

Q2 FYE 3/2022

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

(April 1, 2021 – September 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 Six-Month Period Ended September 30, 2021 (IFRS basis)

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 Listed: Tokyo
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 Expected date of quarterly financial statement report : November 11, 2021
 Expected date of the beginning of delivery of dividends : December 1, 2021
 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, 2021 (April 1, 2021 - September 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)	(%)
Six months ended September 30, 2021	4,075,788	33.8	118,878	60.6	257,083	93.4	211,761	99.5	205,834	102.4	201,924	100.1
2020	3,046,029	(16.6)	74,023	(6.0)	132,959	-	106,170	-	101,686	-	100,915	-

	Earnings per share (basic)		Earnings per share (diluted)	
	(yen)	(yen)	(yen)	(yen)
Six months ended September 30, 2021	117.52	117.34		
2020	57.43	57.37		

(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" excluding the amount not attributable to ordinary shareholders.

3. Due to earlier application of Amendments to IAS 12 Income Taxes (issued in May 2021), results for the six-months ended September 30, 2020, have been re-presented retrospectively. Percentages of change from the previous fiscal year for the six-months ended September 30, 2020 are not presented.

(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)	(%)	(yen)
September 30, 2021	7,188,613	1,957,569	1,868,020	26.0	990.91
March 31, 2021	6,935,749	1,907,507	1,814,793	26.2	903.86

(Note) Due to earlier application of Amendments to IAS 12 Income Taxes (issued in May 2021), figures as of Mar-31-2021, have been re-presented retrospectively.

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	-	25.50	-	-	-
FYE 3/2022 (forecast)	-	-	-	25.50	51.00

(Note) Changes from the latest announced forecasts: Yes

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

(Remarks)

FYE 3/2022	Profit attributable to owners of the parent		%: change from the previous fiscal year	
	(millions of yen)	(%)	Earnings per share attributable to owners of the parent (basic)	
	350,000	56.8	(yen)	
			199.82	

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

2. For the details of the forecasts of consolidated earnings, please refer to P.15 "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.

4. Due to earlier application of Amendments to IAS 12 Income Taxes (issued in May 2021), percentage of change from the previous fiscal year is calculated based on the figures that have been altered retrospectively.

*Notes

(1) Changes in principal subsidiaries during the period : None

(2) Changes in accounting principles and accounting estimates

① Changes in accounting principles required by IFRS : None

② Changes other than ① : Yes

③ Changes in accounting estimate : None

(Note) Please refer to P.24 "2. Consolidated Financial Statements and Notes, (6) Changes in Accounting Principles" for details.

(3) Number of issued shares (Common shares)

① Number of issued shares at the end of the term
(Treasury stock is included)

September 30, 2021	1,738,475,497
March 31, 2021	1,737,940,900

② Number of treasury stock at the end of the term

September 30, 2021	1,172,790
March 31, 2021	1,505,299

③ Average number of outstanding shares during the term

Six months ended September 30, 2021	1,736,547,489
Six months ended September 30, 2020	1,736,107,067

(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 534,597 to 1,738,475,497.

※ The Summary of Consolidated Financial Statements for the Six-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, November 2, 2021.

The Company is scheduled to hold an IR meeting on financial results for institutional investors and analysts on Friday, November 5, 2021, and to post the transcript 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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1. Qualitative Information on Consolidated Financial Results for the Six-month Period under Review

From the second quarter of the fiscal year ending March 31, 2022, the Marubeni Group moved to adopt earlier application of the amendments to International Accounting Standard 12 “Income Taxes” (hereinafter “IAS 12 “Income Taxes””). Year-on-year comparisons and analyses are based on figures to which the same accounting standard was retrospectively applied. The details of the changes in accounting principles are stated in the section “(6) Changes in Accounting Principles” in “2. Consolidated Financial Statements and Notes”.

(1) Qualitative Information on Consolidated Business Results

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

Despite progress being made with COVID-19 vaccinations, particularly in developed countries, demand was curbed by the resurgence of infections in many countries. Also, business activity was weighed down by supply bottlenecks mainly because the automotive industry (which has extensive links to other industries) was forced to curtail production due to the global shortage of semiconductors. As a result, even though economic activity continued to expand in the USA and China, where powerful recoveries had been seen, there were signs that the pace of that expansion was slowing. Moreover, restrictions on business activity and other infection countermeasures were extended or reinforced in Japan and some emerging market economies, and the lag in economic recovery in those countries was relatively conspicuous. Meanwhile, Europe continued to see a comparatively strong economic recovery following the easing of restrictions there. In this way, economic conditions differed from country to country owing chiefly to the kind of restrictions that had been enforced, but the global economy as a whole continued to demonstrate a modest recovery.

USA long-term interest rates were seen moving sharply higher in response to strong indications in September that the Federal Reserve would start to normalize monetary policy by the end of the year. Long-term interest rates had been relatively stable up until then, however, and share prices generally held firm, especially in Europe and North America.

After hitting an 80-month high in early July, the WTI crude oil price temporarily fell before climbing again on fears of production cuts due to the impact of the hurricane that made

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landfall in the south of the USA in August. In addition, copper and iron ore prices hit record highs before trending downwards in response to concerns of shrinking demand and the announcement of price controls by the government of China, the world's largest importer of copper and iron ore.

