Analysis of Financial Position and Business Results

Information in this section is based on the Group's operating segments for the fiscal year ended March 31, 2020.

Overview of Business Results

In the fiscal year ended March 31, 2020, a slowdown in developed economies and the Chinese economy was compounded by a slowdown in developing economies in response to deterioration of business confidence from continued U.S.-China trade tensions, beginning at the start of the fiscal year. Given this situation, central banks across much of the world, most notably in the U.S., shifted to an easing bias, and on top, and partial agreement was reached at U.S.-China trade talks in December thereby temporarily preventing further deterioration of business confidence.

However, the global economy started to decline due to the spread of COVID-19, which started at the beginning of 2020 in China and spread to the rest of the world. As COVID-19 spread, measures such as lockdowns were undertaken in various countries to prevent further escalation of the virus. As a result, economic activities were significantly restricted and the global economy rapidly shrank, with financial market turmoil and price drops in primary products starting to take place. The crude oil price, among others, saw a sudden drop as traveling restrictions, concerns over declining demand along with the economic downturn and breach of agreement on declaration of cooperation at OPEC plus discussion took place. The copper price also dropped owing to the decrease in Chinese demand, which accounts for half of the overall consumption of copper, and with the production suspension of automotive companies one after the other. Under these circumstances, governments and central banks of each country have undertaken various policies including but not limited to fiscal action of an unprecedented scale in order to support households, businesses, and financial markets.

Under the aforementioned business environment, consolidated operating results for the fiscal year ended March 31, 2020 are as follows.

(Billions of yen)

	FYE 3/2019	FYE 3/2020	Change
Revenue	7,401.3	6,827.6	–573.6
Gross trading profit	729.7	696.8	–32.9
Selling, general and administrative expenses	(549.0)	(558.5)	–9.5
Provision for doubtful accounts	(7.7)	(4.4)	+3.2
Operating profit*1	173.0	133.9	–39.1
Interest expense, net of interest income	(30.9)	(31.4)	–0.5
Dividend income	37.3	27.6	–9.7
Non-operating other—net*2	24.1	(240.9)	–265.0
Share of profits of associates and joint ventures	85.3	(55.2)	–140.4
Profit (loss) before tax	288.8	(165.9)	–454.8
Corporate income tax	(49.5)	(24.3)	+25.3
Profit (loss) for the year	239.3	(190.2)	–429.5
Profit attributable to owners of the parent (Net profit (Net loss))*3	230.9	(197.5)	–428.3
Profit attributable to non-controlling interests	8.4	7.3	–1.1

*1. "Operating profit" is presented in accordance with Japanese accounting practice for investors' convenience and is not required by IFRS.
*2. "Non-operating other—net" is the sum of "Gains (losses) in investment securities," "Gains (losses) on property, plant and equipment" and "Other—net."
*3. "Profit attributable to owners of the parent" is shown as "Net profit."

(Billions of yen (change year on year))

Gross trading profit	FYE 3/2020	
Energy	37.3	(-17.7)
Decreased profit in oil & gas E&P due to decreases in the price of oil and gas, and decreased profit in oil & gas trading business.		
Agri Business	169.1	(-16.0)
Decreased profit in Gavilon due to poor weather conditions and deteriorated market condition of fertilizers.		
Chemicals	29.9	(-10.0)
Deteriorated margins in the petrochemical products business and decreased handling volume of feed additive business.		
ICT & Real Estate Business	117.3	(+18.8)
Increased by the consolidation of a subsidiary, ARTERIA Networks, and increased profit from a sales increase in domestic real estate business.		

(Billions of yen (change year on year))

Non-operating other—net	FYE 3/2020	
Gains (losses) on investment securities	25.1	(-3.4)
Non-recurrence of the fiscal year ended March 31, 2019 valuation gain on the consolidation of ARTERIA Networks. Gains on investment securities from partial sale of refrigerated trailer leasing and rental business in the U.S.		
Gains (losses) on property, plant and equipment	(251.0)	(-235.8)
Impairment loss of property, plant and equipment on oil & gas E&P. Impairment loss of goodwill and intangible assets, etc., on Gavilon's grain business recognized at the time of acquisition.		
Other-net	(15.1)	(-25.8)
Impairment loss on overseas infrastructure business and loss related to reinsurance business. Non-recurrence of a gain recognized in the fiscal year ended March 31, 2019 on the sale of a domestic power generating business.		

(Billions of yen (change year on year))

Share of profits (losses) of associates and joint ventures	FYE 3/2020	
Metals & Mineral Resources	(16.5)	(-57.6)
Impairment loss on Chilean copper mining business.		
Finance & Leasing Business	(20.1)	(-42.4)
Impairment loss on aircraft leasing business in the U.S.		
Plant	(16.6)	(-34.1)
Impairment losses on investment in infrastructure project in the Philippines and oil and gas E&P-related business in the U.S.		

(Billions of yen (change year on year))

Net profit (Net loss)	FYE 3/2020	
Consolidated net	(197.5)	(-428.3)
Resources	(166.0)	(-223.0)
Non-resources	(18.2)	(-199.2)
Other	(13.2)	(-6.2)

Revenue

Revenue was down ¥573.6 billion (7.8%) from the fiscal year ended March 31, 2019 to ¥6,827.6 billion, due mainly to a drop in grain trading volume for the Chinese market, lower prices and production volumes in petrochemicals, and weaker sales in the Gavilon grain business.

Gross trading profit

Despite the consolidation of ARTERIA Networks and other positive factors, gross trading profit decreased ¥32.9 billion (4.5%) from the fiscal year ended March 31, 2019 to ¥696.8 billion, primarily reflecting a drop in profits at Gavilon amid unfavorable weather and deteriorating conditions in the fertilizer market, lower profits from the MUSI Pulp Project due to weaker prices for pulp, and a decline in profits in the oil & gas E&P related to a slump in prices for oil and gas.

Selling, general and administrative expenses

Selling, general and administrative expenses increased ¥9.5 billion (1.7%) from the fiscal year ended March 31, 2019 to ¥558.5 billion, mainly due to the consolidation of ARTERIA Networks.

Provision for doubtful accounts

Provision for doubtful accounts decreased ¥3.2 billion (41.9%) from the fiscal year ended March 31, 2019 to ¥4.4 billion.

As a result of the above, operating profit for the fiscal year ended March 31, 2020 declined ¥39.1 billion (22.6%) year on year to ¥133.9 billion.

Interest expense, net of interest income

Interest expenses — net of interest income increased ¥0.5 billion (1.6%) from the fiscal year ended March 31, 2019 to ¥31.4 billion, largely reflecting the application of the IFRS 16 (Leases) accounting standard, which outweighed a decline in interest expenses related to a drop in the interest rate for the U.S. dollar.

Dividend income

Dividend income declined ¥9.7 billion (26.0%) from the fiscal year ended March 31, 2019 to ¥27.6 billion, mainly due to a drop in dividend income received from the overseas power generation business.

Gains (losses) on property, plant and equipment

Losses on property, plant and equipment totaled ¥251.0 billion, a deterioration of ¥235.8 billion (– %) from the fiscal year ended March 31, 2019. The main factors were the booking of impairment losses on property, plant and equipment in the oil & gas E&P in the U.S. Gulf of Mexico and in the U.K. North Sea, and impairment losses on goodwill and intangible assets in the Gavilon grain business recognized at the time of acquisition.

Gains (losses) on investment securities

Gains on investment securities totaled ¥25.1 billion, a decline of ¥3.4 billion (11.9%) from the fiscal year ended March 31, 2019. Although the Company recorded a gain on the partial sale of an investment in a U.S. refrigerated trailer leasing and rental business, that was outweighed by factors such as a pullback from gains booked in the previous fiscal year related to the consolidation of ARTERIA Networks.

Other—net

Other—net losses totaled ¥15.1 billion, a deterioration of ¥25.8 billion (– %) from the fiscal year ended March 31, 2019, mainly reflecting losses on overseas infrastructure projects, a loss related to the reinsurance business, a loss arising from Gavilon's prior-year adjustments related to inappropriate transactions within Italy and Spain business, and a pullback from gains booked in the previous fiscal year related to the sale of the domestic power generating business.

Share of profits (losses) of associates and joint ventures

Share of losses of associates and joint ventures totaled ¥55.2 billion, a deterioration of ¥140.4 billon (– %) from the fiscal year ended March 31, 2019. The main factors were impairment losses related to investments in a number of businesses – Chilean copper mining business, aircraft leasing business in the U.S., infrastructure project in the Philippines, grain export business on the U.S. West Coast, offshore wind power installation business in the U.K., and LNG business in Papua New Guinea.

As a result of the above, loss before tax for the fiscal year ended March 31, 2020 totaled ¥165.9 billion, a deterioration of ¥454.8 billion (– %) year on year.

Income taxes

Income taxes declined ¥25.3 billion (51.0%) year on year to ¥24.3 billion, mainly due to the deterioration in profit before tax. For the fiscal year ended March 31, 2020, oil and gas E&P in the U.K. North Sea, the Company and consolidated subsidiaries filing tax returns recorded tax expenses related to the reversal of deferred tax assets.

Profit (loss) attributable to owners of the parent

Profit attributable to owners of the parent for the fiscal year ended March 31, 2020 (also referred to below as net profit for the fiscal year under review) decreased ¥428.3 billion (– %) to negative ¥197.5 billion relative to the year-earlier period due to a decline in operating profit and one-time losses such as impairment losses.

Significant one-time losses (after tax) are as follows:

(Billions of yen)

• Impairment loss on oil and gas E&P in the U.S. Gulf of Mexico	94.0
• Impairment loss of goodwill, intangible assets and such in Gavilon's grain business recognized at the time of acquisition	78.3
• Impairment loss on investment in Chilean copper mining business	60.3
• Impairment loss of property, plant and equipment and reversal of deferred tax assets on oil and gas E&P business in the U.K. North Sea	57.5
• Impairment loss on investment in aircraft leasing business in the U.S.	39.2
• Impairment loss on investment in infrastructure project in the Philippines	21.1
• Impairment loss of investment on a grain exporting business on the U.S. West Coast	19.9
• Impairment loss of investment on offshore wind power installation business in the U.K.	15.5
• Impairment loss of investment on LNG business in Papua New Guinea	13.6
• Reversal of deferred tax assets by the Company and consolidated subsidiaries filing tax returns	10.1

Cash Flows

(Billions of yen)

	FYE 3/2019	FYE 3/2020
Cash flow from operating activities	284.9	327.0
Core operating cash flow*4	373.2	363.8
Increase/ decrease in working capital and others	(88.3)	(36.8)
Cash flow from investing activities	22.5	(209.8)
Free Cash Flow	307.4	117.2
Free cash flow after delivery of shareholder returns	245.8	57.3

*4. Core operating cash flow: Operating cash flow excluding net increase/decrease in working capital and others.

