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Consolidated Financial Results For the Three Months Ended June 30, 2021 (International Financial Reporting Standards (IFRS)) (Non-audited)

August 5, 2021

Company name:	RENOVA, Inc.	Stock exchange listing:	Tokyo
Securities code:	9519	URL:	https://www.renovainc.com/
Representative:	Yosuke Kiminami, Founding CEO		
Contact:	Kazushi Yamaguchi, CFO		Tel. +81-3-3516-6263
Scheduled date of quarterly securities report filing:	August 5, 2021		
Scheduled date of commencement of dividend payment:	—		
Supplementary documents for quarterly financial results:	Yes		
Quarterly financial results briefing:	None		

(Amounts of less than one million yen are rounded)

1. Consolidated financial results for three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)

(1) Consolidated results of operations

(Percentages show year-on-year changes)

	Revenue		EBITDA(*)		Operating profit		Profit before income taxes		Profit for the period attributable to owners of the Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30 2021	6,116	2.3	3,993	7.1	2,483	11.3	2,141	19.5	1,310	20.1
ended Jun. 30 2020	5,978	—	3,730	—	2,232	—	1,792	—	1,091	—

(Note)

Total Comprehensive income: Three months ended June 30, 2021: 5,871 million yen, 108.8% Three months ended June 30, 2020: 2,811 million yen, —%

	Basic earnings per share	Diluted earnings per share
Three months ended Jun. 30 2021	Yen 16.85	Yen 16.55
ended Jun. 30 2020	14.27	13.88

(Note)

* EBITDA = Revenue - Fuel expenses - Outsourcing expenses - Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method + Other income - Other expenses

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Parent	Ratio of equity attributable to owners of the Parent to Total assets	Equity attributable to owners of the Parent per share
As of	Million yen	Million yen	Million yen	%	Yen
Jun. 30 2021	227,741	30,828	20,466	9.0	262.99
Mar. 31 2021	220,546	24,864	15,252	6.9	196.27

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended Mar. 2021	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
ending Mar. 2022	—	—	—	—	—
ending Mar. 2022 (forecast)	—	0.00	—	0.00	0.00

(Note) Revisions to the dividends forecast since the latest announcement: None

3. Forecast of consolidated results of operation for the fiscal year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages show year-on-year changes)

	Revenue		EBITDA		Operating profit		Profit for the period attributable to owners of the Parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending Mar. 2022	30,000	46.0	12,600	18.6	4,700	2.1	5,100	(55.7)	65.31

(Note) Revisions to the consolidated forecast since the latest announcement: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: None

Excluded: None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS*: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

* For details, please refer to "New accounting standards and interpretation adopted" in "(5) Notes to condensed quarterly consolidated financial statements" at page 8.

(3) Number of issued shares (common shares):

(i) Number of issued shares at end of period (including treasury shares)

As of June 30, 2021: 78,200,400 shares As of March 31, 2021: 78,090,400 shares

(ii) Number of treasury shares at end of period

As of June 30, 2021: 381,500 shares As of March 31, 2021: 381,500 shares

(iii) Average number of shares outstanding during the period

For the three months ended June 30, 2021: 77,791,225 shares

For the three months ended June 30, 2020: 76,455,346 shares

* This report is not subject to the quarterly review by independent auditors.

* Explanations and other special notes concerning the appropriate use of forecasts

(Cautionary statement with respect to forward-looking statements and other information)

The forward-looking statements discussed in this material, including financial forecasts, are based on the information currently available to RENOVA, Inc. and certain assumptions that are judged to be rational at the current time. These statements do not constitute a promise by RENOVA, Inc. to achieve such results. Please note that the actual results may differ significantly from forecast figures.