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

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	3,046,029	4,075,788	1,029,759
Gross trading profit	328,165	405,350	77,185
Selling, general and administrative expenses	(251,198)	(285,606)	(34,408)
Provision for doubtful accounts	(2,944)	(866)	2,078
Operating profit	74,023	118,878	44,855
Interest expense - net of interest income	(7,410)	(4,686)	2,724
Dividend income	6,150	12,656	6,506
Other non-operating income	(3,410)	5,842	9,252
Gains on investment securities	492	5,860	5,368
Gains (losses) on property, plant and equipment	(197)	978	1,175
Other – net	(3,705)	(996)	2,709
Share of profits of associates and joint ventures	63,606	124,393	60,787
Profit for the period before tax	132,959	257,083	124,124
Provision for income tax	(26,789)	(45,322)	(18,533)
Profit for the period	106,170	211,761	105,591
attributable to owners of the parent	101,686	205,834	104,148
Non-controlling interests	4,484	5,927	1,443

(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 on investment securities”, “Gains (losses) on property, plant and equipment” and “Other – net” stated in Consolidated Statements of Comprehensive Income.

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Revenue

Revenue was up 1,029.8 billion yen (33.8%) from the year-earlier period to 4,075.8 billion yen, due mainly to increase in *Agri Business* segment.

Gross trading profit

Gross trading profit increased 77.2 billion yen (23.5%) from the year-earlier period to 405.4 billion yen. Main increases and decreases by operating segment are the following.

-Agri Business: Increase of 35.6 billion yen

Profit increase in Gavilon's fertilizer business and Helena against the backdrop of strong demand for agri-input products and higher commodity prices

-Metals & Mineral Resources: Increase of 14.3 billion yen

Profit increase in the Australian coking coal business and the Australian and Canadian aluminum businesses in accordance with higher commodity prices

-Construction, Industrial Machinery & Mobility: Increase of 12.6 billion yen

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

-Power Business: Decrease of 14.0 billion yen

One-time loss on an overseas EPC project

Selling, general and administrative expenses

Selling, general and administrative expenses increased 34.4 billion yen (13.7%) from the year-earlier period to 285.6 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 2.1 billion yen (70.6%) from the year-earlier period to 0.9 billion yen.

As a result, operating profit for the six-month period under review increased 44.9 billion yen year on year (60.6%) to 118.9 billion yen.

Interest expense – net of interest income

Interest expense – net of interest income decreased 2.7 billion yen (36.8%) year on year to 4.7 billion yen.

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Dividend income

Dividend income increased 6.5 billion yen (105.8%) year on year to 12.7 billion yen.

Non-operating other-net

Non-operating other – net improved 9.3 billion yen (-%) year on year to 5.8 billion yen.

Share of profits of associates and joint ventures

Share of profits of associates and joint ventures increased 60.8 billion yen (95.6%) from the year-earlier period to 124.4 billion yen. Main increase by operating segment is the following.

-Metals & Mineral Resources: Increase of 58.8 billion yen

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

As a result, profit before tax for the six-month period under review increased 124.1 billion yen (93.4%) compared to the year-earlier period to 257.1 billion yen.

Provision for income tax

Provision for income tax increased 18.5 billion yen (69.2%) to 45.3 billion yen.

As a result, profit for the period increased 105.6 billion yen (99.5%) from the year-earlier period to 211.8 billion yen, and profit attributable to owners of the parent for the six-month period ended September 30, 2021, increased 104.1 billion yen (102.4%) year on year to 205.8 billion yen.

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

Lifestyle

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	60,189	44,389	(15,800)
Gross trading profit	9,085	8,514	(571)
Operating profit	919	458	(461)
Share of profits (losses) of associates and joint ventures	(163)	181	344
Profit attributable to owners of the parent	668	673	5

Gross trading profit decreased 0.6 billion yen (6.3%) year on year to 8.5 billion yen and operating profit decreased 0.5 billion yen (50.2%) year on year to 0.5 billion yen. Share of profits of associates and joint ventures improved 0.3 billion yen (- %) year on year to 0.2 billion yen. As a result, net profit stayed at the same level as the year-earlier period at 0.7 billion yen.

ICT & Real Estate Business

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	163,035	177,488	14,453
Gross trading profit	54,528	55,852	1,324
Operating profit	12,989	11,430	(1,559)
Share of profits of associates and joint ventures	88	1,855	1,767
Profit attributable to owners of the parent	8,943	9,553	610

Gross trading profit increased 1.3 billion yen (2.4%) year on year to 55.9 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 more than offset lower domestic real estate sales. However, operating profit declined 1.6 billion yen (12.0%) year on year to 11.4 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 1.8 billion yen (- %) year on year to 1.9 billion yen due to a profit increase in Chinese real estate sales business. As a result, net profit increased 0.6 billion yen (6.8%) year on year to 9.6 billion yen.

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Forest Products

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	113,624	98,241	(15,383)
Gross trading profit	12,884	21,363	8,479
Operating profit	1,655	10,427	8,772
Share of profits (losses) of associates and joint ventures	(559)	763	1,322
Profit (loss) attributable to owners of the parent	(567)	6,166	6,733

Gross trading profit increased 8.5 billion yen (65.8%) year on year to 21.4 billion yen as a result of profit increase in MUSI Pulp project due to the improvement in pulp market prices and others, an increase in sales volume of domestic manufacture and sales of containerboard business, and profit increase in wood-chip business. Operating profit increased 8.8 billion yen (530.0%) year on year to 10.4 billion yen. Share of profits of associates and joint ventures improved 1.3 billion yen (- %) year on year to 0.8 billion yen. As a result, net profit (loss) improved 6.7 billion yen (- %) year on year to positive 6.2 billion yen.

Food I

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	301,243	348,198	46,955
Gross trading profit	23,334	25,544	2,210
Operating profit	3,805	4,606	801
Share of profits of associates and joint ventures	2,788	2,510	(278)
Profit attributable to owners of the parent	4,552	9,321	4,769

Gross trading profit increased 2.2 billion yen (9.5%) year on year to 25.5 billion yen mainly owing to profit improvements in marine product sales business and others. Operating profit increased 0.8 billion yen (21.1%) year on year to 4.6 billion yen. Share of profits of associates and joint ventures decreased 0.3 billion yen (10.0%) from the year-earlier period to 2.5 billion yen due to profit decrease in domestic retail businesses. Nevertheless, net profit increased 4.8 billion yen (104.8%) year on year to 9.3 billion yen due to the gains from sale of the North American wild salmon business.