Financial Position

(Billions of yen)

	March 31, 2019	March 31, 2020
Total assets	6,809.1	6,320.0
Net interest-bearing debt	1,858.8	1,859.1
Total equity	2,071.7	1,604.6
Net DE ratio	0.90 times	1.16 times

Cash Dividends

	FYE 3/2019	FYE 3/2020
Annual dividend	¥34 per share (Interim dividend ¥17.00 per share) (Year-end dividend ¥17.00 per share)	¥35 per share (Interim dividend ¥17.50 per share) (Year-end dividend ¥17.50 per share)

Business Results by Segment

Results for each operating segment for the fiscal year ended March 31, 2020 are as follows:

Net Profit and Adjusted Net Profit by Segments

(Billions of yen)

Operating Segment*5	Net profit			Adjusted net profit*7		
	FYE 3/2019	FYE 3/2020	Change	FYE 3/2019	FYE 3/2020	Change
Lifestyle	5.2	4.1	-1.1	4.0	3.0	-1.0
ICT & Real Estate Business	31.4	11.9	-19.4	17.0	18.0	+1.0
Forest Products	16.2	3.3	-12.9	14.0	7.0	-7.0
Food	19.6	19.5	-0.2	19.0	22.0	+3.0
Agri Business	0.7	(77.1)	-77.7	23.0	23.0	—
Chemicals	11.4	4.1	-7.4	12.0	6.0	-6.0
Power Business	15.0	9.0	-6.0	34.0	21.0	-13.0
Energy	26.6	(149.3)	-176.0	34.0	18.0	-16.0
Metals & Mineral Resources	41.7	(5.7)	-47.5	46.0	54.0	+8.0
Plant	15.6	(27.8)	-43.3	13.0	12.0	-1.0
Aerospace & Ship	14.0	11.6	-2.3	13.0	15.0	+2.0
Finance & Leasing Business	18.3	(7.4)	-25.8	19.0	18.0	-1.0
Construction, Auto & Industrial Machinery	22.1	19.6	-2.6	17.0	16.0	-1.0
Next Generation Business Development	(2.2)	(3.7)	-1.5	(2.0)	(4.0)	-2.0
Other	(4.9)	(9.6)	-4.6	(8.0)	(5.0)	+3.0
Consolidated	230.9	(197.5)	-428.3	256.0	225.0	-31.0
Resources*6	56.9	(166.0)	-223.0	69.0	61.0	-8.0
Non-resources*6	181.0	(18.2)	-199.2	197.0	173.0	-24.0
Other*6	(7.1)	(13.2)	-6.2	(10.0)	(9.0)	+1.0

*5. From FYE 3/2020, the former operating segments of "Food," "Consumer Products," "Chemical & Forest Products," "Energy & Metals," "Power Business & Plant" and "Transportation & Industrial Machinery" have been reorganized as "Lifestyle," "ICT & Real Estate Business," "Forest Products," "Food," "Agri Business," "Chemicals," "Power Business," "Energy," "Metals & Mineral Resources," "Plant," "Aerospace & Ship," "Finance & Leasing Business," "Construction, Auto & Industrial Machinery" and "Next Generation Business Development." In conjunction with these organizational changes, operating segment information for FYE 3/2019 has been reclassified.

*6. Business fields
Resources: Total for "Energy" and "Metals & Mineral Resources" excluding the "Steel Products" sub-segment
Other: Total for "Next Generation Business Development" and "Other" segments
Non-resources: Other than the above

*7. Adjusted net profit: Net profit excluding one-time items is an approximate figure. Amount may not agree with total for segments and consolidated total due to rounding.

Lifestyle

Gross trading profit decreased ¥1.0 billion (4.3%) year on year, to ¥22.6 billion and operating profit decreased ¥1.1 billion (20.3%), to ¥4.2 billion, largely in response to reduced sales of apparel and the like. Share of profits of associates and joint ventures decreased ¥0.3 billion (40.0%) year on year, to ¥0.4 billion as a result of reduced profit from planning, production, and the sale of apparel. Net profit for the year was down ¥1.1 billion (20.5%) from the fiscal year ended March 31, 2019, to ¥4.1 billion.

ICT & Real Estate Business

Gross trading profit increased ¥18.8 billion (19.0%) year on year, to ¥117.3 billion as a result of the consolidation of a subsidiary, ARTERIA Networks (also referred to as ARTE consolidation), that was previously an equity-method associate, as well as an increase in sales in the domestic real estate business. Operating profit increased ¥9.6 billion (52.5%) year on year, to ¥27.9 billion. Share of profits of associates and joint ventures decreased ¥3.6 billion (64.1%) year on year, to ¥2.0 billion due to ARTE consolidation and a decrease in the profit of a Chinese real estate sales business. Net profit for the year, including the above, decreased ¥19.4 billion (61.9%) from the fiscal year ended March 31, 2019, to ¥11.9 billion as a result of a loss related to the reinsurance business and the non-recurrence of a year-earlier mark-to-market valuation gain on ARTE consolidation.

Forest Products

Gross trading profit decreased ¥8.7 billion (21.2%) year on year, to ¥32.4 billion as a result of worsened pulp market prices and the like. Operating profit decreased ¥8.1 billion (41.0%) year on year, to ¥11.7 billion. Share of profits of associates and joint ventures decreased ¥3.6 billion (- %) year on year, to negative ¥1.2 billion as a result of an impairment loss on part of a plant for production on an equity-method associate and the effect from deconsolidation of an equity-method associate a year earlier. In addition to the above, as a result of the reversal of deferred tax assets of a MUSI pulp project, net profit for the year decreased ¥12.9 billion (79.7%) from the fiscal year ended March 31, 2019, to ¥3.3 billion.

Food

Gross trading profit increased ¥4.4 billion (4.5%) year on year, to ¥102.3 billion, as a result of improved margins in grain trading and the like. In addition, operating profit increased ¥7.8 billion (32.6%) year on year, to ¥31.6 billion as a result of a decrease in expenses. However, as a result of decreased profit from the deterioration of foreign exchange rates and an impairment loss on property, plant and equipment of a North American wild salmon trout business and the like, net profit for the year decreased ¥0.2 billion (0.9%) from the fiscal year ended March 31, 2019, to ¥19.5 billion.

Agri Business

Gross trading profit decreased ¥16.0 billion (8.7%) year on year, to ¥169.1 billion, as a result of a profit decrease in Gavilon due to poor weather conditions and deteriorated market conditions of fertilizers and the like. Operating profit decreased ¥15.9 billion (36.9%) year on year, to ¥27.2 billion. There was a year-earlier impairment loss for share of profits of associates and joint ventures in connection with an investment in a grain export business on the U.S. West Coast. Another impairment loss on the same business was recognized for the fiscal year ended March 31, 2020 as a result of a reevaluation of the business plan for the future, which took into consideration the current deterioration in the business environment. Net profit for the year, including the above, decreased ¥77.7 billion (– %) from the fiscal year ended March 31, 2019, to negative ¥77.1 billion, as a result of the impairment losses from goodwill and intangible assets recognized at the time of acquisition of Gavilon's grain business, and a loss on prior-year adjustments related to inappropriate transactions within the Italy and Spain business of Gavilon.

Chemicals

Gross trading profit decreased ¥10.0 billion (25.1%) year on year, to ¥29.9 billion, largely as a result of declined margins in petrochemical products and decrease in the handling volume of the feed additive business. Operating profit deceased ¥11.4 billion (68.0%) year on year, to ¥5.4 billion as a result of an increase in provision for doubtful accounts and the like.
Net profit for the year decreased ¥7.4 billion (64.3%) from the fiscal year ended March 31, 2019, to ¥4.1 billion as a result.

Power Business

Gross trading profit decreased ¥6.9 billion (22.7%) year on year, to ¥23.6 billion, as a result of declined profits in the U.K. electricity wholesaling/retailing business and the like. The operating loss worsened ¥3.7 billion (- %) year on year, to ¥13.9 billion. Share of profits of associates and joint ventures increased ¥14.2 billion (398.1%) year on year, to ¥17.8 billion as a result of the non-recurrence of a year-earlier impairment loss on investment in the power generating business in Singapore and the like, which offset an impairment loss on investment in the offshore wind power installation business in the U.K. and the like. However, net profit for the year decreased ¥6.0 billion (40.2%) from the fiscal year ended March 31, 2019, to ¥9.0 billion, as a result of the non-recurrence of a gain recognized in the year-earlier period on the sale of a domestic power generating business.

Energy

Gross trading profit decreased ¥17.7 billion (32.2%) year on year, to ¥37.3 billion, as a result of the fall in prices and the like in the oil and gas E&P business as well as decreased profit in the oil & gas trading business. Operating profit decreased ¥16.7 billion (83.3%) year on year, to ¥3.3 billion. Share of profits of associates and joint ventures decreased ¥14.2 billion (- %) year on year, to negative ¥13.2 billion as a result of an impairment loss on investment in the LNG business in Papua New Guinea and the like. Net profit for the year, including the above, decreased ¥176.0 billion (- %) from the fiscal year ended March 31, 2019, to negative ¥149.3 billion, as a result of the impairment loss from property, plant and equipment in the oil and gas E&P busines in the U.S. Gulf of Mexico, as well as an impairment loss on property, plant and equipment, and reversal of deferred tax assets in the oil and gas E&P business in the U.K. North Sea and the like.

Metals & Mineral Resources

Gross trading profit decreased ¥2.3 billion (6.9%) year on year, to ¥30.4 billion, as a result of falling prices and the like in the Australian coal business. Operating profit decreased ¥2.0 billion (14.3%) year on year, to ¥11.7 billion. Share of profits of associates and joint ventures decreased ¥57.6 billion (- %) year on year, to negative ¥16.5 billion as a result of an impairment loss on investment in the Chilean copper mining business, which offset the profit increase in an Australian iron ore business. As a result, net profit for the year decreased ¥47.5 billion (- %) from the fiscal year ended March 31, 2019, to negative ¥5.7 billion.

Plant

Gross trading profit decreased ¥0.7 billion (4.8%) year on year, to ¥14.1 billion, as a result of a decrease in the handling volume of an overseas plant project. The operating loss worsened ¥1.2 billion (- %) year on year, to ¥4.5 billion. Share of profits of associates and joint ventures decreased ¥34.1 billion (- %) year on year, to negative ¥16.6 billion as a result of impairment losses on investment in the infrastructure business in the Philippines as well as the North American oil and gas E&P-related business and the like. Net profit, including the above, worsened ¥43.3 billion (- %) year on year, to negative ¥27.8 billion, due to a loss on the overseas infrastructure business and the like.

Aerospace & Ship

Gross trading profit increased ¥2.8 billion (12.1%) year on year, to ¥26.2 billion, mainly due to an increase in ship-related business earnings and the like. Operating profit increased ¥2.8 billion (24.4%) year on year, to ¥14.1 billion. Share of profits of associates and joint ventures decreased ¥2.2 billion (44.2%) year on year, to ¥2.8 billion as a result of an impairment loss on investment in an offshore wind power installation business in the U.K., which offset the profit increase in a ship-related business. Consequently, net profit for the year decreased ¥2.3 billion (16.8%) from the fiscal year ended March 31, 2019, to ¥11.6 billion.

Finance & Leasing Business

Gross trading profit remained almost unchanged year on year, while operating profit decreased ¥1.5 billion (- %) year on year, to negative ¥0.5 billion as a result of an increase in expenses. Share of profits of associates and joint ventures worsened ¥42.4 billion (- %) year on year, to negative ¥20.1 billion as a result of an impairment loss on investment in the aircraft leasing business in the U.S., which offset an increase in profit from the automotive sales finance business. Net profit for the year worsened ¥25.8 billion (- %) from the fiscal year ended March 31, 2019, to negative ¥7.4 billion, as a result of the worsening of share of profits of associates and joint ventures, which offset a gain from sale of securities by a partial sale of leasing and rental of refrigerated trailers in the U.S.

Construction, Auto & Industrial Machinery

Gross trading profit increased ¥3.1 billion (3.6%) year on year, to ¥89.6 billion, as a result of profit growth in the automotive-related business, construction machinery sales business and tire, rubber materials business, and the like. Operating profit increased ¥1.3 billion (7.2%) year on year to ¥20.0 billion. Share of profits of associates and joint ventures decreased ¥2.6 billion (30.5%) year on year, to ¥6.0 billion as a result of the non-recurrence of a gain recognized in the year-earlier period on the sale of a domestic power generating business and the like. As a result, net profit for the year decreased ¥2.6 billion (11.6%) from the fiscal year ended March 31, 2019, to ¥19.6 billion.

Next-Generation Business Development

Operating loss worsened ¥2.3 billion (- %) year on year, to ¥4.4 billion as a result of an increase in expenses such as personnel and research expenses for the creation and development of new business models. As a result, net loss for the year worsened ¥1.5 billion (- %) from the fiscal year ended March 31, 2019, to ¥3.7 billion.

Net Profit of Major Group Companies

As for the category of Group companies, consolidated subsidiaries are described as "Consolidated" and associate companies accounted for using the equity-method as "Equity method."