Condensed quarterly consolidated financial statements and notes

(1) Condensed quarterly consolidated statements of financial position (Non-audited)

(Million yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	19,406	13,769
Restricted bank deposits	20,950	23,741
Trade and other receivables	4,928	5,097
Inventories	40	161
Other financial assets	240	3,237
Other current assets	1,135	1,184
Total current assets	46,699	47,190
Non-current assets		
Property, plant and equipment	104,148	106,595
Right-of-use assets	9,108	8,957
Goodwill	237	237
Intangible assets	19,730	19,707
Investments accounted for using the equity method	14,527	15,545
Deferred tax assets	3,523	3,686
Other financial assets	17,840	21,012
Other non-current assets	4,733	4,814
Total non-current assets	173,847	180,551
Total assets	220,546	227,741

(Million yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trade and other payables	2,580	2,071
Borrowings	7,954	8,182
Lease liabilities	864	823
Other financial liabilities	1,066	443
Income tax payables	510	181
Other current liabilities	401	582
Total current liabilities	13,375	12,282
Non-current liabilities		
Bonds and borrowings	142,506	145,940
Lease liabilities	9,081	8,609
Other financial liabilities	9,625	11,078
Provisions	7,462	7,467
Deferred tax liabilities	6,587	7,391
Other non-current liabilities	7,045	4,145
Total non-current liabilities	182,306	184,630
Total liabilities	195,682	196,913
Equity		
Share capital	2,269	2,279
Share premium	1,479	1,515
Retained earnings	20,722	22,032
Treasury shares	(489)	(489)
Other components of equity	(8,729)	(4,872)
Equity attributable to owners of the Parent	15,252	20,466
Non-controlling interests	9,612	10,363
Total equity	24,864	30,828
Total liabilities and equity	220,546	227,741

(2) Condensed quarterly consolidated statements of income and comprehensive income
Condensed quarterly consolidated statements of income (Non-audited)

(Million yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue	5,978	6,116
Other income	23	26
Fuel expenses	(380)	(508)
Outsourcing expenses	(559)	(276)
Payroll and related personnel expenses	(723)	(840)
Share of profit (loss) of investments accounted for using the equity method	(30)	121
Other expenses	(579)	(647)
Depreciation and amortization	(1,498)	(1,510)
Operating profit	2,232	2,483
Gain on remeasurement to fair value of option	107	181
Finance income	11	51
Finance costs	(558)	(574)
Profit before income taxes	1,792	2,141
Income tax expense	(675)	(636)
Profit for the period	1,116	1,505
Profit for the period attributable to:		
Owners of the Parent	1,091	1,310
Non-controlling interests	25	194
Earnings per share		
Basic earnings per share (yen)	14.27	16.85
Diluted earnings per share (yen)	13.88	16.55

Condensed quarterly consolidated statements of comprehensive income (Non-audited)

(Million yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit for the period	1,116	1,505
Other comprehensive income, net of tax:		
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges - effective portion of changes in fair value	317	1,234
Exchange differences on translating foreign operations	—	0
Share of other comprehensive income (loss) of investments accounted for using the equity method	1,378	3,133
Total	1,695	4,367
Total other comprehensive income, net of tax	1,695	4,367
Total comprehensive income for the period	2,811	5,871
Comprehensive income for the period attributable to:		
Owners of the Parent	2,759	5,168
Non-controlling interests	52	703

(3) Condensed quarterly consolidated statements of changes in equity (Non-audited)

Three months ended June 30, 2020

(Million yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Balance as of April 1, 2020	2,175	1,398	9,217	(496)	624	12,918	3,991	16,909
Profit for the period	—	—	1,091	—	—	1,091	25	1,116
Other comprehensive income, net of tax	—	—	—	—	1,668	1,668	27	1,695
Total comprehensive income for the period	—	—	1,091	—	1,668	2,759	52	2,811
Issuance of new shares	3	(3)	—	—	—	—	—	—
Share-based payment	—	38	—	—	—	38	—	38
Changes in scope of consolidation	—	—	(2)	—	—	(2)	—	(2)
Dividends	—	—	—	—	—	—	(137)	(137)
Other increase (decrease)	—	(110)	—	—	—	(110)	320	210
Total transactions with owners and others	3	(75)	(2)	—	—	(74)	183	109
Balance as of June 30, 2020	2,178	1,323	10,306	(496)	2,292	15,603	4,226	19,829