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Food II

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	332,354	395,178	62,824
Gross trading profit	33,161	38,286	5,125
Operating profit	20,545	24,394	3,849
Share of profits of associates and joint ventures	1,669	1,176	(493)
Profit attributable to owners of the parent	12,790	19,745	6,955

Gross trading profit increased 5.1 billion yen (15.5%) year on year to 38.3 billion yen due to the strong performance in the beef processing and sales business, etc. Operating profit increased 3.8 billion yen (18.7%) year on year to 24.4 billion yen. Share of profits of associates and joint ventures decreased 0.5 billion yen (29.5%) year on year to 1.2 billion yen because of the profit decline in Chinese broiler chicken business. In addition to the above, mainly due to improvement in foreign exchange gains and losses, net profit increased 7.0 billion yen (54.4%) year on year to 19.7 billion yen.

Agri Business

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	1,416,395	1,993,642	577,247
Gross trading profit	90,547	126,180	35,633
Operating profit	20,536	45,505	24,969
Share of profits of associates and joint ventures	2,035	1,875	(160)
Profit attributable to owners of the parent	16,656	33,228	16,572

Gross trading profit increased 35.6 billion yen (39.4%) from the year-earlier period to 126.2 billion yen due to profit increases in Gavilon's fertilizer business and Helena against the backdrop of strong demand for agri-input products and higher commodity prices. Operating profit increased 25.0 billion yen (121.6%) year on year to 45.5 billion yen. Share of profits of associates and joint ventures decreased 0.2 billion yen (7.9%) from the year-earlier period to 1.9 billion yen. As a result, net profit increased 16.6 billion yen (99.5%) year on year to 33.2 billion yen.

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Chemicals

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	180,040	259,809	79,769
Gross trading profit	20,009	20,832	823
Operating profit	9,807	10,320	513
Share of profits of associates and joint ventures	694	1,373	679
Profit attributable to owners of the parent	8,736	9,455	719

Gross trading profit increased 0.8 billion yen (4.1%) year on year to 20.8 billion yen despite the non-recurrence of the strong olefin trade seen in the previous fiscal year, due to the favorable performances in other commodities. Operating profit increased 0.5 billion yen (5.2%) year on year to 10.3 billion yen. Share of profits of associates and joint ventures increased 0.7 billion yen (97.8%) to 1.4 billion yen, due to the profit increase in synthetic rubber manufacturing and sales business. As a result, net profit increased 0.7 billion yen (8.2%) year on year to 9.5 billion yen.

Energy

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	163,094	272,758	109,664
Gross trading profit	19,010	21,842	2,832
Operating profit	3,739	6,659	2,920
Share of profits of associates and joint ventures	150	1,629	1,479
Profit attributable to owners of the parent	3,489	12,969	9,480

Gross trading profit increased 2.8 billion yen (14.9%) year on year to 21.8 billion yen, mainly as a result of the profit increase in the oil and gas E&P due to higher crude oil and gas prices. Operating profit increased 2.9 billion yen (78.1%) year on year to 6.7 billion yen. Share of profits of associates and joint ventures increased 1.5 billion yen (986.0%) from the year-earlier period to 1.6 billion yen. In addition to the above, dividends receivable increased, and net profit increased 9.5 billion yen (271.7%) year on year to 13.0 billion yen.

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Metals & Mineral Resources

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	134,410	204,309	69,899
Gross trading profit	7,942	22,289	14,347
Operating profit (loss)	(974)	12,832	13,806
Share of profits of associates and joint ventures	19,295	78,060	58,765
Profit attributable to owners of the parent	18,481	87,067	68,586

Gross trading profit increased 14.3 billion yen (180.6%) year on year to 22.3 billion yen on because of the profit growth in the Australian coking coal business and the Australian and Canadian aluminum businesses due to rising commodity prices. Operating profit (loss) improved 13.8 billion yen (- %) year on year to 12.8 billion yen. Share of profits of associates and joint ventures increased 58.8 billion yen (304.6%) year on year to 78.1 billion yen as a result of profit increases in the Australian iron ore business and the Chilean copper business due to higher commodity prices, and in steel products business. As a result, net profit increased 68.6 billion yen (371.1%) year on year to 87.1 billion yen.

Power Business

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	78,406	120,855	42,449
Gross trading profit (loss)	10,807	(3,161)	(13,968)
Operating loss	(6,352)	(21,597)	(15,245)
Share of profits of associates and joint ventures	18,592	12,971	(5,621)
Profit (loss) attributable to owners of the parent	12,081	(8,822)	(20,903)

Gross trading profit (loss) deteriorated 14.0 billion yen (- %) year on year to negative 3.2 billion yen, due to one-time loss on an overseas EPC project. Operating loss worsened 15.2 billion yen (240.0%) year on year to 21.6 billion yen. Share of profits of associates and joint ventures decreased 5.6 billion yen (30.2%) year on year to 13.0 billion yen because of one-time loss on IPP projects. As a result, net profit (loss) deteriorated 20.9 billion yen (- %) year on year to negative 8.8 billion yen.