(Billions of yen)

Company Name	Consolidated/ Equity method	Equity Portion	FYE 3/2019	FYE 3/2020	Change	Description of business
Lifestyle Division						
Marubeni Fashion Link	Consolidated	100%	1.0	**0.9**	-0.1	Planning, manufacturing and sale of apparel and goods
Marubeni Intex	Consolidated	100%	1.1	**1.2**	+0.1	Sale of industrial materials, lifestyle materials and products
Saide Tekstil Sanayi ve Ticaret	Equity method	45.5%	0.3	**0.1**	-0.3	Planning, manufacturing and sale of apparel and goods
ICT & Real Estate Business Division						
Marubeni Information Systems	Consolidated	100%	1.8	**1.7**	-0.0	IT solution provider for full range of IT lifecycle in every industry
Marubeni IT Solutions	Consolidated	80.0%	0.7	**0.9**	+0.2	Sales planning of information and communication systems, design, and development of software
MX Mobiling	Consolidated	100%	6.2	**6.6**	+0.4	Sales, repair and maintenance of mobile handsets and related equipment
ARTERIA Networks	Consolidated	50.0%	2.2	**2.2**	+0.1	Provision of various network services for businesses and condominiums
Marubeni Real Estate Management	Consolidated	100%	1.2	**0.7**	-0.4	Leasing and subleasing of real estate, management of office buildings and complex facilities
Marubeni Logistics	Consolidated	100%	1.0	**1.0**	+0.0	International combined transport operation (NVOCC), 3PL (Third-party Logistics), ocean & air freight forwarding, consultancy relating to logistics
Marubeni Safenet	Consolidated	100%	0.5	**0.4**	-0.0	Insurance agency and lending business
Forest Products Division						
MUSI Pulp Project	Consolidated	TEL 85.1% MHP 100%	6.2	**(3.7)**	-9.8	Forestry (Afforestation of hardwood), production and sales of pulp in Indonesia
WA Plantation Resources	Consolidated	100%	2.1	**1.6**	-0.5	Wood chip production and plantation in Australia
Koa Kogyo	Consolidated	80.0%	1.1	**2.0**	+1.0	Manufacture and sale of corrugating medium and linerboard
Fukuyama Paper	Consolidated	55.0%	0.9	**1.3**	+0.4	Manufacture and sale of corrugating medium and core board
Marubeni Pulp & Paper	Consolidated	100%	2.1	**2.3**	+0.3	Sale of paper products
Marusumi Paper	Equity method	32.2%	(0.3)	**(1.5)**	-1.2	Manufacture and sale of paper
Food Division						
Yamaboshiya	Consolidated	75.6%	1.4	**1.3**	-0.0	Wholesale of confectionery products to mass-retail and convenience stores
United Super Markets Holdings Inc.*1	—	—	0.8	**0.2**	-0.5	Supermarket operators in the Tokyo metropolitan area
Cia.Iguacu de Cafe Soluvel	Consolidated	100%	1.2	**0.8**	-0.3	Manufacturing and sale of instant coffee
Marubeni Foods	Consolidated	100%	0.7	**0.7**	+0.0	Imports, exports and sales of food products
Benirei	Consolidated	98.8%	0.6	**0.3**	-0.2	Wholesale of seafood products and warehousing
Creekstone Holding	Consolidated	100%	2.5	**4.3**	+1.8	Holding company of Creekstone Farms Premium Beef LLC, which conducts production, processing and sales of beef, etc.
Wellfam Foods	Consolidated	100%	3.4	**2.4**	-1.0	Marketing of livestock, meats and processed products
Rangers Valley Cattle Station	Consolidated	100%	(0.1)	**0.9**	+1.0	Cattle raising and beef sales business in Australia
S FOODS*2	Equity method	15.3%	1.1	**1.0**	-0.1	Wholesale, retail, and restaurant business of meats
Marubeni Nisshin Feed	Consolidated	60.0%	1.4	**1.8**	+0.4	Manufacture and sales of livestock feed
Pacific Grain Terminal	Consolidated	78.4%	0.7	**0.6**	-0.1	Warehousing, stevedoring and transportation operations
The Nisshin OilliO Group*2	Equity method	15.6%	1.4	**1.3**	-0.1	Processing and sale of edible oil business
Agri Business Division						
Helena	Consolidated	100%	23.0	**24.9**	+1.9	Sales of agricultural materials and provision of various services in the U.S.
Gavilon Agriculture Investment			(4.7)	**(87.9)**	-83.2	
Grain Business	Consolidated	100%	(6.8)	**(87.5)**	-80.7	Parent company of Gavilon Group (collection/sales of grain, fertilizer, etc.)
Fertilizer Business			2.1	**(0.4)**	-2.5	
Columbia Grain International	Consolidated	100%	(11.1)	**(9.0)**	+2.1	Collection, storage, exporting and domestic sales of grain produced in North America

(Billions of yen)

Company Name	Consolidated/ Equity method	Equity Portion	FYE 3/2019	FYE 3/2020	Change	Description of business
Chemicals Division						
Marubeni Plax	Consolidated	100%	0.9	**0.8**	-0.1	Sales and foreign trade of plastic products and resins
Olympus Holding (Orffa)	Consolidated	—	1.4	**0.4**	-1.0	Sales of feed additives
Marubeni Chemix	Consolidated	100%	1.1	**0.9**	-0.2	Sales and foreign trade of organic chemicals and fine chemicals
Power Business Division						
Overseas IPP Projects*3	—	—	10.2	**30.1**	+19.9	Overseas power generation
SmartestEnergy	Consolidated	100%	2.1	**(0.8)**	-2.9	Electricity aggregation and retail business in the U.K.
Energy Division						
LNG Projects	—	—	15.5	**6.9**	-8.6	Liquefaction of natural gas in overseas
ENEOS GLOBE	Equity method	20.0%	0.9	**0.6**	-0.3	Import and sale of LPG, and sale of new energy-related equipment
MIECO	Consolidated	100%	7.0	**3.3**	-3.7	Sale of all types of petroleum products and natural gas
Oil & Gas E&P	Consolidated	100%	(12.2)	**(164.1)**	-151.9	Total of oil and gas interests at Gulf of Mexico (U.S.), North Sea (U.K.), Indian Sea
Metals & Mineral Resources Division						
Marubeni Coal	Consolidated	100%	25.4	**25.2**	-0.3	Investment in coal mines in Australia
Roy Hill Iron Ore Project	Equity method	15.0%	2.9	**15.4**	+12.5	Investment in iron ore mine in Australia
Marubeni LP Holding	Consolidated	100%	7.0	**(59.5)**	-66.6	Investment in copper mines in Chile
Marubeni Aluminium Australia	Consolidated	100%	(4.2)	**(0.4)**	+3.7	Refining and sales of aluminum ingots in Australia
Marubeni Metals & Minerals (Canada)	Consolidated	100%	(0.6)	**2.8**	+3.4	Refining and sales of aluminum ingots in Canada
Marubeni-Itochu Steel	Equity method	50.0%	12.1	**11.2**	-0.9	Sales and business management of steel products
Plant Division						
FPSO Projects*4	—	—	3.9	**1.6**	-2.3	FPSO project investment and management
Overseas Water and Wastewater Services*5	—	—	4.3	**(18.3)**	-22.6	Overseas water and wastewater services
Aerospace & Ship Division						
Marubeni Aviation Parts Trading	Consolidated	100%	0.9	**2.6**	+1.6	Investment in aircraft parts trading business in the U.S.
Finance & Leasing Business Division						
MAI Holding (Westlake)	Consolidated	100%	7.6	**11.0**	+3.4	Investment in used car retail financing businesses in the U.S.
PLM Fleet*6	Equity method	50.0%	2.5	**14.1**	+11.6	Leasing and rental of refrigerated trailers in the U.S.
Marubeni SuMiT Rail Transport	Equity method	50.0%	1.1	**1.1**	+0.0	Investment in railcar leasing business in the U.S.
Aircastle Business*7	Equity method	—	7.3	**(39.8)**	-47.1	Aircraft operating lease business in the U.S.
Construction, Auto & Industrial Machinery Division						
Automotive Aftermarket Business	—	—	1.7	**2.0**	+0.3	Automotive aftermarket business in the U.S.
Marubeni Auto Investment (U.K.)	Consolidated	100%	1.1	**0.7**	-0.4	Investment in retail sales business of automobiles in the U.K.
B-Quik	Consolidated	90.0%	2.2	**2.3**	+0.1	Tire retailer in the ASEAN
Marubeni Techno-Systems	Consolidated	100%	1.3	**2.0**	+0.6	Sale, export and import of industrial machinery
Kono Electronics	Consolidated	100%	0.6	**0.5**	-0.1	Sales of electrical equipment connecting parts and materials

*1. We hold outstanding shares of this company through a holding company. Stated figures that are multiplications of disclosed figures of this company and our equity portion, are shown for reference. Adjustments of accounting standard variances have been applied to our IFRS consolidated statements.
*2. Stated figures that are multiplications of disclosed figures of this company and our equity portion, are shown for reference. Adjustments of accounting standard variances have been applied to our IFRS consolidated statements.
*3. Total of share of profits of associates and joint ventures of our overseas IPP business.
*4. Total profits of consolidated subsidiaries and share of associates and joint ventures of our FPSO projects.
*5. Total profits of consolidated subsidiaries and share of associates and joint ventures of our overseas water and wastewater services.
*6. Completed transfer of equity interests (100% → 50%) on March 30, 2020. Listed figures of consolidated net profit for FYE 3/2019 and 3/2020 are figures before the transfer (former MAC Trailer Leasing (PLM), 100% consolidated).
*7. Completed additional acquisition (29% → 75%) on March 27, 2020. Listed figures of consolidated net profit for FYE 3/2019 and 3/2020 are both figures before the additional acquisition, including the impairment loss recognized in FYE3/2020.

Business Risks

Major risks that could have a serious impact on investor decisions associated with the business operations and other activities of Marubeni Corporation and its consolidated subsidiaries are outlined below. The risks discussed, however, are not inclusive of the full range of possible risks faced in the broad range of activities engaged in by the Group. Any number of additional risks other than those discussed below could also impact business performance. Forward-looking statements with respect to the risks discussed below reflect the reasonable judgment of the Company's management based on information available as of March 31, 2020.

Impact of the Spread of COVID-19

The spread of COVID-19 is likely to have various impacts on the Group, which is conducting multifaceted businesses in diverse fields. For the finance & leasing business, transportation-related businesses, and businesses concerning oil and gas E&P and iron ore, coal, and copper mining, the impacts of COVID-19 will likely be complex and unavoidable. On the other hand, the stable earnings-type businesses, such as the power and infrastructure business, and the lifeline-related businesses essential for daily life, such as the agriculture and the food-related businesses, are expected to contribute to the Company's earnings. The trade businesses, such as chemicals and energy businesses, which support all industries, are likely to experience a decrease in profit because of declining trading volume, but are expected to continue to contribute to the Company's earnings. These forecasts are based on the assumption that although the spread of COVID-19 would peak during the first half of the fiscal year ending March 31, 2021, and henceforth gradually end, ample amount of time would be required for the global economy to return to a recovery trend. Specifically, it is assumed that the recovery will be moderate even after the second half of the fiscal year ending March 31, 2021, and the impact of economic stagnation will remain until the fiscal year ending March 31, 2022.

Risk Management Policy

In conducting their diverse business activities, Marubeni and its consolidated subsidiaries manage risks through a multifaceted approach, encompassing micro and macro as well as quantitative and qualitative perspectives. For each of these approaches, Marubeni has in place a basic policy for risk management and internal rules and has established the organizations, management systems, and management methods to carry out those policies.

Incorporating a micro focus on individual risk, Marubeni and its consolidated subsidiaries make decisions on certain matters (e.g., investments, credit extensions) through a consensus-based decision-making process. Highly material investments are monitored more closely to facilitate early problem detection and corrective action. The Investment and Credit Committee, Corporate Management Committee and the Board of Directors periodically receive reports on the current status of investments. The strategic, growth and profit potential of these investments is examined, with necessary investments considered from a variety of multifaceted angles and the determination regarding whether to revise and move forward or withdraw made in accordance with the consensus-based decision-making process.

In an environment where exchange rates, resource prices and other financial and commodity market variables remain prone to substantial volatility, Marubeni practices integrated risk management from a macro view that spans the entire Group. Its integrated risk management encompasses all of its Group assets, classifying by exposure risk attributes, such as market risk, credit risk and investment risk, and quantifying the maximum risk amount using the VaR (Value at Risk) method that takes into account the diversification effect and the correlation coefficient. Marubeni then confirms that the exposure is within the range of its total equity, which represents its risk-bearing capacity.

With regard to risks that are difficult to quantify (unquantifiable risks), such as compliance risk, Marubeni has put in place systems to prevent such risks from manifesting themselves in the form of improved corporate governance and internal control systems and an upgraded compliance system.

However, Marubeni and its consolidated subsidiaries' risk management framework may not be capable of fully dealing with all of the various risks that could arise in their wide-ranging business activities today or in the future. In such an event, Marubeni and its consolidated subsidiaries' earnings performance and/or financial condition could be adversely affected.