Three months ended June 30, 2021

(Million yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Balance as of April 1, 2021	2,269	1,479	20,722	(489)	(8,729)	15,252	9,612	24,864
Profit for the period	—	—	1,310	—	—	1,310	194	1,505
Other comprehensive income, net of tax	—	—	—	—	3,857	3,857	509	4,367
Total comprehensive income for the period	—	—	1,310	—	3,857	5,168	703	5,871
Issuance of new shares	9	4	—	—	—	14	—	14
Share-based payment	—	40	—	—	—	40	—	40
Dividends	—	—	—	—	—	—	(187)	(187)
Other increase (decrease)	—	(7)	—	—	—	(7)	234	227
Total transactions with owners and others	9	37	—	—	—	46	47	93
Balance of June 30, 2021	2,279	1,515	22,032	(489)	(4,872)	20,466	10,363	30,828

(4) Condensed quarterly consolidated statements of cash flows (Non-audited)

(Million yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,792	2,141
Depreciation and amortization	1,498	1,510
Finance income	(11)	(55)
Finance costs	558	574
Share of (profit) loss of investments accounted for using the equity method	30	(121)
(Gain) loss on remeasurement to fair value of option	(107)	(181)
Decrease (increase) in trade and other receivables	3,719	(163)
Decrease (increase) in inventories	(87)	(121)
Decrease (increase) in trade and other payables	(355)	(675)
Other, net	420	(115)
Subtotal	7,456	2,794
Interest and dividend income received	0	6
Interest expenses paid	(495)	(389)
Income taxes paid	(2,174)	(477)
Other, net	21	0
Net cash from operating activities	4,809	1,934
Cash flows from investing activities		
Payments for construction in advance	(10)	(110)
Proceeds from advanced payments for construction	1,559	—
Increase in loan receivables	(9)	(2,529)
Acquisition of property, plant and equipment	(1,147)	(3,802)
Acquisition of intangible assets	(975)	(6)
Purchase of investments accounted for using the equity method	(2,684)	(806)
Other, net	(17)	(278)
Net cash provided by (used in) investing activities	(3,283)	(7,531)
Cash flows from financing activities		
Proceeds from long-term financing liabilities	1,597	6,597
Repayments of long-term financing liabilities	(1,046)	(2,951)
Repayments of lease obligations	(467)	(455)
Proceeds from issuance of shares	—	14
Contribution from non-controlling interests	320	234
Net decrease (increase) in restricted bank deposits	(612)	(2,791)
Other, net	(1)	(706)
Net cash provided by (used in) financing activities	(209)	(58)
Effect of exchange rate change on cash and cash equivalents	(0)	19
Net increase (decrease) in cash and cash equivalents	1,317	(5,636)
Cash and cash equivalents at beginning of period	10,625	19,406
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	3	—
Cash and cash equivalents at end of period	11,944	13,769

(5) Notes to condensed quarterly consolidated financial statements

Notes relating to going concern assumptions

Not applicable.

New accounting standards and interpretation adopted

During three months ended June 30, 2021, RENOVA, Inc. and its subsidiaries (collectively, "Renova") have adopted the following amended standards:

Standards	Overview of amended standards
IFRS 7 : Financial Instruments: Disclosures IFRS 9 : Financial Instruments IAS 39 : Financial Instruments: Recognition and Measurement	Interest Rate Benchmark Reform - Phase 2 (Amendments regarding the impact on financial reporting as a result of the replacement of an existing benchmark rate with an alternative benchmark rate)
IAS16 : Property, Plant and Equipment	The amendments to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while a company is preparing the asset for its intended use

Renova early adopted the amended IAS16 on and after April 1, 2021. Renova recognizes in profit or loss sales proceeds from selling items produced and related cost while Renova is preparing its property, plant and equipment for its intended use. Upon the adoption of the amended IAS16, Renova additionally recognized 219 million yen of profit for the period in the condensed consolidated statement of income for three months ended June 30, 2021.