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Infrastructure Project

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	11,341	11,554	213
Gross trading profit	4,876	4,951	75
Operating loss	(2,406)	(2,741)	(335)
Share of profits of associates and joint ventures	5,636	5,123	(513)
Profit attributable to owners of the parent	6,332	3,696	(2,636)

Gross trading profit stayed at the same level as the year-earlier period at 5.0 billion yen, but operating loss worsened 0.3 billion yen (13.9%) year on year to 2.7 billion yen. Share of profits of associates and joint ventures decreased 0.5 billion yen (9.1%) from the year-earlier period to 5.1 billion yen due to profit decline in oil and gas E&P related business in the USA, etc. In addition to the above, because of non-recurrence of the one-time gain on the overseas infrastructure projects posted in the year-earlier period, net profit decreased 2.6 billion yen (41.6%) from the year-earlier period to 3.7 billion yen.

Aerospace & Ship

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	28,154	44,294	16,140
Gross trading profit	6,561	14,494	7,933
Operating profit	1,433	8,956	7,523
Share of profits of associates and joint ventures	2,560	3,085	525
Profit attributable to owners of the parent	2,893	10,437	7,544

Gross trading profit increased 7.9 billion yen (120.9%) year on year to 14.5 billion yen, because of profit growth in ship-related businesses owing to improvements in ship market conditions. Operating profit increased 7.5 billion yen (525.0%) year on year to 9.0 billion yen. Share of profits of associates and joint ventures likewise increased 0.5 billion yen (20.5%) year on year to 3.1 billion yen, because of profit growth in ship-related businesses owing to improvements in ship market conditions. Consequently, net profit increased 7.5 billion yen (260.8%) year on year to 10.4 billion yen.

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Finance & Leasing Business

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	2,559	4,126	1,567
Gross trading profit	1,268	1,964	696
Operating loss	(2,623)	(2,539)	84
Share of profits of associates and joint ventures	9,208	10,989	1,781
Profit attributable to owners of the parent	6,582	8,100	1,518

Gross trading profit increased 0.7 billion yen (54.9%) year on year to 2.0 billion yen, and operating loss stayed at the same level as the year-earlier period at 2.5 billion yen. Share of profits of associates and joint ventures increased 1.8 billion yen (19.3%) year on year to 11.0 billion yen, due to profit increase in the used car retail financing business in the USA, etc., despite of deteriorated earnings in the aircraft leasing business in the USA. Consequently, net profit increased 1.5 billion yen (23.1%) year on year to 8.1 billion yen.

Construction, Industrial Machinery & Mobility

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	134,430	195,336	60,906
Gross trading profit	37,610	50,257	12,647
Operating profit	6,150	14,174	8,024
Share of profits of associates and joint ventures	1,555	2,758	1,203
Profit attributable to owners of the parent	6,227	11,971	5,744

Gross trading profit increased 12.6 billion yen (33.6%) year on year to 50.3 billion yen, mainly as results of increase in number of sales of automobile related businesses and construction machinery businesses and others due to the easing of COVID-19. Operating profit increased 8.0 billion yen (130.5%) year on year to 14.2 billion yen. Share of profits of associates and joint ventures increased 1.2 billion yen (77.4%) year on year to 2.8 billion yen. As a result, net profit increased 5.7 billion yen (92.2%) year on year to 12.0 billion yen.

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Next Generation Business Development

(Millions of yen)

	Six-month period ended September 30,		Variance
	2020	2021	
Revenue	1,412	1,483	71
Gross trading profit	905	967	62
Operating profit (loss)	(1,102)	(1,123)	(21)
Share of profits (losses) of associates and joint ventures	50	(2)	(52)
Profit (loss) attributable to owners of the parent	(1,024)	(296)	728

Gross trading profit and operating loss both stayed at the same level as the year-earlier period at 1.0 billion yen and at 1.1 billion yen, respectively. Net loss improved 0.7 billion yen (71.1%) year on year to 0.3 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 year-earlier period has been reclassified.

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

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

① Cash Flows

Cash and cash equivalents at the end of the six-month period under review were 714.6 billion yen, a decrease of 31.3 billion yen from the end of the previous fiscal year.

(Operating activities)

Net cash provided by operating activities was 216.1 billion yen due to operating revenue and dividend income, despite the increases in working capital and others.

(Investing activities)

Net cash used in investing activities was 75.1 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 six-month period under review was an inflow of 141.0 billion yen.

(Financing activities)

Net cash used in financing activities amounted to 170.1 billion yen as results of an optional repayment for the perpetual subordinated loan(*) and dividend payment.

② Assets, Liabilities and Equity

(Billions of yen)

	March 31, 2021	September 30, 2021	Variance
Total assets	6,935.7	7,188.6	252.9
Net interest-bearing debt	1,687.9	1,744.5	56.6
Total equity	1,907.5	1,957.6	50.1
Net D/E ratio (times)	0.88	0.89	0.01 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 six-month period under review increased 252.9 billion yen from the end of the previous fiscal year to 7,188.6 billion yen. **Net interest-bearing debt**

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increased 56.6 billion yen from the end of the previous fiscal year to 1,744.5 billion yen, mainly due to the optional repayment for the perpetual subordinated loan(*) and dividend payment despite the increased free cash inflow. **Total equity** increased 50.1 billion yen from the end of the previous fiscal year to 1,957.6 billion yen, mainly due to an increase in retained earnings by net profit accumulation, despite a decrease by the optional repayment for the perpetual subordinated loan. Consequently, **Net DE ratio** stood at 0.89 times.

(Note *) The Company made an optional repayment of a total of 100.0 billion yen on August 16, 2021, for the perpetual subordinated loan (total amount: 250.0 billion yen) which the Company financed on August 16, 2016.

To fund the optional repayment, the Company issued corporate hybrid bonds with a 75.0 billion yen total value (subordinated debt) on March 4, 2021, and withdrew 25.0 billion yen in total on August 16, 2021, from the hybrid loan facility (a subordinated commitment loan) with a total aggregate principal amount of 25.0 billion yen.

