November 12, 2024

Summary of Consolidated Financial Results (Japanese GAAP) for the First Half of Fiscal Year Ending March 31, 2025

Listed company:	Cosmo Energy Holdings Co., Ltd.	Listed: Tokyo Stock Exchange	
Securities code:	5021	URL https://www.cosmo-energy.co.jp/	
Representative:	Shigeru Yamada, Representative Director & Group CEO		
Contact:	Masahiro Oikawa, General Manager of Corporate Communication Department		Phone: 03-3798-3101
Scheduled date of file semi-annual securities report:	November 12, 2024		
Scheduled date of commencement of dividend payment:	December 13, 2024		
Creation of supplementary results materials:	Yes		
Results briefing:	Yes (for analysts and institutional investors)		

Note: Figures less than 1 million yen are rounded down.

1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 2025 (from April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (cumulative total) (% indicates changes from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First Half, FY2024	1,321,131	1.0	41,213	-45.7	58,790	-29.2	20,639	-56.1
First Half, FY2023	1,308,464	-4.6	75,912	-56.1	83,063	-52.2	46,982	—

Note：Comprehensive income First Half, FY2024：24,428 million yen (-55.8 %) First Half, FY2023：55,303 million yen (— %)

	Net income per share	Diluted net income per share
	yen sen	yen sen
First Half, FY2024	237.17	—
First Half, FY2023	537.70	—

Note：As stated in Notes to additional information (Calculation method of tax expenses) in the Accompanying Materials, the Company applied the Accounting Standard for Semi-annual Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No. 33, March 22, 2024) from the current first half consolidated period. Consequently, the Company has adopted a simplified method in calculating tax expense from the current first half consolidated period, using the same method as that used for the fiscal year. The change in accounting policy has been applied retrospectively, and the consolidated operating results for the previous first half consolidated period are after retrospective application. Changes from the corresponding period of the previous fiscal year for profit attributable to owners of parent and comprehensive income for the first half of FY2023 are not shown due to retrospective application of the accounting policy change.

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
First Half, FY2024	2,219,369	724,610	26.8
FY2023	2,212,586	727,415	27.2

[Reference] Net worth First Half, FY2024：593,733 million yen First Half, FY2023：601,161 million yen

Note：As stated in Notes relating to changes in accounting policies, Application of Accounting Standard for Current Income Taxes, etc. in the Accompanying Materials, the Company applied the Accounting Standard for Current Income Taxes, etc. from the beginning of the current first half period under review, and the consolidated operating results for the first half of FY2024 reflect application of this accounting standard, etc. This change in accounting policy is applied retrospectively, and consolidated financial statements for the previous year are after retrospective application.

2. Dividend Payment Results and Forecast

	Annual dividend per share total				
	As of Q1-end	As of Q2-end	As of Q3-end	As of Fiscal Year-end	Full Year
	yen sen	yen sen	yen sen	yen sen	yen sen
FY2023	—	150.00	—	150.00	300.00
FY2024	—	150.00			
FY2024 (forecast)			—	150.00	300.00

Note：Revision made in the dividend payment forecast as of the end of the current first half from the previous announcement： None

3. Consolidated Business Forecast for Fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(% indicates changes from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2024	3,200,000	17.2	154,000	3.2	165,000	2.1	79,000	-3.7	939.50

Note：Revision made in the consolidated business forecast as of the end of the current first half from the previous announcement： None

Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New: 1 company (Company name: Sasebo Shikamachi Wind Power, G.K) Exclusion: －

Note：Please refer to 2. Consolidated Financial Statements and Significant Notes (4) Notes to consolidated financial statements (Notes on changes in scope of consolidation or application of the equity method) on page 9 of the Accompanying Materials for details.

(2) Application of accounting methods which are exceptional for preparing the semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, restatements

1) Changes in accounting policies due to revisions to accounting standards, etc.: Yes
2) Changes in accounting policies other than those set out in 1): None
3) Changes in accounting estimates: None
4) Restatements: None

Note：Please refer to 2. Consolidated Financial Statements and Significant Notes (4) Notes to consolidated financial statements (Notes relating to changes in accounting policies) on page 9 of the Accompanying Materials for details.

(4) Number of shares issued (ordinary shares)

1) Number of shares issued at the end of the period (including treasury shares)

First Half, FY2024	88,353,761	shares	FY2023	88,353,761	shares

2) Number of treasury shares at the end of the period

First Half, FY2024	2,423,311	shares	FY2023	766,247	shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

First Half, FY2024	87,025,731	shares	First Half, FY2023	87,376,662	shares

Note：Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

Note：Explanation regarding the proper use of business forecasts and other special notes

The consolidated business forecast for the full year of FY2024 is not updated from the previous announcement made on May 9, 2024.