Please refer to Concerning the Decision-making Processes for New Investments and Asset Recycling on P.37.

Individual Risks

Impact of Changes in the Global Economy and Industrial Structure on the Marubeni Group

The Company is a general trading company engaged in a wide range of business activities through bases in Japan and over 60 other countries. Examples include the production and procurement of primary commodities, as well as the manufacture and sale of finished goods, the provision of services and various commercial and investing activities in Japan and other countries and regions in many industrial fields.

Consequently, it is necessary for Marubeni to examine the impact on business activities and to respond to events that affect the global economy, as exemplified by U.S.-China trade friction, concerns over a slowdown in the Chinese economy, Brexit, Hong Kong demonstrations, the situation in the Middle East as well as natural disasters, such as typhoons, on business activities. The Company also works to develop new business models and revamp existing ones in response to changes in the industrial structure driven by technological innovation, such as AI, blockchain, and 5G services, and changes in and the diversification of values, including sustainability and decarbonization. A global economic downturn or slowdown or failure to adequately adapt to changes in the industrial structure could adversely affect the Company and its consolidated subsidiaries' operating activities, business results and/or financial condition.

Credit Risks Regarding Business Partners

Marubeni and its consolidated subsidiaries extend credit to business partners in the form of accounts receivable, advances, loans, guarantees, and other means. In addition, as a part of its sales activities, the Group concludes merchandise supply, subcontracting, operational outsourcing, and other types of contracts with business partners. The incurrence of credit risk due to the inability of business partners to fulfill their credit obligations or a breach of contract by these business partners could adversely affect the Group's business results and financial condition.

To prevent credit risks from materializing, the Group sets credit limits, which represent the maximum limit of credit provided to any one customer, while carefully ascertaining the customer's credit standing, the profit margin of the transaction, strategic consistency and other factors. Operating within the range of that credit limit then serves as the basis of the Company's credit management.

In preparation for the incurrence of possible losses when credit risk becomes apparent, the Group establishes allowances for doubtful accounts based on the estimated amount of loss, an internal rating determined in accordance with the business partner's credit standing, collateral value, and other set factors. In the event of such losses, however, the Company cannot guarantee that actual losses will not exceed these established allowances.

Investment Risk

Marubeni and its consolidated subsidiaries, both independently and in collaboration with other companies, establish new companies and purchase existing enterprises in the course of their business operations. Most of these business investments require sizable amounts of capital. The Group may be unable to withdraw from such businesses in an optimal manner or time frame, in which case it would be obliged to commit additional capital.

In an effort to prevent the occurrence of risks associated with investments and other activities, Marubeni and its consolidated subsidiaries conduct extensive risk management, including checking the quantitative and qualitative aspects of new investments to determine whether the expected returns are commensurate with the risks involved. The checking process is based on investment standards established within the Company, such as internal rate of return (IRR), payback period, and PATRAC*1. Nevertheless, a decline in the value of these investments or the necessity of additional expenditures of capital could adversely affect the Group's business results and financial condition.

*1 PATRAC (Profit After Tax less Risk Asset Cost): A performance indicator developed by Marubeni to measure the extent to which returns exceed a minimum risk-adjusted return target. Calculated based on the following formula.

PATRAC = Profit after tax – Risk assets (= required shareholders' equity) x 10%*2

*2 Hurdle rate based on cost of capital

Please refer to Concerning the Decision-making Processes for New Investments and Asset Recycling on P.37.

Ability to Procure Funds and Funding Cost

Marubeni and its consolidated subsidiaries engage in fund procurement with an emphasis on maintaining an optimal mix of funding in line with the requirements of their respective asset portfolios and ensuring liquidity. However, significant disruptions in major global capital markets, shortages of cash flows from operating activities, declining profitability, failure in asset-liability management, or a sharp downgrade in the credit rating of the Group by ratings agencies could constrain fund procurement or lead to an increase in funding cost, which could adversely affect the Group's business results and financial condition.

Please refer to the Message from the CFO on PP.34–36.

Market Risks

Unless otherwise stated, in this section the amount of impact on the profit attributable to owners of the parent (hereinafter, profit) shown is the amount for the fiscal year ending March 31, 2021, calculated based on the Company's business results for the fiscal year ended March 31, 2020.

❶ Fluctuations in the Prices of Goods and Merchandise

Marubeni and its consolidated subsidiaries handle a variety of merchandise. With regard to certain merchandise, the Group enters into commodity futures transactions and/or forward transactions in order to mitigate the price fluctuation risk related to inventories, contracts, and scheduled contracts of such merchandise. However, price fluctuations especially in the commodities could adversely affect the Group's business results and financial condition. Such commodities include, but are not limited to the following:

- the grains, such as corn and wheat, and chicken handled by the Food Division
- the chemicals, such as ethylene and propylene, handled by the Chemicals Division
- the crude oil and gas handled by the Energy Division
- the non-ferrous metals handled by the Metals & Mineral Resources Division
- and the wood pulp handled by Forest Products Division

Marubeni also utilizes vessels, such as dry bulk carriers and tankers, to transport these merchandises, and the market conditions for these vessels could also adversely affect the Group's business results and financial condition. To address such price fluctuation risks in commodities trading and to avoid taking excessive risk exposure, Marubeni employs a position management framework to establish position limits on a commodity-by-commodity basis and to regularly monitor its compliance.

In addition to the effects of these price fluctuations in commodities trading, Marubeni and its consolidated subsidiaries participate in energy and natural resource exploration and production (E&P) businesses and other manufacturing businesses. Fluctuations in the markets of the products sold through these activities could adversely affect the Group's business results and financial condition.

The effects of price fluctuations on the major products in the mineral resources and the oil and gas E&P businesses in which Marubeni and its consolidated subsidiaries participate are set out below.

If the commodity price of crude oil changes by US$1 per barrel, the effect on profit for the year is estimated to be about ¥600 million per year. However, since profit for the year is affected by factors other than price fluctuations—including production/operation status, operating expenses, development expenses for drilling production wells, constructing production facilities, etc., exploration expenses, and abandonment expenses—there are cases in which it cannot be determined simply by the commodity price of crude oil.

If the commodity price of copper fluctuates by US$100 per ton, the impact on profit for the year is estimated to be about ¥1 billion per year. However, since profit for the year is affected by factors other than price fluctuations—production/operational status, capital expenditure and operating expenditure associated with the maintenance of production and transportation facilities—there are cases in which it cannot be determined simply by the commodity price of copper.

❷ Market Liquidity (Liquidity Risk)

Marubeni and its consolidated subsidiaries hold a variety of assets that are subject to market trading, including financial instruments. Financial market turmoil and other factors can cause the market liquidity of held assets to decline dramatically, a situation that could potentially trigger a precipitous drop in the value of held assets. Such an occurrence could adversely affect the Group's business results and financial condition.

❸ Fluctuations in Foreign Currency Exchange Rates

Marubeni and its consolidated subsidiaries conduct transactions in a variety of currencies and under a variety of terms. In order to mitigate the risk of exchange rate fluctuations associated with transactions, receivables, and liabilities denominated in foreign currencies, the Group enters into forward exchange contracts and other derivative transactions. Despite these measures, fluctuations in exchange rates could adversely affect the Group's business results and financial condition. In addition, the proportion of profits and losses of overseas consolidated subsidiaries and equity-method affiliates and dividends received from overseas businesses in net income is relatively high. Most of these earnings are denominated in foreign currencies, and our reporting currency is yen. Therefore, exchange rate fluctuations will affect the business performance and financial position of the Company and its consolidated subsidiaries. If the Japanese yen changes by 1 yen against the U.S. dollar, the impact on profit for the year is estimated to be about ¥600 million per year.

❹ Fluctuations in Interest Rates

Marubeni and its consolidated subsidiaries procure necessary business funds through borrowings from financial institutions, the issuance of corporate bonds, and other methods of procuring from capital markets. A large portion of floating rate liabilities is proportionate to operating assets that can counteract adverse impacts of interest rate fluctuations. However, interest rate fluctuation risks cannot be completely eliminated, and a certain degree of exposure remains.

Among the liabilities procured for interest-insensitive assets, such as investment securities and property, plant and equipment, the portion at procured floating rates is categorized as unhedged through the asset-liability management practices of Marubeni and its consolidated subsidiaries. Monitoring market movements in interest rates, the Group utilizes interest rate swaps and other measures to mitigate the risk of interest rate fluctuations.

There is no guarantee that the Group will be able to completely avoid interest rate risk, even after having implemented these management measures. Therefore, changes in market interest rates could adversely affect the Group's business results and financial condition.

❺ Fluctuations in Values of Marketable Securities Subject to Market Volatility

To strengthen business relationships and for other purposes, Marubeni and its consolidated subsidiaries invest in marketable securities that are subject to market volatility. Such securities held by the Group carry the risk of fluctuations in original value due to changes in fair value. Drops in the fair value of these securities could adversely affect the Group's business results and financial condition.

❻ Risks Regarding Employees' Retirement Benefits

Marubeni and its consolidated subsidiaries' pension assets include domestic and foreign stocks and bonds. In the management of those assets, the internally established Pension Asset Management Committee conducts regular monitoring and constantly strives to maximize pension assets within the allowable risk range. However, sluggish performance in the securities markets could decrease the value of those assets beyond expectations, increase retirement benefit costs or require the accumulation of additional pension assets. In addition, the current value of defined benefit obligations is calculated based on assumptions, including those for discount rates and wage hikes, but if the actual values differ from those assumptions, the amount of defined benefit obligations may change. Such events could adversely affect the Group's business results and financial condition.

Risks Associated with Long-lived Assets

Marubeni and its consolidated subsidiaries hold real estate, machinery and equipment, and other property, plant and equipment for sale and lease to third parties as well as for its own use. Moreover, to expand the business, the Group acquires shares and equity stakes in entities and is involved in the management of such entities. Such entities include those whose businesses require large amounts of capital expenditure, such as resource exploration and production businesses, and those in which the Company is involved through investment accounted for under the equity method (equity-method investment) without having a majority. Long-lived assets potentially have risks, including decline in asset value, irrecoverability of investment, and the incurring of an additional loss upon withdrawal.

Marubeni and its consolidated subsidiaries apply appropriate impairment accounting to such long-lived assets in a timely manner in accordance with IFRS. Nevertheless, a significant decline in asset value for reasons such as a future revision to the business plan or change of policy on the holding of such assets, may adversely affect the Group's business results and financial condition.

Moreover, Marubeni and its consolidated subsidiaries report a considerable amount of intangible assets, including goodwill, on its consolidated statement of financial position, as a result of acquisitions. In accordance with IFRS, periodic amortization is not applied to goodwill and intangible assets with indefinite useful lives. The Group consider that such goodwill and intangible assets appropriately reflect their business value and future economic benefits, which are expected to be obtainable when synergy from business combination is achieved in the future. However, if it is judged that expected results are unobtainable because of a change in the business environment or competition, or if a higher discount rate is to be applied, an impairment loss may be incurred and may adversely affect the Group's business results and financial condition.

<Investment in Resource Development Interests>

Concerning investment in resource development interests at the end of the fiscal year ended March 31, 2020, the financial exposure by product is as follows:

Product(s)	Amount of exposure	Main assets
Copper	Approx. ¥220 billion	Equity-method investments (Chile)
Oil and gas	Approx. ¥120 billion	Property, plant and equipment (the Gulf of Mexico, the U.S., the North Sea, the U.K., etc.)
Iron ore	Approx. ¥120 billion	Equity-method investments (Australia)
Coking coal	Approx. ¥50 billion	Equity-method investments/ Property, plant and equipment (Australia)
LNG	Approx. ¥50 billion	Equity-method investments (Papua New Guinea, etc.)/other investments (Qatar, etc.)
Aluminum	Approx. ¥30 billion	Property, plant and equipment (Canada, Australia)
Resource investment total	Approx. ¥600 billion	

Note: As they are displayed as approximate numbers, the total values may not match.

With regard to investments in the oil and gas E&P businesses as well as the copper and iron ore businesses, which may have a significant impact on the business performance and financial condition of Marubeni and its consolidated subsidiaries, asset value fluctuations may be caused due to the factors listed below.