Perpetual subordinated loans are classified as equity instruments under IFRS. Therefore, as a result of the above repayment, total equity decreased 100.0 billion yen.

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

The net profit for the six-month period ended September 30, 2021, amounted to 205.8 billion yen, with the progress to the full-year forecasts announced on May 6, 2021 (net profit of 230.0 billion yen) at 89%.

This is mainly due to the substantial earnings increase in Metals & Mineral Resources and Energy resulted from the steady resource prices, in Agri Business which benefited from strong demand for agri-input products and higher commodity prices, also in Food II where the beef processing and sales business was robust.

In addition to this fact, based on the assumption that the commodity prices remain stronger than initially expected through the second half of the fiscal year, the forecasts for fiscal year ending March 31, 2022, have been revised as follows:

	Forecast announced on May 6, 2021 (A)	Revised forecast (B)	Variance (B-A)	Variance in percentage (%)
Profit attributable to owners of the parent for FYE 3/2022 – Net profit (billions of yen)	230.0	350.0	120.0	52.2%
Earnings per share attributable to owners of the parent (basic) for FYE 3/2022 (yen)	130.72	199.82	69.10	52.9%

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The Company's revised forecasts for the full-year net profit by segment and assumptions of major financial indicators for the fiscal year ending March 31, 2022, are as follows:

<Revised Forecasts for the Full-year Net Profit by Segment>

(Billions of yen)

	Forecast announced on May 6, 2021 (A)	Revised forecast (B)	Variance (B-A)
Lifestyle	3.0	3.0	-
ICT & Real Estate Business	16.0	17.0	1.0
Forest Products	9.0	7.0	(2.0)
Food I	11.0	13.0	2.0
Food II	16.0	28.0	12.0
Agri Business	30.0	43.0	13.0
Chemicals	12.0	15.0	3.0
Energy	17.0	25.0	8.0
Metals & Mineral Resources	62.0	156.0	94.0
Power Business	18.0	3.0	(15.0)
Infrastructure Project	7.0	6.0	(1.0)
Aerospace & Ship	9.0	22.0	13.0
Finance & Leasing Business	15.0	17.0	2.0
Construction, Industrial Machinery & Mobility	17.0	23.0	6.0
Next Generation Business Development	(2.0)	(1.0)	1.0
Other	(10.0)	(27.0)	(17.0)
Consolidated	230.0	350.0	120.0

(Note *) The figures of "Consolidated" and the sum of each operating segment total may not be accord due to rounding errors.

<Assumptions of Major Financial Indicators for FYE 3/2022>

	Initial Assumption (May-6-2021) (A)	Revised Assumption (Nov-2-2021) (B)		Change (B-A)
		H1 FYE 3/2022 Actual	H2 FYE 3/2022 Assumption	
Oil WTI: USD/Barrel	55	68	65	12
Copper LME: USD/MT	8,000	9,488	9,000	1,200
JPY TIBOR 3M: %	0.1	0.06	0.1	-
USD LIBOR 3M: %	0.3	0.14	0.2	(0.1)
Foreign exchange rate (full-year average): USD/JPY	109	109.80	109	-

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<Dividend>

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, 2022, has been revised to 51.00 yen from 34.00 yen in the previous forecast (announced on May 6, 2021). As a result, the interim dividend per share and year-end dividend forecast per share have been revised to 25.50 yen from the previous forecast (announced on May 6, 2021) of 17.00 yen, respectively.

The revised annual dividend forecast of 51.00 yen per share is set as the minimum for the fiscal year ending March 31, 2022.

The interim dividend has already been resolved at 25.50 yen per share.

<Share Buybacks>

In accord with the improvement of the Company's financial foundation, share buybacks will be taken into consideration (to implement a flexible capital policy, the Company revises the previous policy of 'no share buybacks during the GC2021 period'). The timing and the amount will be determined according to the status of cash flows and balance sheet as well as the business environment.

(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.

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2. Consolidated Financial Statements and Notes

(1) Consolidated Statements of Financial Position

	(Millions of yen)		
	March 31	September 30	
	2021	2021	Variance
Assets			
Current assets:			
Cash and cash equivalents	745,858	714,568	(31,290)
Time deposits	113	416	303
Investment securities	6	9	3
Trade and loan receivables	1,057,245	1,125,419	68,174
Other current financial assets	341,928	589,650	247,722
Inventories	988,004	906,865	(81,139)
Assets held-for-sale	24,865	134,942	110,077
Other current assets	223,573	183,417	(40,156)
Total current assets	3,381,592	3,655,286	273,694
Non-current assets:			
Investments in associates and joint ventures	1,730,736	1,779,697	48,961
Other investments	256,621	273,758	17,137
Trade and loan receivables	94,803	90,723	(4,080)
Other non-current financial assets	89,205	127,533	38,328
Property, plant and equipment	1,001,853	893,260	(108,593)
Intangible assets	296,910	283,272	(13,638)
Deferred tax assets	22,170	20,322	(1,848)
Other non-current assets	61,859	64,762	2,903
Total non-current assets	3,554,157	3,533,327	(20,830)
Total assets	6,935,749	7,188,613	252,864

