "Food" has been divided into "Food I" and "Food II" segments, parts of "Energy" and "Infrastructure Project" have been reorganized, parts of "Infrastructure Project" and "Aerospace & Ship" have been incorporated into "Metals & Mineral Resources", a part of "Construction, Industrial Machinery & Mobility" has been incorporated into "Finance & Leasing Business". In conjunction with these revisions, operating segment information for the year-earlier period and March 31, 2021 has been reclassified.

(Note 2) "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" and "Selling, general and administrative expenses" including "Provision for doubtful accounts".

(Note 3) Inter-segment transactions are priced in accordance with the prevailing market prices.

(Note 4) "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.