Oil and Gas E&P Businesses

The prices of the oil and natural gas produced and sold by the oil and gas E&P businesses in which the Group is involved are subject to change due to factors that the Group cannot control, including but not limited to worldwide supply/demand imbalance or supply/demand imbalance in each region, economic fluctuations, inventory adjustments, foreign currency exchange rate fluctuations, the political and geopolitical situations in major oil-producing countries, and the impact of the spread of COVID-19.

Deposits, production output, operating expenses, development expenses for boring production wells, constructing production facilities, etc., exploration expenses, and expenses for mine closures, etc., and business plans that are based on assumptions of these items may be revised owing to product price fluctuations and technological and economic factors, as well as the policies of the partners leading the projects, the weather and the environment, procurement, financing, the impact of regulations by the authorities, etc.

Copper and Iron Ore Businesses

In the copper and iron ore businesses in which the Group is involved, the commodity prices, such as copper and iron ore prices, are subject to change due to factors that the Group cannot control, including but not limited to, worldwide supply/demand imbalance or supply/demand imbalance in each region, economic fluctuations, foreign currency exchange rate fluctuations, geopolitical situations, and the impact of the spread of COVID-19. The long-lived assets of the copper business in which the Group is involved consist mainly of equity-method investments (in Los Pelambres Copper Mine, Centinela Copper Mine, and Antucoya Copper Mine in Chile). The long-lived assets of the iron ore business consist mainly of equity-method investments (in Roy Hill Iron Mine in Australia).

The Group evaluates these equity-method investments based on the business plans formulated by the Group, using price forecasts, taking into consideration data provided by third parties, market conditions, fundamentals, and other factors. However, in the event of fluctuations of product prices and production outputs, sharp increases in capital expenditure and operating expenditure associated with maintenance of production and transportation facilities, changes in the business environment, or an occurrence of operational problems attributable to infrastructure, such as electricity and water, the business plans may be revised.

<Investment in Aircastle>

Aircastle, an equity-method affiliated company of the Group, leases aircraft to airlines worldwide. Therefore, if air passenger demand deteriorates, if the solvency of the airlines deteriorates significantly due to sharp increases in fuel prices, foreign exchange rate fluctuations, etc., or they go bankrupt, or if lease rates decrease and the asset value of the aircraft owned by Aircastle significantly decreases, the business results and financial condition of Aircastle may be adversely affected.

Factors that could bring about a deterioration in air passenger demand include wars, terrorism, infectious diseases, natural disasters, and aircraft accidents. Moreover, airlines that are lessees of Aircastle are based in various countries worldwide and may be affected by changes in the local laws and regulations of the countries in which they are based or international laws and regulations and geopolitical risks such as economic sanctions. Regarding investment in Aircastle, the Group conducted an evaluation based on the business plan, assuming that growth of Aircastle will continue, supported by medium- to long-term growth of air passenger demand, while taking into consideration a temporary deterioration of financial performance due to the factors mentioned above. If aircraft demand remains sluggish for a long time owing to the spread of COVID-19, Aircastle's profitability deteriorates due to intensifying competition and a decline in the aircraft value in line with such a situation, and Aircastle's growth becomes slower than the Corporation's assumption, the business plan may be revised.

The Group's investment in Aircastle as of March 31, 2020 amounts to approximately ¥146.5 billion.

<Projects that Include Contract Extension in the Business Plan>

The business plans of the Company and its consolidated subsidiaries may be premised on the extension of contracts, such as long-term sales contracts that have already been concluded after confirming appropriate probability in consideration of the business environment at the time of formulation. However, since these assumptions are affected by a variety of factors, such as changes in the business environment, imbalances in supply and demand in the world or in regions, economic fluctuations, in reality it may not be possible to extend the contract, or the contract conditions after the extension may be worse than expected under the original business plan. As a result, a review of the business plan may cause a significant decline in asset value, which may adversely affect business results and the financial condition of the Company and its consolidated subsidiaries.

Laws and Regulations

The businesses of Marubeni and its consolidated subsidiaries are subject to a broad range of laws and regulations both in Japan and other applicable countries. Covering a wide range of fields, these laws and regulations include: permits and licenses relating to business and investment; regulations pertaining to exports and imports, including national security regulations; tariffs and various tax laws; unfair trade regulations, including antitrust laws; money laundering regulations; anti-corruption and bribery laws; and environmental protection laws. Examples of the main permits and licenses relating to business and investment in Japan include: the Act against Unjustifiable Premiums and Misleading Representation in the Lifestyle Division; the Building Lots and Buildings Transaction Business Act and the Telecommunications Business Act in the ICT and Real Estate Business Division; the Food Sanitation Act and the Act on Safety Assurance and Quality Improvement of Feeds in the Food Division; the Poisonous and Deleterious Substances Control Law in the Chemicals Division; the Electricity Business Act in the Power Business Division; the Oil Stockpiling Act in the Energy Division; the Civil Aeronautics Law and Marine Transportation Act in the Aerospace & Ship Division; and Act on Investment Trusts and Investment Corporations in the Finance & Leasing Business Division. The same or similar laws and regulations exist in other countries.

The Company regards compliance as not only compliance with laws and regulations, but also maintaining high ethical standards as a corporate citizen, meeting the expectations of all stakeholders, and fulfilling its social responsibility. The Company has established a Compliance Committee under the direct control of the President and CEO to implement compliance, including compliance with laws and regulations.

However, depending on the country or region in which the Company or a consolidated subsidiary is operating, there are instances in which the legal system might not be fully functioning, and thus unanticipated changes in laws, regulations, and interpretations, the inconsistent application/interpretation of laws and regulations by regulatory authorities and judicial institutions or unilateral changes in their operation may occur. The businesses (including those based on completely new business models) conducted by the Company and its consolidated subsidiaries may also include business fields for which laws and regulations have not been adequately established. Although the Company and its consolidated subsidiaries thoroughly implement compliance risk management based on a risk-based approach, the possibility remains that compliance violations will occur due to an extremely wide range of business activities they conduct, and the compliance burden placed on them may increase. If a situation of this nature were to arise, punitive measures, including the interruption of operations, may be applied, which could lower the Company's credibility and adversely affect the Group's business results and financial condition.

Please refer to the Corporate Governance System on PP.50–65 for more details on the Compliance Committee.

<Tax System/Tax Risks>

Since Marubeni and its consolidated subsidiaries are expanding a variety of business activities globally, they are obligated to pay taxes in Japan and other countries. Therefore, if taxation by the tax authorities of each country is strengthened and rule changes, such as the expansion of the tax base and to tax rates, are imposed, the amount of tax payable by the Company and its consolidated subsidiaries may increase.

The Company and its consolidated subsidiaries file appropriate tax returns in accordance with the tax laws of each country, but unanticipated taxation may occur due to differences in interpretation with the authorities of each country. If a taxation problem occurs, we will take measures, such as appointing an external expert to solve the problem, but the Company is unable to completely eliminate the possibility of additional taxation. In such an event, Marubeni and its consolidated subsidiaries' earnings performance and/or financial condition could be adversely affected.

Significant Lawsuits

In the course of business activities in Japan and overseas, the Group may be a party to litigation, disputes, and other legal proceedings (collectively, "Lawsuits"). When the Group is a party to Lawsuits, predicting the outcome is impossible given the inherent uncertainty of Lawsuits. Lawsuits may adversely affect the Group's business results and financial condition of the Group.

The Sugar Group, comprised of a group of Indonesian companies, filed a lawsuit against the Corporation, and the Supreme Court of Indonesia ("Supreme Court") ruled in favor of the Corporation in 2011 ("Previous Case"). However, Sugar Group filed another series of lawsuits against the Corporation in which substantially the same claims as those in the Previous Case were made ("South Jakarta Case" and "Gunung Sugih Case"). The Supreme Court ruled against the Corporation in the South Jakarta Case and the Gunung Sugih Case and the decisions by the Supreme Court are formally binding on the Corporation. However, the Corporation filed applications for judicial review before the Supreme Court concerning the South Jakarta Case and the Gunung Sugih Case and the Corporation is still pursuing these applications. Separately, the Corporation filed a lawsuit against Sugar Group to seek damages for, among other matters, reputational damages suffered by the Corporation caused by Sugar Group's torts ("New Case"). In response to the Corporation's claims in the New Case, Sugar Group filed a counterclaim against the Corporation seeking damages on the grounds that the Corporation's filing of the New Case allegedly constitutes a tort against Sugar Group ("Counterclaim"). The New Case is pending before the Central Jakarta District Court. Depending on developments in the South Jakarta Case and the Gunung Sugih Case (where the Supreme Court ruled against the Corporation) and the Counterclaim (which is pending before the Central Jakarta District Court) and judicial procedure, the Corporation might be obliged to pay damages based on the rulings against the Corporation, interest, and court costs (in whole or in part) and suffer losses which may adversely affect the Corporation's business results and financial condition. (Note)

Note: The South Jakarta Case's defendants include Marubeni Europe PLC. Thus, the lawsuit may adversely affect Marubeni Europe's business results and financial condition.

Environmental Risk

Marubeni and its consolidated subsidiaries conduct business activities globally across a broad range of industries. In the event that environmental pollution, such as of the air, soil or water, arises as a result of these activities, this could result in business stoppage, pollution remediation expenses, and legal fees in response to litigation by local residents. In addition, the Group's social reputation could be damaged. In addition to having introduced an environmental management system in the year ended March 31, 2000, to cope with such environmental risks, the Company is working to assess the potential environmental burden and reduce environmental risk by conducting on-site inspections and document examinations at its consolidated subsidiaries and suppliers. In the event, however, that some form of environmental impact occurs, it could adversely affect the Group's business results and financial condition.

Please refer to Sustainability Assessment and Human Rights Due Diligence on P.30 and Supply Chains Start with Consolidated Subsidiaries on P.31.

Risks from Natural and Other Disasters

If a natural disaster—such as an earthquake, tsunami, excessive rainfall or a typhoon—were to occur, or were there to be an outbreak of an infectious disease, such as a new strain of influenza, in a country or region where the Company or a consolidated subsidiary is developing business activities, these events could cause injuries to employees and damage to and the loss of the Group's offices, facilities, and systems. These effects and disruption to public infrastructure, such as transport, telecommunications, water, gas, and electricity, would inhibit the normal business activities of Marubeni and its consolidated subsidiaries.

While every effort has been made to implement appropriate countermeasures, such as the formulation of business continuity plans, earthquake countermeasures, fire prevention drills, and the stockpiling of the necessary materiel, the potential for damage from and the impact of natural disasters cannot be completely mitigated. Consequently, there remains the possibility that such disasters could adversely affect the Group's business results and financial condition.

Climate-related Risk

The Company and its consolidated subsidiaries engage in sales activities related to a wide range of global industrial fields. If physical risks were to arise, such as natural disasters and extreme weather of increased severity, changes in precipitation and weather patterns, rising mean temperatures and rising sea levels due to climate change, these could adversely affect the Group's business results and financial condition. For example, crop failures due to changes in climate patterns and the paralysis of logistics functions due to extreme weather conditions could bring about a deterioration in earnings in the grain origination and agri-input businesses.

In addition, the transition to a decarbonized society carries with it the risk of greenhouse gas emission regulations, such as the introduction and strengthening of a carbon tax, and technological improvements or rapid development of renewable energy technologies. There is a possibility that this shift could adversely affect the business performance and financial condition of the Company and its consolidated subsidiaries, especially those engaged in fossil fuel-related business. The likelihood of these climate-related risks is largely dependent on the status of efforts to prevent climate change under the Paris Agreement.

Following the establishment of the Sustainability Management Committee under the direct control of the president, the Company is working to reduce the climate-related risk. Among a host of initiatives, we have established business policies. This includes, as a general principle, no longer entering into any new coal-fired power generation businesses and cutting our coal-fired power net generation capacity as of March 31, 2019 in half by 2030.

However, if these efforts do not succeed, or if climate change progresses at a speed or scale that exceeds expectations, it could adversely affect the performance and financial condition of the Company and its consolidated subsidiaries.

Please refer to Climate Change on PP.25–27.

For more details on the Sustainability Management Committee please see Sustainability Promotion Committee on P.23.

Country Risks

As they conduct sales activities globally, the Company and its consolidated subsidiaries are exposed to a variety of country risks, such as changes in the political situation in the region/country concerned, the deterioration of social conditions, including terrorism/violent groups, changes in the economic environment, changes in the legal systems and policies related to sales activities as well as natural disasters. A deteriorating operating environment in these markets or regions could adversely affect the Group's business results and financial condition.