The business forecast above has been created based on the information available as of the date of the publication of this summary. Actual results may be different from the forecast due to a variety of factors. For more information about the results forecast, please see 1.Overview of Operating Results, etc. (3) Explanation concerning information regarding consolidated business forecast on page 2 of the Accompanying Materials.

Supplementary results materials will be posted on the Company’s website on Tuesday, November 12, 2024.

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1. Overview of Operating Results, etc.

(1) Summary of Operating Results

Consolidated net sales for the first half of FY2024 were 1,321.1 billion yen (up 12.6 billion yen year on year), operating profit 41.2 billion yen (down 34.7 billion yen year on year), ordinary profit 58.8 billion yen (down 24.3 billion yen year on year) and profit attributable to owners of parent for the period 20.6 billion yen (down 26.4 billion yen year on year).

The operating results for the first half of FY2024 by business segment are as follows：

1) In the petroleum business segment, the segment reported net sales of 1,175.9 billion yen (up 1.6 billion yen year on year), about the same level as the same period of the previous year. On the other hand, due mainly to the fall in crude oil prices, reported a segment profit of 12.5 billion yen (down 36.2 billion yen year on year) .

2) In the petrochemical business segment, due mainly to a continued sluggish product market, the segment reported net sales of 160.5 billion yen (down 9.5 billion yen year on year) and a segment loss of 4.3 billion yen (a segment loss of 3.4 billion yen in the same period of the previous year).

3) In the oil exploration and production business segment, due mainly to the effect of exchange rate fluctuations, the segment reported net sales of 62.3 billion yen (up 5.8 billion yen year on year) and a segment profit of 45.0 billion yen (up 12.0 billion yen year on year).

4) In the renewable energy business segment, due mainly to worse wind conditions at wind farms from the same period of the previous year, the segment reported net sales of 4.8 billion yen (down 0.9 billion yen year on year) and a segment loss of 0.9 billion yen (a segment profit of 0.1 billion yen in the same period of the previous year).

(2) Summary of Financial Position

As for the consolidated financial position as of the end of the first half of FY2024, total assets as of September 30, 2024 amounted to 2,219.4 billion yen, up 6.8 billion yen from March 31, 2024, the end of FY2023. This was mainly due to an increase in inventories despite a decrease in notes and accounts receivable-trade. Net assets as of September 30, 2024 amounted to 724.6 billion yen with a net worth ratio of 26.8%.

(3) Explanation concerning information regarding consolidated business forecast

The consolidated business forecast for the full year of FY2024 is not updated from the previous announcement made on May 9, 2024.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated balance sheet

(Unit：million yen)

	FY2023 (As of March 31, 2024)	1H FY2024 (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	117,295	132,981
Notes receivable - trade	4,130	3,809
Accounts receivable - trade	395,261	345,148
Merchandise and finished goods	204,470	256,400
Work in process	168	310
Raw materials and supplies	187,652	204,991
Other	213,790	168,744
Allowance for doubtful accounts	-28	-40
Total current assets	1,122,740	1,112,346
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	240,625	236,964
Machinery, equipment and vehicles, net	205,190	206,705
Land	313,806	313,805
Other, net	90,616	109,306
Total property, plant and equipment	850,239	866,781
Intangible assets	42,094	42,559
Investments and other assets		
Investment securities	131,147	128,327
Other	66,565	69,562
Allowance for doubtful accounts	-278	-272
Total investments and other assets	197,433	197,617
Total non-current assets	1,089,767	1,106,958
Deferred assets		
Bond issuance cost	77	65
Total deferred assets	77	65
Total assets	2,212,586	2,219,369

(Unit：million yen)