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	(Millions of yen)		
	March 31	September 30	
	2021	2021	Variance
Liabilities and Equity			
Current liabilities:			
Bonds and borrowings	623,501	644,083	20,582
Trade and other payables	1,187,719	1,059,044	(128,675)
Other current financial liabilities	465,244	782,230	316,986
Income tax payable	14,998	24,275	9,277
Liabilities directly associated with assets held-for-sale	2,854	96,127	93,273
Other current liabilities	398,036	331,778	(66,258)
Total current liabilities	2,692,352	2,937,537	245,185
Non-current liabilities:			
Bond and borrowings	1,810,355	1,815,365	5,010
Trade and other payables	3,215	1,238	(1,977)
Other non-current financial liabilities	264,752	278,742	13,990
Accrued pension and retirement benefits	70,394	64,474	(5,920)
Deferred tax liabilities	95,498	93,012	(2,486)
Other non-current liabilities	91,676	40,676	(51,000)
Total non-current liabilities	2,335,890	2,293,507	(42,383)
Total liabilities	5,028,242	5,231,044	202,802
Equity:			
Issued capital	262,686	262,947	261
Capital surplus	143,667	143,434	(233)
Other equity instruments	243,589	145,657	(97,932)
Treasury stock	(772)	(585)	187
Retained earnings	1,067,377	1,239,328	171,951
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	43,864	45,617	1,753
Foreign currency translation adjustments	123,789	130,731	6,942
Gains (losses) on cash flow hedges	(69,407)	(99,109)	(29,702)
Equity attributable to owners of the parent	1,814,793	1,868,020	53,227
Non-controlling interests	92,714	89,549	(3,165)
Total equity	1,907,507	1,957,569	50,062
Total liabilities and equity	6,935,749	7,188,613	252,864

Marubeni Corporation

Consolidated Financial Results

(2) Consolidated Statements of Comprehensive Income

	(Millions of yen)			
	Six-month period ended September 30,			
	2020	2021	Variance	Ratio (%)
Revenue:				
Sale of goods	2,995,077	4,019,388	1,024,311	34.2
Commissions on services and trading margins	50,952	56,400	5,448	10.7
Total revenue	3,046,029	4,075,788	1,029,759	33.8
Cost of goods sold	(2,717,864)	(3,670,438)	(952,574)	35.0
Gross trading profit	328,165	405,350	77,185	23.5
Other income (expenses) :				
Selling, general and administrative expenses	(251,198)	(285,606)	(34,408)	13.7
Provision for doubtful accounts	(2,944)	(866)	2,078	(70.6)
Gains (losses) on property, plant and equipment				
Impairment losses on property, plant and equipment	(199)	(43)	156	(78.4)
Gains on sales of property, plant and equipment	2	1,021	1,019	—
Other – net	(3,705)	(996)	2,709	(73.1)
Total other income (expenses)	(258,044)	(286,490)	(28,446)	11.0
Finance income (expenses):				
Interest income	5,758	5,565	(193)	(3.4)
Interest expense	(13,168)	(10,251)	2,917	(22.2)
Dividend income	6,150	12,656	6,506	105.8
Gains on investment securities	492	5,860	5,368	—
Total finance income (expenses)	(768)	13,830	14,598	—
Share of profits of associates and joint ventures	63,606	124,393	60,787	95.6
Profit for the period before tax	132,959	257,083	124,124	93.4
Provision for income tax	(26,789)	(45,322)	(18,533)	69.2
Profit for the period	106,170	211,761	105,591	99.5
Profit for the period attributable to:				
Owners of the parent	101,686	205,834	104,148	102.4
Non-controlling interests	4,484	5,927	1,443	32.2
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	537	7,794	7,257	—
Remeasurements of defined benefit pension plan	9,865	3,441	(6,424)	(65.1)
Changes in other comprehensive income of associates and joint ventures	2,873	(2,983)	(5,856)	—
Items that will be retransferred to profit and loss for the period				
Foreign currency translation adjustments	(2,707)	5,374	8,081	—
Gains (losses) on cash flow hedges	1,378	(34,263)	(35,641)	—
Changes in other comprehensive income of associates and joint ventures	(17,201)	10,800	28,001	—
Other comprehensive income, net of tax	(5,255)	(9,837)	(4,582)	87.2
Total comprehensive income for the period	100,915	201,924	101,009	100.1
Attributable to:				
Owners of the parent	96,903	195,473	98,570	101.7
Non-controlling interests	4,012	6,451	2,439	60.8

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(3) Consolidated Statements of Changes in Equity

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

(Millions of yen)

	Equity attributable to owners of the parent						Other components of equity	
	Issued capital	Capital surplus	Other equity instruments	Treasury stock	Retained earnings	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	
Cumulative effects of new accounting policy adopted					(2,175)			
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)	941,541	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
Cumulative effects of new accounting policy adopted				(2,175)		(2,175)
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)	1,578,346	88,036	1,666,382

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Consolidated Financial Results

◆ The Six-month Period Ended September 30, 2021 (April 1, 2021 - September 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)	1,067,377	43,864	123,789
Profit for the period					205,834		
Other comprehensive income						4,583	6,942
Share-based payment transactions	261	28					
Purchases and sales of treasury stock		33		187			
Dividends payment					(38,206)		
Equity transactions with non-controlling interests and others		1,774			108		
Distribution to owners of other equity instruments					(1,909)		
Redemption of other equity instruments		(2,068)	(97,932)				
Transfer to retained earnings					6,124	(2,830)	
Transfer to non-financial assets and others							
Balance at end of period	262,947	143,434	145,657	(585)	1,239,328	45,617	130,731

	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	1,814,793	92,714	1,907,507
Profit for the period				205,834	5,927	211,761
Other comprehensive income	(25,180)	3,294	(10,361)	(10,361)	524	(9,837)
Share-based payment transactions				289		289
Purchases and sales of treasury stock				220		220
Dividends payment				(38,206)	(6,179)	(44,385)
Equity transactions with non-controlling interests and others				1,882	(3,437)	(1,555)
Distribution to owners of other equity instruments				(1,909)		(1,909)
Redemption of other equity instruments				(100,000)		(100,000)
Transfer to retained earnings		(3,294)	(6,124)	—		—
Transfer to non-financial assets and others	(4,522)		(4,522)	(4,522)		(4,522)
Balance at end of period	(99,109)	—	77,239	1,868,020	89,549	1,957,569