Therefore, the Company assesses and classifies those countries in which operations are conducted according to their level of risk and has established country risk management criteria.

Under these criteria, the Company defines the policy for each country classification or country, quantifies the risk exposure for each country, and conducts management to prevent exposure concentration in a specific country classification or country.

In addition, when considering new investment projects, we have set investment criteria that take into consideration whether an appropriate risk-reward ratio will be obtained in accordance with the country classification or country risk of each country.

The Company also makes every effort to take appropriate risk hedging measures, such as taking out trade insurance, investment insurance or letter of guarantee via third parties, depending on the nature of the project.

The main exposures to country risk* as of March 31, 2020, are as follows:

* Of the assets held by Marubeni and its consolidated subsidiaries, the total amount of long-lived assets, such as long-term credit, fixed assets, and investments. Extracted countries with exposure of ¥100 billion or more.

U.S.	¥846.6 billion
Chile	¥259.2 billion
Australia	¥226.7 billion
Indonesia	¥167.4 billion
Singapore	¥136.7 billion
U.K.	¥101.4 billion

Risks Related to Information Systems and Information Security

The Company and its consolidated subsidiaries recognize as matters of priority the proper management of information assets and the ensuring of a high level of information security. Maintaining the relevant regulations, the Company conducts educational and awareness activities for its officers and employees while implementing security inspection activities. The Company is also working on measures to counter security risks by monitoring networks, including the Group.

It is, however, impossible to completely eliminate all possibility of, for example, unauthorized access from outside, the leakage of confidential/personal information due to computer virus intrusion, or IT service interruptions due to equipment/communication system malfunctions. In any one of these events, Marubeni and its consolidated subsidiaries' earnings performance and/or financial condition could be adversely affected.

Risk from Significant Accounting Policies and Estimates

The Company's consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board. Preparation of the consolidated financial statements requires management to make accounting estimates and assumptions, as necessary that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period as well as the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates and assumptions due to their inherent uncertainty. Accounting estimates and assumptions that could significantly affect the consolidated financial statements are as follows:

- Write-down of inventory assets
- Impairment of property, plant and equipment
- Impairment loss on intangible assets
- Impairment loss on investments in associates and joint ventures
- Recoverability of deferred tax assets
- Defined benefit obligation
- Provisions
- Valuation of financial instruments
- Contingent liabilities

The management of the Company considers these estimates to be reasonable, but in the event of, for example, an unexpected change, they could have a material impact on its consolidated financial statements.

Please refer to 3. Significant Accounting Policies in the Notes to Consolidated Financial Statements for the fiscal year under review for details of the estimates and assumptions of significant accounting policies.

https://ssl4.eir-parts.net/doc/8002/ir_material_for_fiscal_ym19/83790/00.pdf

Medium-Term Management Strategy

The Company and its consolidated subsidiaries began the three-year Medium-Term Management Strategy GC2021 in the year ended March 31, 2020, but having made the restructuring of the financial foundation damaged by the deficit recorded in the previous fiscal year the top priority issue, the quantitative targets have been revised.

Formulated on the basis of certain economic conditions, industrial trends and various other premises, assumptions and forecasts that were considered appropriate at the time of formulation, these quantitative goals may not be achieved due to changes in the business environment, an occurrence of an above-mentioned individual risk, and various other factors.

Please refer below for the content of the Medium-Term Management Strategy GC2021 revisions.

PP.10–14 "Our Vision and Promotion of the GC2021 Medium-Term Management Strategy"

Medium-Term Management Strategy

https://www.marubeni.com/en/company/plan/

Financial Data

(Millions of yen) (Thousands of U.S. dollars)*3

	SG2009		SG-12			GC2015			GC2018			GC2021	
	U.S. GAAP					IFRS							
Fiscal years ended March 31,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**	**2020**
For the year:													
Revenue, Total volume of trading transactions*1	¥ 10,462,067	¥ 7,965,055	¥ 9,020,468	¥ 10,584,393	¥ 10,509,088	¥ 7,055,700	¥ 7,834,295	¥ 7,300,299	¥ 7,128,805	¥ 7,540,337	¥ 7,401,256	**¥ 6,827,641**	**$ 62,638,908**
Gross trading profit	644,803	491,673	522,152	541,454	528,194	651,063	707,318	670,086	613,880	677,237	729,675	**696,808**	**6,392,734**
Operating profit*2	234,065	118,926	145,774	157,315	122,932	157,462	160,688	104,231	91,597	118,054	173,009	**133,875**	**1,228,211**
Dividend income	27,719	23,561	19,200	27,351	30,112	34,917	34,957	18,555	17,512	21,254	37,336	**27,631**	**253,495**
Share of profits of associates and joint ventures	21,973	28,864	71,452	81,528	87,790	99,405	89,919	31,824	114,725	148,503	85,278	**(55,150)**	**(505,963)**
Profit for the year attributable to owners of the parent (Net profit)	111,208	95,312	136,541	172,125	205,696	210,945	105,604	62,264	155,350	211,259	230,891	**(197,450)**	**(1,811,468)**
At year-end:													
Total assets	¥ 4,707,309	¥ 4,586,572	¥ 4,679,089	¥ 5,129,887	¥ 5,965,086	¥ 7,256,085	¥ 7,673,064	¥ 7,117,686	¥ 6,896,733	¥ 6,877,117	¥ 6,809,077	**¥ 6,320,037**	**$ 57,981,991**
Net interest-bearing debt	1,911,607	1,706,397	1,615,634	1,755,705	1,785,247	2,491,043	2,887,608	2,762,453	2,099,939	1,915,824	1,858,839	**1,859,125**	**17,056,193**
Total equity	623,356	799,746	831,730	915,770	1,188,379	1,531,231	1,678,713	1,415,202	1,742,758*4	1,835,637*4	2,071,726*4	**1,604,600*4**	**14,721,101**
Amounts per share (¥, $U.S.):													
Basic earnings*5	¥ 64.04	¥ 54.89	¥ 78.63	¥ 99.13	¥ 118.48	¥ 121.52	¥ 60.85	¥ 35.88	¥ 88.08	¥ 119.43	¥ 130.74	**¥ (116.03)**	**$ (1.06)**
Cash dividends	10.00	8.50	12.00	20.00	24.00	25.00	26.00	21.00	23.00	31.00	34.00	**35.00**	**0.32**
Cash flows:													
Net cash provided by operating activities	¥ 343,618	¥ 280,610	¥ 210,044	¥ 172,599	¥ 295,734	¥ 291,188	¥ 170,943	¥ 359,132	¥ 324,263	¥ 253,423	¥ 284,895	**¥ 326,981**	**$ 2,999,826**
Net cash provided by (used in) investing activities	(387,069)	(35,207)	(128,495)	(273,689)	(210,878)	(706,585)	(331,411)	(174,596)	46,504	(49,742)	22,528	**(209,790)**	**(1,924,679)**
Free cash flow	(43,451)	245,403	81,549	(101,090)	84,856	(415,397)	(160,468)	184,536	370,767	203,681	307,423	**117,191**	**1,075,147**
Net cash provided by (used in) financing activities	257,608	(254,655)	(17,010)	171,913	129,030	196,779	(70,705)	(36,268)	(258,123)	(269,507)	(427,420)	**(93,261)**	**(855,606)**
Cash and cash equivalents at end of year	573,924	570,789	616,003	677,312	919,475	665,498	469,106	600,840	704,972	625,834	509,288	**522,523**	**4,793,789**
Ratios:													
ROA (%)	2.24	2.05	2.95	3.51	3.71	3.15	1.41	0.84	2.22	3.07	3.37	**(3.01)**	
ROE (%)	16.51	14.52	17.98	21.17	20.74	16.67	7.28	4.39	11.09	13.97	13.92	**(13.41)**	
Net debt-equity (DE) ratio (Times)	3.07	2.13	1.94	1.92	1.50	1.63	1.72	1.95	1.20	1.04	0.90	**1.16**	
Total shareholder return*6 (%)	—	—	—	—	—	—	—	84.9	104.8	121.4	125.6	**98.1**	

*1. Reflecting "Total volume of trading transactions" until FYE 3/2013 and "Revenue" from FYE 3/2014 onward.
"Total volume of trading transactions" includes all transactions involving the Company and its consolidated subsidiaries regardless of transaction type.

*2. Operating profit = Gross trading profit + SGA expenses + Provision for doubtful accounts. "Operating profit" is presented in accordance with Japanese accounting practices for investors' convenience and is not required by IFRS.

*3. U.S. dollar amounts above and elsewhere in this report are converted from yen, for the convenience of readers only, at ¥109 to U.S.$1, the exchange rate prevailing on March 31, 2020.

*4. Including financing through perpetual subordinated loans in the amount of ¥250.0 billion in August 2016. The loans are classified as Total equity (other equity instruments) under IFRS.

*5. "Basic earnings per share attributable to owners of the parent" is based on "Profit attributable to owners of the parent" excluding the amount not attributable to ordinary shareholders.

*6. Total shareholder return for fiscal year N = (Share price at the end of fiscal year N + cumulative amount of dividends per share of up to fiscal year N from four fiscal years prior to FYE 3/2020)/ share price at the end of the five fiscal years prior to FYE 3/2020
(fiscal year N = any fiscal year between FYE 3/2016 - FYE 3/2020)

MARUBENI CORPORATION INTEGRATED REPORT 2020

Consolidated Financial Statements

Consolidated Statement of Financial Position

Marubeni Corporation
As of March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2020	March 31, 2020
Assets			
Current assets:			
Cash and cash equivalents	¥ 509,288	¥ 522,523	$ 4,793,789
Time deposits	250	140	1,284
Investment securities	151	67	615
Notes, trade accounts and loans receivable	1,289,196	1,056,938	9,696,679
Other current financial assets	182,208	315,861	2,897,807
Inventories	900,472	852,927	7,825,018
Assets classified as held for sale	35,438	19,344	177,468
Other current assets	241,546	235,255	2,158,303
Total current assets	3,158,549	3,003,055	27,550,963
Non-current assets:			
Investments in associates and joint ventures	1,732,712	1,601,298	14,690,807
Other investments	292,752	229,080	2,101,651
Notes, trade accounts and loans receivable	132,328	103,367	948,321
Other non-current financial assets	79,511	98,002	899,101
Property, plant and equipment	926,092	902,423	8,279,110
Intangible assets	379,941	288,992	2,651,303
Deferred tax assets	45,806	32,555	298,670
Other non-current assets	61,386	61,265	562,064
Total non-current assets	3,650,528	3,316,982	30,431,028
Total assets	¥ 6,809,077	¥ 6,320,037	$ 57,981,991

See "Consolidated Financial Statements with Independent Auditors' Report for Fiscal Year Ended March 31, 2020" on our website "To Investors, IR Library" for more details on the consolidated financial statements.
https://www.marubeni.com/en/ir/reports/security_reports/

	Millions of yen		Thousands of U.S. dollars
	March 31, 2019	March 31, 2020	March 31, 2020
Liabilities and equity			
Current liabilities:			
Bonds and borrowings	¥ 478,387	¥ 620,020	$ 5,688,257
Notes and trade accounts payable	1,273,196	1,085,616	9,959,780
Other current financial liabilities	275,217	367,971	3,375,881
Income tax payable	17,778	16,360	150,092
Liabilities directly associated with assets held for sale	359	417	3,826
Other current liabilities	421,489	370,566	3,399,688
Total current liabilities	2,466,426	2,460,950	22,577,523
Non-current liabilities:			
Bonds and borrowings	1,889,990	1,761,768	16,163,009
Notes and trade accounts payable	11,566	5,245	48,119
Other non-current financial liabilities	74,404	231,116	2,120,330
Accrued pension and retirement benefits	89,764	109,143	1,001,312
Deferred tax liabilities	107,783	63,073	578,651
Other non-current liabilities	97,418	84,142	771,945
Total non-current liabilities	2,270,925	2,254,487	20,683,367
Total liabilities	4,737,351	4,715,437	43,260,890
Equity:			
Issued capital	262,686	262,686	2,409,963
Capital surplus	139,898	143,189	1,313,661
Other equity instruments	243,589	243,589	2,234,761
Treasury stock	(1,384)	(1,172)	(10,752)
Retained earnings	1,163,472	866,140	7,946,239
Other components of equity:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	71,912	22,718	208,422
Foreign currency translation adjustments	131,178	41,247	378,413
Gains (losses) on cash flow hedges	(33,610)	(62,922)	(577,266)
Equity attributable to owners of the parent	1,977,741	1,515,475	13,903,440
Non-controlling interests	93,985	89,125	817,661
Total equity	2,071,726	1,604,600	14,721,101
Total liabilities and equity	¥ 6,809,077	¥ 6,320,037	$ 57,981,991