	FY2023 (As of March 31, 2024)	1H FY2024 (As of September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	346,805	338,763
Short-term loans payable	245,082	293,754
Commercial papers	88,000	105,000
Accounts payable - other	264,325	227,733
Income taxes payable	12,793	9,294
Provision	12,095	8,729
Other	38,526	36,657
Total current liabilities	1,007,628	1,019,932
Non-current liabilities		
Bonds payable	21,568	21,592
Long-term loans payable	263,669	257,578
Provision for special repairs	52,415	40,341
Other provision	3,294	2,644
Net defined benefit liability	3,481	3,688
Asset retirement obligations	27,384	27,518
Other	105,729	121,463
Total non-current liabilities	477,542	474,826
Total liabilities	1,485,170	1,494,759
Net assets		
Shareholders' equity		
Capital stock	46,435	46,435
Capital surplus	93,572	93,572
Retained earnings	459,186	466,573
Treasury shares	-1,932	-15,912
Total shareholders' equity	597,261	590,667
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,602	8,412
Deferred gains or losses on hedges	-1,185	611
Revaluation reserve for land	-20,771	-20,771
Foreign currency translation adjustment	13,587	12,399
Remeasurements of defined benefit plans	2,665	2,412
Total accumulated other comprehensive income	3,899	3,065
Non-controlling interests	126,253	130,877
Total net assets	727,415	724,610
Total liabilities and net assets	2,212,586	2,219,369

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Consolidated the first half of FY2024 statement of income)

(Unit：million yen)

	1H FY2023 (From April 1, 2023 to September 30, 2023)	1H FY2024 (From April 1, 2024 to September 30, 2024)
Net sales	1,308,464	1,321,131
Cost of sales	1,152,708	1,196,257
Gross profit	155,755	124,873
Selling, general and administrative expenses	79,843	83,660
Operating profit	75,912	41,213
Non-operating income		
Interest income	2,194	3,021
Dividend income	671	651
Share of profit of entities accounted for using equity method	—	2,826
Foreign exchange gains	7,226	12,841
Other	2,300	2,168
Total non-operating income	12,392	21,508
Non-operating expenses		
Interest expenses	2,358	2,598
Share of loss of entities accounted for using equity method	1,992	—
Other	890	1,332
Total non-operating expenses	5,241	3,931
Ordinary profit	83,063	58,790
Extraordinary income		
Gain on sales of non-current assets	342	109
Gain on sales of investment securities	139	2,206
Compensation income	6,670	151
Other	78	8
Total extraordinary income	7,230	2,476
Extraordinary losses		
Loss on disposal of non-current assets	1,448	3,172
Impairment loss	181	31
Loss on valuation of investment securities	12	5,250
Other	22	540
Total extraordinary losses	1,665	8,994
Profit before income taxes	88,629	52,272
Income taxes	37,161	26,703
Profit	51,467	25,569
Profit attributable to non-controlling interests	4,485	4,929
Profit attributable to owners of parent	46,982	20,639

(Consolidated statement of comprehensive income)

(Consolidated the first half of FY2024 statement of comprehensive income)

(Unit：million yen)

	1H FY2023 (From April 1, 2023 to September 30, 2023)	1H FY2024 (From April 1, 2024 to September 30, 2024)
Profit	51,467	25,569
Other comprehensive income		
Valuation difference on available-for-sale securities	2,510	-2,003
Deferred gains or losses on hedges	-1,038	1,796
Foreign currency translation adjustment	1,234	1,487
Remeasurements of defined benefit plans, net of tax	-120	-332
Share of other comprehensive income of entities accounted for using equity method	1,249	-2,089
Total other comprehensive income	3,835	-1,140
Comprehensive income	55,303	24,428
(Breakdown)		
Comprehensive income attributable to owners of the parent	50,506	19,805
Comprehensive income attributable to non-controlling interests	4,796	4,623

(3) Consolidated statement of cash flows

(Unit：million yen)

	1H FY2023 (From April 1, 2023 to September 30, 2023)	1H FY2024 (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	88,629	52,272
Depreciation	27,138	28,025
Loss (gain) on sales of non-current assets	-340	-103
Loss (gain) on disposal of non-current assets	1,448	3,172
Impairment loss	181	31
Loss (gain) on sales of investment securities	-139	-2,206
Loss (gain) on valuation of investment securities	12	5,250
Increase (decrease) in allowance for doubtful accounts	-1	4
Increase (decrease) in provision	-4,024	-3,028
Increase (decrease) in provision for special repairs	6,635	-12,802
Increase (decrease) in net defined benefit asset (liability)	-423	-714
Interest and dividend income	-2,865	-3,672
Compensation income	-6,670	-151
Interest expenses	2,358	2,598
Foreign exchange losses (gains)	-3,012	-8,748
Share of loss (profit) of entities accounted for using equity method	1,992	-2,826
Decrease (increase) in notes and accounts receivable - trade	-37,247	53,586
Decrease (increase) in inventories	-33,571	-69,476
Increase (decrease) in notes and accounts payable - trade	59,142	-11,804
Decrease (increase) in other current assets	-13,676	31,744
Increase (decrease) in other current liabilities	97,801	-34,967
Increase (decrease) in other non-current liabilities	1,002	6,653
Decrease (increase) in investments and other assets	792	-397
Other, net	-468	-62
Subtotal	184,691	32,377
Interest and dividend income received	3,565	3,550
Interest expenses paid	-2,032	-2,444
Proceeds from compensation	6,670	151
Income taxes paid	-27,591	-12,460
Net cash provided by (used in) operating activities	165,302	21,174