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Consolidated Financial Results

(4) Consolidated Statements of Cash Flows

	(Millions of yen)		
	Six-month period ended 2020	September 30, 2021	Variance
Operating activities			
Profit for the period	106,170	211,761	105,591
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:			
Depreciation and amortisation	69,123	72,672	3,549
Gains (losses) on property, plant and equipment	197	(978)	(1,175)
Finance expenses (income)	768	(13,830)	(14,598)
Share of profits of associates and joint ventures	(63,606)	(124,393)	(60,787)
Income taxes	26,789	45,322	18,533
Changes in notes and trade accounts receivable	144,502	(18,937)	(163,439)
Changes in inventories	171,431	82,698	(88,733)
Changes in notes and trade accounts payable	(276,824)	(130,200)	146,624
Other-net	(57,562)	32,181	89,743
Interest received	5,707	4,439	(1,268)
Interest paid	(14,219)	(10,386)	3,833
Dividends received	58,221	92,819	34,598
Income taxes paid	(13,189)	(27,098)	(13,909)
Net cash provided by/used in operating activities	157,508	216,070	58,562
Investing activities			
Net decrease (increase) in time deposits	27	(323)	(350)
Proceeds from sale of property, plant and equipment	1,054	4,075	3,021
Collection of loans receivable	3,318	7,706	4,388
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	(480)	9,519	9,999
Proceeds from sale of investments in associates and joint ventures, and other investments	38,579	28,461	(10,118)
Purchase of property, plant and equipment	(63,776)	(52,519)	11,257
Purchase of investment property	(3)	(158)	(155)
Loans provided to customers	(41,590)	(50,979)	(9,389)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(18,754)	(4,061)	14,693
Purchase of investments in associates and joint ventures, and other investments	(38,834)	(16,778)	22,056
Net cash provided by/used in investing activities	(120,459)	(75,057)	45,402
Financing activities			
Net increase (decrease) in short-term borrowings	157,788	99,401	(58,387)
Proceeds from long-term bonds and borrowings	186,452	231,497	45,045
Repayments of long-term bonds and borrowings	(204,060)	(351,240)	(147,180)
Dividends paid to owners of the parent	(30,378)	(38,206)	(7,828)
Net cash outflows on purchases and sales of treasury stock	(4)	(4)	0
Capital contribution from non-controlling interests	27	463	436
Acquisition of equity portion of subsidiary from non-controlling interests	(383)	(3,960)	(3,577)
Distribution to owners of other equity instruments	(1,972)	(1,909)	63
Redemption of other equity instruments	—	(100,000)	(100,000)
Other	(6,082)	(6,177)	(95)
Net cash provided by/used in financing activities	101,388	(170,135)	(271,523)
Effect of exchange rate changes on cash and cash equivalents	(3,296)	2,053	5,349
Net increase (decrease) in cash and cash equivalents	135,141	(27,069)	(162,210)
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	(513)	(4,221)	(3,708)
Cash and cash equivalents at end of period	657,151	714,568	57,417

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(5) Notes Related to Going Concern Assumptions

None

(6) Changes in Accounting Principles

Except for the changes disclosed below, significant accounting policies applied to the consolidated financial statements herein are identical to the accounting policies applied to consolidated financial statements for the previous fiscal year.

Newly Adopted Standards and Interpretive Guidance

The Marubeni Group moved to adopt earlier application of the following accounting standards effective from the second quarter of the current fiscal year.

Standard and Interpretive Guidance	Summary
IAS 12 "Income Taxes" (amended in May 2021)	Clarification of accounting treatment for deferred taxes relating to assets and liabilities arising from a single transaction

The application of IAS 12 "Income Taxes" (amended in May 2021) clarifies the accounting treatment upon initial recognition for transactions that result in taxable temporary differences and deductible temporary differences of the same amount at the time of the transaction. Taxable temporary differences and deductible temporary differences are recognized as deferred tax liabilities and deferred tax assets, respectively, in the Company's Consolidated Statements of Financial Position.

With the application of this standard, the consolidated financial statements for the previous fiscal year have been retrospectively re-presented. As a result, in the Company's Consolidated Statement of Financial Position at the end of the previous fiscal year, assets decreased 3,209 million yen due to changes in deferred tax assets and investments in associates and joint ventures, liabilities increased 1,053 million yen due to the recognition of deferred tax liabilities, and equity decreased 4,262 million yen due to a change in retained earnings. There is no material impact on the first six months of the previous fiscal year in the Company's Consolidated Statement of Comprehensive Income.

Note, however, that because the cumulative effect of applying the above-mentioned standard was reflected, the balance of retained earnings at the beginning of the previous fiscal year has declined 2,175 million yen in the Consolidated Statement of Changes in Equity.

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Significant accounting policies relating to the abovementioned standard are as follows.

IAS 12 “Income Taxes”

Current tax

Income tax payable (or recoverable) at the end of the reporting period shall be calculated as the amount expected to be paid to, or returned from, the tax authorities. The statutory tax rate or effective statutory tax rate at the end of the reporting period is used to calculate the amount of tax.

Current tax related to items that are recognized in other comprehensive income shall be recognized under other comprehensive income. Current tax related to items that are recognized directly in equity shall be recognized directly under equity. The Company and its consolidated subsidiaries shall recognize the impact of tax positions in financial statements when it is most likely that, based on technical interpretation, the tax positions will be sustained upon examination by the tax authorities.

Income tax receivable and income tax payable shall be offset if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

The Company and its consolidated subsidiaries shall recognize deferred tax assets and liabilities based on the differences between the carrying amounts and the tax bases of assets and liabilities in the Consolidated Statement of Financial Position. The tax rate and tax laws that apply to the fiscal year in which the differences are settled shall be used to calculate deferred tax assets and liabilities.