Consolidated Statement of Comprehensive Income

Marubeni Corporation
Fiscal years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2020
Revenue:			
Sales of goods	¥ 7,197,705	¥ 6,638,184	$ 60,900,771
Commissions on services and trading margins	203,551	189,457	1,738,138
Total revenue	7,401,256	6,827,641	62,638,908
Cost of goods sold	(6,671,581)	(6,130,833)	(56,246,174)
Gross trading profit	729,675	696,808	6,392,734
Other income (expenses):			
Selling, general and administrative expenses	(549,014)	(558,487)	(5,123,734)
Gains (losses) on allowance for doubtful accounts	(7,652)	(4,446)	(40,789)
Gains (losses) on property, plant and equipment:			
Impairment losses	(17,803)	(251,639)	(2,308,615)
Gains (losses) on sales of property, plant and equipment	2,597	678	6,220
Other—net	10,742	(15,098)	(138,514)
Total other income (expenses)	(561,130)	(828,992)	(7,605,431)
Finance income (expenses):			
Interest income	15,950	16,382	150,294
Interest expenses	(46,807)	(47,737)	(437,954)
Dividend income	37,336	27,631	253,495
Gains (losses) on investment securities	28,517	25,123	230,486
Total finance income (expenses)	34,996	21,399	196,321
Share of profit (loss) of associates and joint ventures	85,278	(55,150)	(505,963)
Profit (loss) before tax	288,819	(165,935)	(1,522,339)
Income taxes	(49,535)	(24,256)	(222,532)
Profit (loss) for the year	¥ 239,284	¥ (190,191)	$ (1,744,872)
Profit (loss) for the year attributable to:			
Owners of the parent	¥ 230,891	¥ (197,450)	$ (1,811,468)
Non-controlling interests	8,393	7,259	66,596

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2020
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Gains (losses) on financial assets measured at fair value through other comprehensive income	¥ (12,485)	¥ (53,880)	$ (494,312)
Remeasurements of defined benefit plan	(7,301)	(19,080)	(175,046)
Changes in other comprehensive income of associates and joint ventures	(5,659)	(5,627)	(51,624)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments	47,308	(85,117)	(780,890)
Gains (losses) on cash flow hedges	4,777	(5,425)	(49,771)
Changes in other comprehensive income of associates and joint ventures	13,639	(29,009)	(266,138)
Other comprehensive income, net of tax	40,279	(198,138)	(1,817,780)
Total comprehensive income for the year	¥ 279,563	¥ (388,329)	$ (3,562,651)
Total comprehensive income for the year attributable to:			
Owners of the parent	¥ 270,904	¥ (394,355)	$ (3,617,936)
Non-controlling interests	8,659	6,026	55,284

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2020
Basic earnings (losses) per share attributable to shareholders of the parent	¥ 130.74	¥ (116.03)	$ (1.06)
Diluted earnings (losses) per share attributable to shareholders of the parent	¥ 130.62	¥ (116.03)	$ (1.06)

Consolidated Statement of Changes in Equity

Marubeni Corporation

Millions of yen

Year ended March 31, 2019	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 April 1, 2018	¥ 262,686	¥ 135,295	¥ 243,589	¥ (1,379)	¥1,014,709	¥ 82,596	¥ 76,253
Cumulative effect of applying new accounting standards and interpretations					(1,117)		
Profit (loss) for the year					230,891		
Other comprehensive income						(17,594)	54,925
Purchases and sales of treasury stock		0		(5)			
Dividends					(61,611)		
Equity transactions with non-controlling interests and others		4,603			(748)		
Distribution to owners of other equity financial instruments					(4,035)		
Transfer from other components of equity to retained earnings					(14,617)	6,910	
Transfer to non-financial assets or non-financial liabilities							
Balance at March 31, 2019	¥ 262,686	¥ 139,898	¥ 243,589	¥ (1,384)	¥1,163,472	¥ 71,912	¥ 131,178

Millions of yen

	Equity attributable to owners of the parent					
	Other components of equity					
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit plan	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2018	¥ (42,274)	¥ —	¥ 116,575	¥ 1,771,475	¥ 64,162	¥ 1,835,637
Cumulative effect of applying new accounting standards and interpretations				(1,117)		(1,117)
Profit (loss) for the year				230,891	8,393	239,284
Other comprehensive income	10,389	(7,707)	40,013	40,013	266	40,279
Purchases and sales of treasury stock				(5)		(5)
Dividends				(61,611)	(7,350)	(68,961)
Equity transactions with non-controlling interests and others				3,855	28,514	32,369
Distribution to owners of other equity financial instruments				(4,035)		(4,035)
Transfer from other components of equity to retained earnings		7,707	14,617	—		—
Transfer to non-financial assets or non-financial liabilities	(1,725)		(1,725)	(1,725)		(1,725)
Balance at March 31, 2019	¥ (33,610)	¥ —	¥ 169,480	¥ 1,977,741	¥ 93,985	¥ 2,071,726

Millions of yen

Year ended March 31, 2020	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 April 1, 2019	¥ 262,686	¥ 139,898	¥ 243,589	¥ (1,384)	¥1,163,472	¥ 71,912	¥ 131,178
Cumulative effect of applying new accounting standards and interpretations					(6,674)		
Profit (loss) for the year					(197,450)		
Other comprehensive income						(58,875)	(89,931)
Purchases and sales of treasury stock		(14)		212			
Dividends					(59,878)		
Equity transactions with non-controlling interests and others		3,305			(42)		
Distribution to owners of other equity financial instruments					(3,902)		
Transfer from other components of equity to retained earnings					(29,386)	9,681	
Transfer to non-financial assets or non-financial liabilities							
Balance at March 31, 2020	¥ 262,686	¥ 143,189	¥ 243,589	¥ (1,172)	¥ 866,140	¥ 22,718	¥ 41,247

Millions of yen

	Equity attributable to owners of the parent					
	Other components of equity					
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit plan	Other components of equity	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2019	¥ (33,610)	¥ —	¥ 169,480	¥ 1,977,741	¥ 93,985	¥ 2,071,726
Cumulative effect of applying new accounting standards and interpretations				(6,674)		(6,674)
Profit (loss) for the year				(197,450)	7,259	(190,191)
Other comprehensive income	(28,394)	(19,705)	(196,905)	(196,905)	(1,233)	(198,138)
Purchases and sales of treasury stock				198		198
Dividends				(59,878)	(6,640)	(66,518)
Equity transactions with non-controlling interests and others				3,263	(4,246)	(983)
Distribution to owners of other equity financial instruments				(3,902)		(3,902)
Transfer from other components of equity to retained earnings		19,705	29,386	—		—
Transfer to non-financial assets or non-financial liabilities	(918)		(918)	(918)		(918)
Balance at March 31, 2020	¥ (62,922)	¥ —	¥ 1,043	¥ 1,515,475	¥ 89,125	¥ 1,604,600

Year ended March 31, 2020

	Thousands of U.S. dollars						
	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 April 1, 2019	$ 2,409,963	$ 1,283,468	$ 2,234,761	$ (12,697)	$ 10,674,055	$ 659,743	$ 1,203,468
Cumulative effect of applying new accounting standards and interpretations					(61,229)		
Profit (loss) for the year					(1,811,468)		
Other comprehensive income						(540,138)	(825,055)
Purchases and sales of treasury stock		(128)		1,945			
Dividends					(549,339)		
Equity transactions with non-controlling interests and others		30,321			(385)		
Distribution to owners of other equity financial instruments					(35,798)		
Transfer from other components of equity to retained earnings					(269,596)	88,817	
Transfer to non-financial assets or non-financial liabilities							
Balance at March 31, 2020	$ 2,409,963	$ 1,313,661	$ 2,234,761	$ (10,752)	$ 7,946,239	$ 208,422	$ 378,413

	Thousands of U.S. dollars					
	Equity attributable to owners of the parent					
	Other components of equity			Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Gains (losses) on cash flow hedges	Remeasurements of defined benefit plan	Other components of equity			
Balance at April 1, 2019	$ (308,349)	$ —	$ 1,554,862	$ 18,144,413	$ 862,248	$ 19,006,661
Cumulative effect of applying new accounting standards and interpretations				(61,229)		(61,229)
Profit (loss) for the year				(1,811,468)	66,596	(1,744,872)
Other comprehensive income	(260,495)	(180,780)	(1,806,468)	(1,806,468)	(11,312)	(1,817,780)
Purchases and sales of treasury stock				1,817		1,817
Dividends				(549,339)	(60,917)	(610,257)
Equity transactions with non-controlling interests and others				29,936	(38,954)	(9,018)
Distribution to owners of other equity financial instruments				(35,798)		(35,798)
Transfer from other components of equity to retained earnings		180,780	269,596	—		—
Transfer to non-financial assets or non-financial liabilities	(8,422)		(8,422)	(8,422)		(8,422)
Balance at March 31, 2020	$ (577,266)	$ —	$ 9,569	$ 13,903,440	$ 817,661	$ 14,721,101

Consolidated Statement of Cash Flows

Marubeni Corporation

Fiscal years ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2020
Operating activities:			
Profit (loss) for the year	¥ 239,284	¥ (190,191)	$ (1,744,872)
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:			
Depreciation and amortization	113,541	166,922	1,531,394
(Gains) losses on property, plant and equipment	15,206	250,961	2,302,394
Finance (income) expenses	(34,996)	(21,399)	(196,321)
Share of (profit) loss of associates and joint ventures	(85,278)	55,150	505,963
Income taxes	49,535	24,256	222,532
Changes in notes and accounts receivable	65,190	231,157	2,120,706
Changes in inventories	(42,777)	32,103	294,523
Changes in notes and trade accounts payable	(127,896)	(188,141)	(1,726,064)
Other—net	14,096	(92,406)	(847,761)
Interest received	11,414	11,701	107,349
Interest paid	(44,202)	(48,890)	(448,532)
Dividends received	152,765	120,504	1,105,541
Income taxes paid	(40,987)	(24,746)	(227,028)
Net cash provided by (used in) operating activities	284,895	326,981	2,999,826
Investing activities:			
Net (increase) decrease in time deposits	803	108	991
Proceeds from sale of property, plant and equipment	5,968	8,712	79,927
Proceeds from sale of investment property	544	154	1,413
Collection of loans receivable	33,061	32,584	298,936
Proceeds from sale of subsidiaries, net of cash and cash equivalents disposed of	12,022	15,778	144,752
Proceeds from sale of investments in associates and joint ventures, and other investments	123,279	66,413	609,294
Purchase of property, plant and equipment	(93,221)	(109,878)	(1,008,055)
Purchase of investment property	(69)	(114)	(1,046)
Loans provided to customers	(14,872)	(8,920)	(81,835)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	7,172	(15,414)	(141,413)
Purchase of investments in associates and joint ventures, and other investments	(52,159)	(199,213)	(1,827,642)
Net cash provided by (used in) investing activities	22,528	(209,790)	(1,924,679)
Financing activities:			
Net increase (decrease) in short-term borrowings	(163,088)	74,877	686,945
Proceeds from long-term bonds and borrowings	254,166	258,016	2,367,119
Repayments of long-term bonds and borrowings	(436,146)	(347,484)	(3,187,927)
Dividends paid to shareholders of the parent	(61,611)	(59,878)	(549,339)
Net cash outflows on purchases and sales of treasury stock	(9)	(7)	(64)
Capital contribution from non-controlling interests	79	116	1,064
Acquisition of additional interests in subsidiaries from non-controlling interests	(9,425)	(7,727)	(70,890)
Distribution to owners of other equity instruments	(4,035)	(3,902)	(35,798)
Other	(7,351)	(7,272)	(66,716)
Net cash provided by (used in) financing activities	(427,420)	(93,261)	(855,606)
Effect of exchange rate changes on cash and cash equivalents	3,451	(10,695)	(98,119)
Net increase (decrease) in cash and cash equivalents	(116,546)	13,235	121,422
Cash and cash equivalents at beginning of year	625,834	509,288	4,672,367
Cash and cash equivalents at end of year	¥ 509,288	¥ 522,523	$ 4,793,789