Renova assesses that the adoption of the other amendments above is not expected to have a significant impact on Renova's condensed quarterly consolidated financial statements.

Segment information

1. Overview of reportable segments

Renova's reportable segments are based on its operating segments for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker (the "CODM") to make decisions about resources to be allocated to the segment and assess its performance.

Renova's reportable segments are composed of the Renewable energy power generation business that Renova sells electricity generated from renewable energy power plants of solar, wind and biomass energy which owned and operated by Renova and the Renewable energy development and operation business that is involved in the development of and assists in the operation of Renova's renewable energy power plants.

2. Revenue, profit and others in the reportable segments

Revenue, profit and others in the reportable segments are recognized, measured and presented in accordance with the accounting policy applied to prepare the condensed consolidated financial statements in Renova.

Segment profit in the reportable segments shows EBITDA resulting from following calculation.

EBITDA = Revenue - Fuel expenses - Outsourcing expenses - Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method + Other income - Other expenses

Three months ended June 30, 2020 (April 1, 2020– June 30, 2020)

(Million yen)

	Reportable segments			Reconciling items (Note 1)	Consolidated
	Renewable energy power generation business	Renewable energy development and operation business	Segment total		
Revenue					
External customers	4,960	1,018	5,978	—	5,978
Intersegment (Note 2)	—	959	959	(959)	—
Total	4,960	1,976	6,936	(959)	5,978
Segment profit	3,921	673	4,594	(864)	3,730
Depreciation and amortization					(1,498)
Gain on remeasurement to fair value of option					107
Finance income					11
Finance costs					(558)
Profit before income taxes					1,792

(Notes) 1. The reconciliation of (864) million yen to the segment profit includes elimination of intersegment transactions.

2. Intersegment revenues are generally made at values that approximate arm's-length prices.

Three months ended June 30, 2021 (April 1, 2021 – June 30, 2021)

(Million yen)

	Reportable segments			Reconciling items (Note 1)	Consolidated
	Renewable energy power generation business	Renewable energy development and operation business	Segment total		
Revenue					
External customers	5,038	1,079	6,116	—	6,116
Intersegment (Note 2)	—	1,253	1,253	(1,253)	—
Total	5,038	2,332	7,369	(1,253)	6,116
Segment profit	3,848	1,113	4,960	(967)	3,993
Depreciation and amortization					(1,510)
Gain on remeasurement to fair value of option					181
Finance income					51
Finance costs					(574)
Profit before income taxes					2,141

(Notes) 1. The reconciliation of (967) million yen to the segment profit includes elimination of intersegment transactions.

2. Intersegment revenue are generally made at values that approximate arm's-length prices.

Significant subsequent events

1. Conversion of Kanda Biomass Energy K.K. into Subsidiary through Share Acquisition

On July 28, 2021, Renova additionally acquired shares in Kanda Biomass Energy K.K. (Kanda-machi, Miyako-gun, Fukuoka Prefecture; installed capacity of 75.0 MW; hereinafter “Kanda Biomass”), an equity method affiliate of Renova that operates a biomass electric power generation business. Following the acquisition, Renova’s equity interest in Kanda Biomass became 53.07%, making it a consolidated subsidiary of Renova.

(1) Title, location, representative, capital and business of new subsidiary

- (i) Title: Kanda Biomass Energy K.K.
- (ii) Location: 1-3, Shinmatsuyama, Kanda-machi, Miyako-gun, Fukuoka Prefecture
- (iii) Representative: President and CEO: Masayoshi Oide
- (iv) Capital: 1,807 million yen
- (v) Business: Power generation project using woody biomass fuels only

(2) Renova’s number of voting rights and ratio of equity interest in new subsidiary

- (i) Number of voting rights:
 - (Before share transfer) 37,220
 - (After share transfer) 45,866
- (ii) Ratio of equity interest:
 - (Before share transfer) 43.07%
 - (After share transfer) 53.07%