(Unit：million yen)

	1H FY2023 (From April 1, 2023 to September 30, 2023)	1H FY2024 (From April 1, 2024 to September 30, 2024)
Cash flows from investing activities		
Purchase of investment securities	-615	-855
Proceeds from sales and redemption of investment securities	1,010	2,527
Purchase of shares of subsidiaries and associates	—	-426
Purchase of property, plant and equipment	-30,668	-42,419
Payments for disposal of property, plant and equipment	-2,376	-3,481
Proceeds from sales of property, plant and equipment	439	272
Payments for purchases of intangible assets and long-term prepaid expenses	-1,900	-3,485
Decrease (increase) in short-term loans receivable	71	-757
Payments into time deposits	-53,719	-99,629
Proceeds from withdrawal of time deposits	68,952	29,454
Proceeds from withdrawal of investments in silent partnership	67	87
Other, net	37	612
Net cash provided by (used in) investing activities	-18,700	-118,101
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-75,713	73,116
Repayments of long-term loans payable	-7,010	-33,982
Proceeds from issuance of bonds	16,596	—
Net increase (decrease) in commercial papers	-37,200	17,000
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-15,942	—
Purchase of treasury shares	-792	-14,348
Dividends paid	-6,627	-13,244
Dividends paid to non-controlling interests	-954	—
Proceeds from share issuance to non-controlling shareholders	2,891	—
Other, net	179	-250
Net cash provided by (used in) financing activities	-124,573	28,290
Effect of exchange rate change on cash and cash equivalents	4,267	7,605
Net increase (decrease) in cash and cash equivalents	26,295	-61,030
Cash and cash equivalents at beginning of period	61,825	105,480
Cash and cash equivalents at end of period	88,120	44,449

(4) Notes to consolidated financial statements

(Notes to the going concern assumption)

None

(Notes on changes in scope of consolidation or application of the equity method)

During the current first half consolidated accounting period, Sasebo Shikamachi Wind Power, G.K was newly established, however, it does not have a material impact on the semi-annual consolidated financial statements and is, therefore, not included in the scope of consolidation and is treated as a non-consolidated subsidiary accounted for using the equity method.

(Notes to remarkable changes in shareholders' equity)

None

(Notes relating to changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the current first half period under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the current first half period under review. This change in accounting policies is applied retrospectively, and semi-annual consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. As a result, the initial balance of retained earnings for the previous fiscal year increased by 643 million yen due to the application of the cumulative effect to net assets as of the beginning of the previous fiscal year.

(Notes to additional information)

(Calculation method of tax expenses)

Previously, the Company calculated tax expenses for the Company and some of its consolidated subsidiaries by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the consolidated fiscal year including the quarter, and next by multiplying the quarterly profit before income taxes by such estimated effective tax rate; however, the Company applied the Accounting Standard for Semi-annual Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No. 33, March 22, 2024) from the current first half consolidated period. Consequently, the Company has adopted a simplified method in calculating tax expense from the current first half consolidated period, using the same method as that used for the fiscal year.

According to the scrapping of the quarterly report requirement from the first quarter of the fiscal year, the Company has decided to review the Group's operations of its semi-annual consolidated accounting to reflect more appropriate calculation method of tax expense.

This accounting policy is applied retrospectively, and consolidated financial statements for the previous first half period are after retrospective application.

As a result, compared with before retrospective application, income taxes for the previous first half period decreased by 10,772 million yen and profit attributable to non-controlling interests for the previous first half period decreased by 125 million yen, resulting in profit for the previous first half period of 51,467 million yen (40,695 million yen before retrospective application) and profit attributable to owners of parent for the previous first half period 46,982 million yen (36,084 million yen before retrospective application).

On this basis, net income per share was 537.70 yen (net income per share of 412.98 yen before retrospective application).

(Notes to segment information, etc.)