Deferred tax liabilities shall be recognized for taxable temporary differences, except for the following:

- Initial recognition of goodwill
- Initial recognition of assets or liabilities in a transaction which is not a business combination, and, at the time of the transaction, affects neither accounting profit nor taxable income and also does not result in taxable temporary differences and deductible temporary differences of the same amount at the time of the transaction
- Taxable temporary differences associated with investments in subsidiaries and affiliated companies or equity stakes in joint ventures when the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

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A deferred tax asset shall be recognized for deductible temporary differences, tax losses carried forward, and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of assets or liabilities in a transaction that is not a business combination, and, at the time of transaction, affects neither accounting profit nor taxable income and also does not result in taxable temporary differences and deductible temporary differences of the same amount at the time of the transaction.

Deductible temporary differences associated with investments in subsidiaries and affiliated companies or equity stakes in joint ventures shall be recognized as deferred tax assets only if it is probable that the temporary difference will reverse in the foreseeable future and taxable income will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets shall be reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets to be utilized. Unrecognized deferred tax assets shall also be reviewed at the end of each reporting period and recognized to the extent that it is probable that the deferred tax assets will be collectible from future taxable income.

Deferred tax assets and deferred tax liabilities shall be presented as non-current assets or non-current liabilities.

Deferred tax related to items that are recognized under other comprehensive income shall be recognized under other comprehensive income. Deferred tax related to items that are recognized directly in equity shall be recognized directly in equity. Deferred tax assets and deferred tax liabilities shall be offset only if the Company has a legally enforceable right to set-off income tax receivable against income tax payable and either of the following criteria is met:

- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on different taxable entities which intend either to settle income tax receivable and income tax payable on a net basis, or to realize the assets and settle the liabilities simultaneously.

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(7) Segment Information

<Operating Segment>

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

(Millions of yen)

	Lifestyle	ICT & Real Estate Business	Forest Products	Food I	Food II	Agri Business	Chemicals	Energy	Metals & Mineral Resources
Revenue	60,189	163,035	113,624	301,243	332,354	1,416,395	180,040	163,094	134,410
Gross trading profit (loss)	9,085	54,528	12,884	23,334	33,161	90,547	20,009	19,010	7,942
Operating profit (loss)	919	12,989	1,655	3,805	20,545	20,536	9,807	3,739	(974)
Share of profits (losses) of associates and joint ventures	(163)	88	(559)	2,788	1,669	2,035	694	150	19,295
Profit (loss) attributable to owners of the parent	668	8,943	(567)	4,552	12,790	16,656	8,736	3,489	18,481
Segment assets (as of March 31, 2021)	94,159	449,829	285,931	379,010	313,012	1,402,869	283,728	546,622	871,790

	Power Business	Infrastructure Project	Aerospace & Ship	Finance & Leasing Business	Construction, Industrial Machinery & Mobility	Next Generation Business Development	Other	Consolidated
Revenue	78,406	11,341	28,154	2,559	134,430	1,412	(74,657)	3,046,029
Gross trading profit (loss)	10,807	4,876	6,561	1,268	37,610	905	(4,362)	328,165
Operating profit (loss)	(6,352)	(2,406)	1,433	(2,623)	6,150	(1,102)	5,902	74,023
Share of profits (losses) of associates and joint ventures	18,592	5,636	2,560	9,208	1,555	50	8	63,606
Profit (loss) attributable to owners of the parent	12,081	6,332	2,893	6,582	6,227	(1,024)	(5,153)	101,686
Segment assets (as of March 31, 2021)	741,162	227,780	265,651	341,219	353,782	16,598	362,607	6,935,749

◆ The Six-Month Period Ended September 30, 2021 (April 1, 2021 - September 30, 2021)

(Millions of yen)

	Lifestyle	ICT & Real Estate Business	Forest Products	Food I	Food II	Agri Business	Chemicals	Energy	Metals & Mineral Resources
Revenue	44,389	177,488	98,241	348,198	395,178	1,993,642	259,809	272,758	204,309
Gross trading profit (loss)	8,514	55,852	21,363	25,544	38,286	126,180	20,832	21,842	22,289
Operating profit (loss)	458	11,430	10,427	4,606	24,394	45,505	10,320	6,659	12,832
Share of profits (losses) of associates and joint ventures	181	1,855	763	2,510	1,176	1,875	1,373	1,629	78,060
Profit (loss) attributable to owners of the parent	673	9,553	6,166	9,321	19,745	33,228	9,455	12,969	87,067
Segment assets (as of September 30, 2021)	96,914	434,959	294,003	383,792	336,949	1,239,648	289,310	698,520	925,775

	Power Business	Infrastructure Project	Aerospace & Ship	Finance & Leasing Business	Construction, Industrial Machinery & Mobility	Next Generation Business Development	Other	Consolidated
Revenue	120,855	11,554	44,294	4,126	195,336	1,483	(95,872)	4,075,788
Gross trading profit (loss)	(3,161)	4,951	14,494	1,964	50,257	967	(4,824)	405,350
Operating profit (loss)	(21,597)	(2,741)	8,956	(2,539)	14,174	(1,123)	(2,883)	118,878
Share of profits (losses) of associates and joint ventures	12,971	5,123	3,085	10,989	2,758	(2)	47	124,393
Profit (loss) attributable to owners of the parent	(8,822)	3,696	10,437	8,100	11,971	(296)	(7,429)	205,834
Segment assets (as of September 30, 2021)	1,036,733	216,010	263,923	363,743	330,669	23,780	253,885	7,188,613

(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.