(3) Reason for and date of change in subsidiary

- (i) Reason: Renova acquired shares in Kanda Biomass held by co-sponsor of Kanda Biomass on July 28, 2021, making it a consolidated subsidiary of Renova. As a result, Kanda Biomass became a specified subsidiary of Renova as the investment in Kanda Biomass has been 10/100 or more of RENOVA, Inc.’s capital.
- (ii) Date: July 28, 2021

2. The details of New Performance-Based Stock Compensation Plan for Directors, etc. of Renova

Renova announced on May 20, 2021, the introduction of a performance-based stock compensation plan as a new incentive plan (hereinafter the “Plan,” a trust agreement for the Plan with Resona Bank, Ltd. is hereinafter referred to as the “Trust Agreement,” and a trust established under the Trust Agreement is hereinafter referred to as the “Trust”) for Directors (excluding External Directors) and Executive Officers (hereinafter collectively the “Directors, etc.”) of Renova, and a resolution for the Plan was passed at the 22nd Annual General Meeting of Shareholders (hereinafter the “Shareholders’ Meeting”) held on June 18, 2021. At a meeting of the Board of Directors held on August 5, 2021, Renova determined the details of the Plan as described below.

(1) Overview of the Plan

- (i) Name: Share delivery trust for Directors, etc.
- (ii) Trustor: RENOVA, Inc.
- (iii) Trustee: Resona Bank, Ltd.
Resona Bank, Ltd. will conclude a specified comprehensive trust agreement with Custody Bank of Japan, Ltd., and Custody Bank of Japan, Ltd. will become the trustee of re-trust.
- (iv) Beneficiaries: Persons eligible under the Plan who meet the beneficiary requirements
- (v) Trust administrator: Third party with no interest in Renova
- (vi) Date of the Trust Agreement: August 10, 2021 (planned)
- (vii) Date when money is entrusted: August 10, 2021 (planned)
- (viii) Trust period: From August 10, 2021 (planned) to the end of the Trust
(The Trust will continue as long as the Plan continues without any specific date of expiration.)

- (2) Details of the RENOVA, Inc.'s shares acquired by the Trust
- (i) Class of shares acquired: Common shares of RENOVA, Inc.
 - (ii) Amount entrusted as funds for the acquisition of shares: 90 million yen
 - (iii) Method for acquiring shares: Acquiring from the stock market
 - (iv) Period for share acquisitions: From August 11, 2021 to September 30, 2021 (planned)

3. The details of Share Delivery Trust for Employees

Renova announced on May 20, 2021, the introduction of a share delivery trust for employees (hereinafter the "Plan," a trust agreement which Renova will enter into with Resona Bank, Ltd. for the Plan is hereinafter referred to as the "Trust Agreement," and a trust to be established based on the Trust Agreement is hereinafter referred to as the "Trust") as an incentive plan for employees of Renova. At a meeting of the Board of Directors held on August 5, 2021, Renova determined the details of the Trust as described below.

(1) Overview of the Plan

- (i) Name: Share delivery trust for employees
- (ii) Trustor: RENOVA, Inc.
- (iii) Trustee: Resona Bank, Ltd.
Resona Bank, Ltd. will conclude a specified comprehensive trust agreement with Custody Bank of Japan, Ltd., and Custody Bank of Japan, Ltd. will become the trustee of re-trust.
- (iv) Beneficiaries: The Employees of Renova who have met the beneficiary requirements specified in the Share Delivery Rules
- (v) Trust administrator: Appointed from among the Employees of Renova
- (vi) Date of trust agreement: August 10, 2021 (planned)
- (vii) Date of establishment of trust: August 10, 2021 (planned)
- (viii) Trust period: From August 10, 2021 (planned) to the end of the Trust
(The Trust will continue as long as the Plan continues without any specific date of expiration.)

(2) Details of RENOVA, Inc.'s shares acquired by the Trust

- (i) Class of shares acquired: Common shares of RENOVA, Inc.
- (ii) Amount entrusted as funds for the acquisition of shares: 105 million yen
- (iii) Method for acquiring shares: Acquiring from the stock market
- (iv) Period for share acquisitions: From August 11, 2021 to September 30, 2021 (planned)