I 1H FY2023 (From April 1, 2023 to September 30, 2023)

Information about net sales and profit (loss) amounts by segment reported

(Unit：million yen)

	Petroleum Business	Petrochemical Business	Oil Exploration and Production Business	Renewable Energy Business	Other Note：1	Adjustments Note：2	Consolidated Note：3
Net sales							
Outside customers	1,126,178	148,931	17,734	5,648	9,970	—	1,308,464
Inter-segment	48,073	21,052	38,794	55	16,318	-124,293	—
Total	1,174,251	169,983	56,529	5,704	26,288	-124,293	1,308,464
Segment profit (loss)	48,734	-3,440	33,017	132	1,223	3,397	83,063

Notes:1 The Other segment is composed of businesses that are not included in the reportable segments. It includes construction business and insurance agency business, etc.

2 The 3,397 million yen adjustment of segment profit (loss) includes profit (net sales minus expenses) that has not been allocated to any reportable segment or to the Other segment of 3,243 million yen, eliminated intersegment transactions of -1,031 million yen, an inventory adjustment of 983 million yen, and a non-current asset adjustment of 201 million yen.

3 Segment profits (loss) are adjusted according to ordinary profit recorded in the consolidated statement of income.

II 1H FY2024 (From April 1, 2024 to September 30, 2024)

Information about net sales and profit (loss) amounts by segment reported

(Unit：million yen)

	Petroleum Business	Petrochemical Business	Oil Exploration and Production Business	Renewable Energy Business	Other Note：1	Adjustments Note：2	Consolidated Note：3
Net sales							
Outside customers	1,141,989	139,394	22,491	4,757	12,497	—	1,321,131
Inter-segment	33,897	21,134	39,763	46	23,971	-118,813	—
Total	1,175,886	160,529	62,255	4,804	36,468	-118,813	1,321,131
Segment profit (loss)	12,547	-4,347	45,010	-920	2,733	3,767	58,790

Notes:1 The Other segment is composed of businesses that are not included in the reportable segments. It includes construction business and insurance agency business, etc.

2 The 3,767 million yen adjustment of segment profit (loss) includes profit (net sales minus expenses) that has not been allocated to any reportable segment or to the Other segment of 2,566 million yen, eliminated intersegment transactions of 556 million yen, an inventory adjustment of 984 million yen, and a non-current asset adjustment of -339 million yen.

3 Segment profits (loss) are adjusted according to ordinary profit recorded in the consolidated statement of income.

(Notes to significant subsequent events)

(Transfer of shares of HD Hyundai Cosmo Petrochemical Co., Ltd.)

The Company resolved to transfer all of shares of HD Hyundai Cosmo Petrochemical Co., Ltd. (hereafter, “HCP”) held by the consolidated subsidiary, Cosmo Oil Co., Ltd. (hereafter, “Cosmo Oil”), to HD Hyundai Oilbank Co., Ltd. (hereafter, “HDO”).

1. Reason for the transfer

Cosmo Oil established HCP in 2009 as a joint venture with HDO to enter the para-xylene business.

Since then, HCP has fulfilled its intended role, including contributing to the steady generation of profits. In recent years, however, the para-xylene market has experienced a prolonged period of stagnation due to the rapid construction of new and additional para-xylene production units in China, the world’s largest para-xylene consumer, and a slowdown in the Chinese economy.

As a result of such circumstances, HCP's business environment has deteriorated, with almost no chance of improvement in the foreseeable future. After much discussion with HDO, both parties draw a conclusion to transfer all HCP shares which Cosmo Oil owns to HDO is the optimal solution under these circumstances.

Although Cosmo Oil has been supplying mixed-xylene as a petrochemical feedstock to HCP, moving forward, it will aim for flexible and optimized refinery operations, including not only through the sale of mixed-xylene as a petrochemical feedstock but also the production of gasoline to take advantage of our strong point, short-position, according to the business environment. Through these initiatives, Cosmo Oil will further strengthen the competitiveness and increase the profitability of its Oil Business as a whole as it seeks to achieve its Seventh Consolidated Medium-Term Management Plan and Vision 2030 while focusing on further enhancing enterprise value.

In addition, Cosmo Oil and HDO have concluded a Memorandum of Understanding on future cooperation and will continue to maintain and strengthen their relationship by actively exchanging views not only on the petroleum and petrochemical businesses but also on various other fields, including new businesses.

2. Timing of the transfer

November 1, 2024

3. Impact on financial results

HCP will be excluded from the scope of entities accounted for using equity method. The Company expects to record Gain on sales of investment securities (Extraordinary income) of approximately 1.0 billion yen.

In addition, the company expects to record reversal of Foreign currency translation adjustment (Net assets) of approximately 11.0 billion yen.