Global Network

As of April 1, 2020

Locations of Branches and Offices

Middle East & Africa	
Abidjan	Dubai
Abu Dhabi	Istanbul
Accra	Johannesburg
Addis Ababa	Kuwait City
Algiers	Lagos
Amman	Luanda
Ankara	Maputo
Baghdad	Muscat
Cairo	Nairobi
Casablanca	Riyadh
Doha	Tehran

Europe & CIS	
Almaty	Milan
Athens	Moscow
Bucharest	Nur-Sultan (Astana)
Budapest	Paris
Düsseldorf	Prague
Hamburg	Risley
Helsinki	Tallinn
Khabarovsk	Tashkent
Kiev	Vladivostok
Lisbon	Warsaw
London	Yuzhno-Sakhalinsk

Southwest Asia	
Chennai	Karachi
Chattogram	Kolkata
Dhaka	Lahore
Goa	Mumbai
Islamabad	New Delhi

Japan	
Sapporo	Osaka
Sendai	Fukuyama
Tokyo	Hiroshima
Shizuoka	Imabari
Hamamatsu	Fukuoka
Nagoya	Naha

ASEAN	
Bangkok	Nay Pyi Taw
Hanoi	Phnom Penh
Ho Chi Minh City	Singapore
Jakarta	Vientiane
Kuala Lumpur	Yangon
Kuching	
Manila	

China / East Asia	
Beijing	Seoul
Changchun	Shanghai
Chengdu	Shenzhen
Dalian	Taipei
Guangzhou	Tianjin
Hefei	Ulan Bator
Hong Kong	Wuhan
Kunming	Xiamen
Nanjing	
Qingdao	

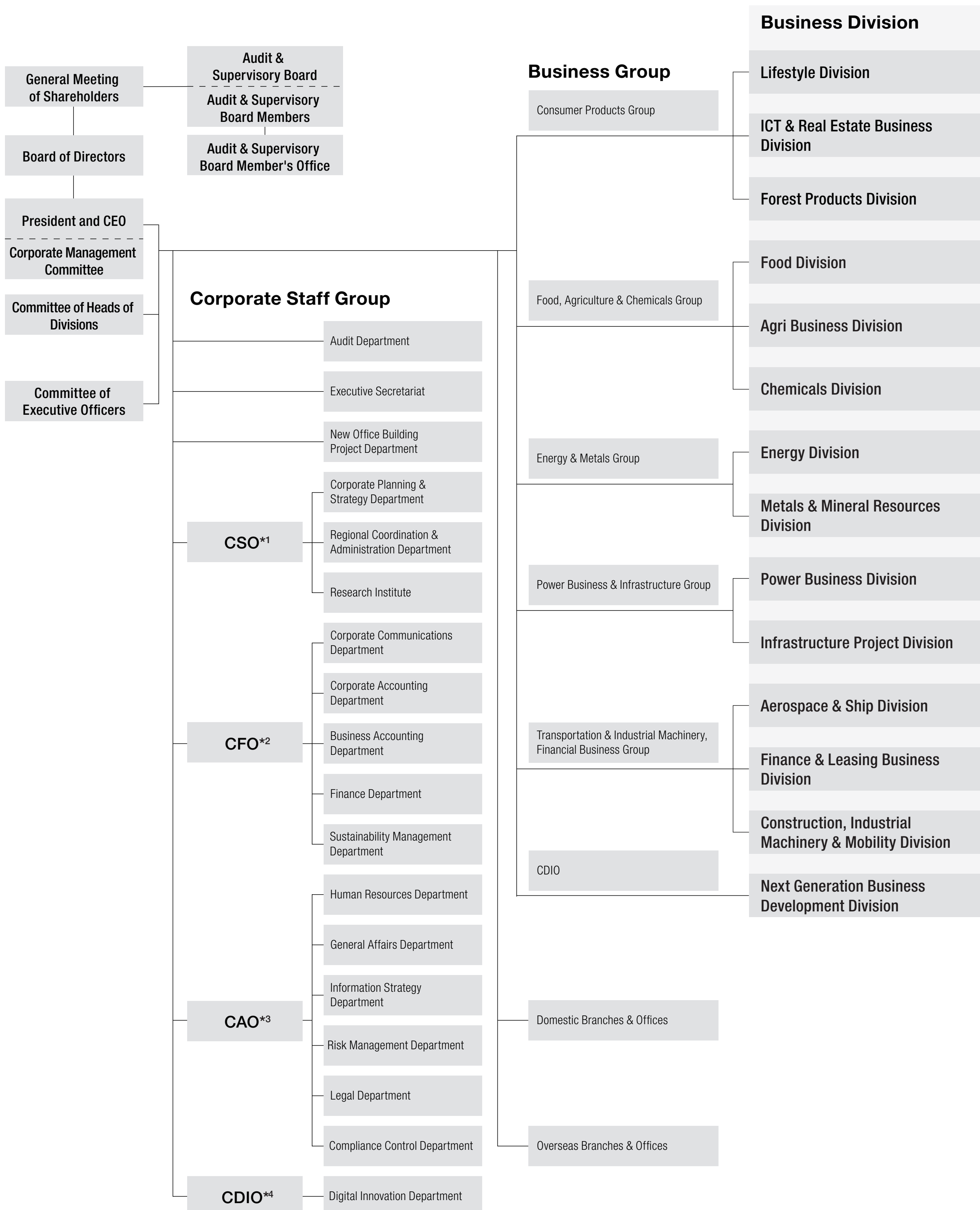
Oceania
Auckland
Melbourne
Perth
Port Moresby
Sydney

North & Central America
Guatemala City
Havana
Houston
Los Angeles
Mexico City
New York
Omaha
Queretaro
Silicon Valley
Toronto
Washington, D.C.

South America
Belo Horizonte
Bogota
Buenos Aires
Caracas
Lima
Rio de Janeiro
Salvador
Santiago
São Paulo

Organization

As of April 1, 2020



*1. CSO: Chief Strategy Officer
*2. CFO: Chief Financial Officer
*3. CAO: Chief Administrative Officer
*4. CDIO: Chief Digital Innovation Officer

Company Profile

As of March 31, 2020

Company Name	Marubeni Corporation
Securities Code	8002
Head Office	7-1, Nihombashi 2-chome, Chuo-ku, Tokyo 103-6060, Japan Tel: 81-3-3282-2111 E-mail: tokb138@marubeni.com
Number of Branches and Offices (Including Tokyo Head Office) (As of April 1, 2020)	136 locations in 68 countries/regions Consisting of 12 domestic branches and offices, 58 overseas branches and offices and 29 overseas corporate subsidiaries with 66 offices
Founded	May 1858
Incorporated	December 1, 1949
Paid-in Capital	¥262,686 million
Number of Employees	4,404 Including 632 employees seconded to companies in Japan and 864 employees assigned to overseas sites, employees seconded to overseas companies and overseas trainees. Excluding 434 local employees of overseas branches and offices and 1,487 local employees of overseas corporate subsidiaries
Corporate Website	https://www.marubeni.com/en/ IR page https://www.marubeni.com/en/ir/ Sustainability page https://www.marubeni.com/en/sustainability/
Business Year	April 1 to March 31 of the following year
Regular General Meeting of Shareholders	June of each year

IR Activities

In keeping with the corporate creed of Fairness, Innovation, and Harmony, we strive to build relationships of trust with all stakeholders, including shareholders and investors, by providing information properly, fairly and in a timely manner, as well as in ways that are easy to understand. This information includes financial and business performance information as well as non-financial information needed to make investment decisions such as management strategy, in addition to the information that must be disclosed for statutory compliance. We aim to achieve sustainable growth in corporate value by obtaining remarks from stakeholders through an effective two-way dialogue, and sharing them within the Company including the management and directors.

IR Policy

Fairness: Highly transparent IR

Provide fair and clear disclosure of information based on the precepts of the Fair Disclosure Rules stipulated in the Financial Instruments and Exchange Act, as well as statutory and timely disclosures. Through this, we will fulfill our responsibility for accountability to all stakeholders while engaging in a sincere dialogue.

Innovation: Progressive and Creative IR

The management, including the President, CFO and directors, will actively participate in various IR events to increase the opportunities for dialogue with shareholders and investors. For the planning and operation of IR events, and the creation of publications and IR website content, we keep ourselves innovative in making the content easy to understand for participants/viewers, while maintaining a broad perspective.

Harmony: IR through two-way dialogues

The opinions and requests obtained through dialogue with shareholders and investors, mainly by the President, CFO and department responsible for investor relations, will be collected and shared as feedback within the Company including the management and directors. The department responsible for IR will lead the organic coordination within the Company through timely sharing of information among relevant departments.

External Evaluation

Inclusion in ESG Indexes

FTSE4Good Global Index Series*1

FTSE4Good

FTSE Blossom Japan Index*2

FTSE Blossom Japan

MSCI Japan Empowering Women Index (WIN)*3

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

*1. FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Marubeni Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

*2. FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Marubeni Corporation has been independently assessed according to the FTSE Blossom Japan Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

*3. The inclusion of Marubeni Corporation in any MSCI Index, and the use of MSCI Logos, Trademarks, Service Marks or Index Names herein, do not constitute a sponsorship, endorsement or promotion of Marubeni Corporation by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index Names and Logos are Trademarks or Service Marks of MSCI or its affiliates.

Outside certification and evaluation

Selected as Nadeshiko Brand

NADESHIKO 2015 / NADESHIKO 2017 / NADESHIKO 2019

Received "Eruboshi" certification

Received "Platinum Kurumin" certification

Recognized as 2020 Health and Productivity Management Outstanding Organization ("White 500" organization)

Inclusion in Health & Productivity Stock Selection

For details, please see our website:
https://www.marubeni.com/en/sustainability/evaluation/

Stock Information

As of March 31, 2020

Number of Shares Authorized
4,300,000,000

Share Unit
100 shares

Number of Shares Issued and Outstanding
1,737,940,900

Record Date for Year-End Dividend
March 31 of each year

Stock Listings
Tokyo, Nagoya

Record Date for Interim Dividend
September 30 of each year

Number of Shareholders
194,719

Transfer Agent of Common Stock
Mizuho Trust & Banking Co., Ltd.

Long-Term Credit Rating (As of July 31, 2020)

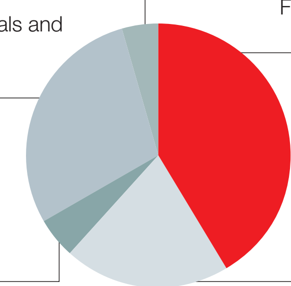
Credit Rating Agency	Long Term (Outlook)
Japan Credit Rating Agency (JCR)	A+ (Stable)
Rating and Investment Information (R&I)	A (Stable)
S&P Global Ratings	BBB (Stable)
Moody's	Baa2 (Stable)

Major Shareholders

Name of Shareholder	Stake in the Corporation	
	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	144,607	8.33
Japan Trustee Services Bank, Ltd. (Trust account)	110,175	6.35
BNYM RE NORWEST/ WELLS FARGO OMNIBUS	69,529	4.01
Meiji Yasuda Life Insurance Company	41,818	2.41
Japan Trustee Services Bank, Ltd. (Trust account 5)	41,745	2.40
Japan Trustee Services Bank, Ltd. (Trust account 9)	37,491	2.16
Mizuho Bank, Ltd.	30,000	1.73
Sompo Japan Nipponkoa Insurance Inc.	30,000	1.73
Japan Trustee Services Bank, Ltd. (Trust account 7)	28,802	1.66
JPMorgan Chase Bank 385151	27,369	1.58

*1. The number of shares owned is rounded down to the nearest thousand.
*2. The shareholding ratios are calculated after deducting the treasury stock from the number of shares issued and outstanding. The percentages are rounded to the nearest two decimal points.
*3. Sompo Japan Nipponkoa Insurance Inc. changed its company name to Sompo Japan Insurance Inc. as of April 1, 2020.

Distribution of Shares by Type of Shareholder (%)



Note: The sum of each ratio may not be 100%, because each ratio has been rounded.