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Consolidated Financial Results For the Six Months Ended September 30, 2022 (International Financial Reporting Standards (IFRS)) (Non-audited)

November 7, 2022

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:	November 7, 2022		
Scheduled date of commencement of dividend payment:	–		
Supplementary documents for quarterly financial results:	Yes		
Quarterly financial results briefing:	Yes (for institutional investors and analysts)		

(Amounts of less than one million yen are rounded)

1. Consolidated financial results for six months ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(1) Consolidated results of operations (cumulative) (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	%
Six months ended Sep. 30 2022	17,338	29.7	12,080	61.7	7,426	84.9	6,494	(28.3)	4,820	(33.4)
ended Sep. 30 2021	13,368	24.2	7,472	19.9	4,016	24.2	9,059	290.9	7,237	455.8

(Note)

Total Comprehensive income: Six months ended September 30, 2022: 23,143 million yen, 46.6% Six months ended September 30, 2021: 15,789 million yen, –%

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Six months ended Sep. 30 2022	61.36	60.95	60.95	60.95
ended Sep. 30 2021	92.90	91.40	91.40	91.40

(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
EBITDA is a Non-GAAP financial measure

(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
	Million yen	Million yen	Million yen	%	Yen
As of Sep. 30 2022	312,137	75,213	52,295	16.8	665.63
Mar. 31 2022	296,223	52,441	31,886	10.8	406.08

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended Mar. 2022	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
ending Mar. 2023	–	0.00	–	–	–
ending Mar. 2023 (forecast)	–	–	–	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, 2023 (April 1, 2022 – March 31, 2023)

(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. 2023	35,500	21.5	17,800	36.0	8,700	895.1	2,900	83.4	36.77

(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): Yes

Newly included: None

Excluded: Yokkaichi Solar T.K

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

(i) Changes in accounting policies required by IFRS: None

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

(iii) Changes in accounting estimates: None

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

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

As of September 30, 2022: 78,995,700 shares As of March 31, 2022: 78,939,300 shares

(ii) Number of treasury shares at end of period

As of September 30, 2022: 431,200 shares As of March 31, 2022: 416,700 shares

(iii) Average number of shares outstanding during the period

For the six months ended September 30, 2022: 78,553,510 shares

For the six months ended September 30, 2021: 77,900,598 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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	16,514	17,707
Restricted bank deposits	27,769	28,198
Trade and other receivables	7,339	6,062
Inventories	1,205	1,244
Other financial assets	1,369	1,876
Other current assets	1,943	1,740
Total current assets	56,139	56,828
Non-current assets		
Property, plant and equipment	147,480	145,346
Right-of-use assets	8,413	7,884
Goodwill	237	237
Intangible assets	37,439	36,770
Investments accounted for using the equity method	11,662	21,687
Deferred tax assets	1,876	1,780
Other financial assets	27,173	35,839
Other non-current assets	5,804	5,766
Total non-current assets	240,084	255,310
Total assets	296,223	312,137

(Million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Trade and other payables	5,083	2,505
Borrowings	12,794	15,850
Lease liabilities	896	775
Other financial liabilities	252	736
Income tax payables	581	644
Other current liabilities	584	536
Total current liabilities	20,189	21,045
Non-current liabilities		
Bonds and borrowings	185,039	178,623
Lease liabilities	8,367	7,713
Other financial liabilities	6,492	3,354
Provisions	8,506	8,052
Deferred tax liabilities	14,974	17,857
Other non-current liabilities	215	280
Total non-current liabilities	223,593	215,879
Total liabilities	243,782	236,924
Equity		
Share capital	2,340	2,345
Share premium	1,615	1,606
Retained earnings	22,303	27,123
Treasury shares	(673)	(719)
Other components of equity	6,301	21,940
Equity attributable to owners of the Parent	31,886	52,295
Non-controlling interests	20,555	22,918
Total equity	52,441	75,213
Total liabilities and equity	296,223	312,137

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

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Revenue	13,368	17,338
Other income	61	3,885
Fuel expenses	(2,238)	(4,382)
Outsourcing expenses	(851)	(1,223)
Payroll and related personnel expenses	(1,774)	(1,716)
Share of profit (loss) of investments accounted for using the equity method	130	(498)
Other expenses	(1,223)	(1,325)
Depreciation and amortization	(3,457)	(4,654)
Operating profit	4,016	7,426
Gain on remeasurement to fair value of pre-existing interest in business combination	5,301	—
Gain on remeasurement to fair value of option	872	256
Finance income	130	295
Finance costs	(1,260)	(1,482)
Profit before income taxes	9,059	6,494
Income tax expense	(1,182)	(856)
Profit for the period	7,877	5,639
Profit for the period attributable to:		
Owners of the Parent	7,237	4,820
Non-controlling interests	641	819
Earnings per share		
Basic earnings per share (yen)	92.90	61.36
Diluted earnings per share (yen)	91.40	60.95

(Million yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Revenue	7,252	8,813
Other income	35	27
Fuel expenses	(1,730)	(2,310)
Outsourcing expenses	(576)	(794)
Payroll and related personnel expenses	(935)	(845)
Share of profit (loss) of investments accounted for using the equity method	10	(524)
Other expenses	(576)	(724)
Depreciation and amortization	(1,947)	(2,328)
Operating profit	1,533	1,317
Gain on remeasurement to fair value of pre-existing interest in business combination	5,301	—
Gain on remeasurement to fair value of option	691	127
Finance income	80	96
Finance costs	(686)	(713)
Profit before income taxes	6,918	825
Income tax expense	(545)	(288)
Profit for the period	6,373	538
Profit for the period attributable to:		
Owners of the Parent	5,926	183
Non-controlling interests	447	355
Earnings per share		
Basic earnings per share (yen)	75.97	2.33
Diluted earnings per share (yen)	74.85	2.31

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

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit for the period	7,877	5,639
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	3,062	7,411
Exchange differences on translating foreign operations	0	(0)
Share of other comprehensive income (loss) of investments accounted for using the equity method	4,850	10,094
Total	7,911	17,504
Total other comprehensive income, net of tax	7,911	17,504
Total comprehensive income for the period	15,789	23,143
Comprehensive income for the period attributable to:		
Owners of the Parent	14,145	20,459
Non-controlling interests	1,644	2,684

(Million yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Profit for the period	6,373	538
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	1,828	2,832
Exchange differences on translating foreign operations	(0)	(4)
Share of other comprehensive income (loss) of investments accounted for using the equity method	1,716	4,321
Total	3,545	7,149
Total other comprehensive income, net of tax	3,545	7,149
Total comprehensive income for the period	9,917	7,686
Comprehensive income for the period attributable to:		
Owners of the Parent	8,977	6,590
Non-controlling interests	940	1,096

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

Six months ended September 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	—	—	7,237	—	—	7,237	641	7,877
Other comprehensive income, net of tax	—	—	—	—	6,908	6,908	1,003	7,911
Total comprehensive income for the period	—	—	7,237	—	6,908	14,145	1,644	15,789
Issuance of new shares	32	22	—	—	—	54	—	54
Share-based payment	—	69	—	—	—	69	—	69
Changes in scope of consolidation	—	—	—	—	—	—	7,858	7,858
Purchase of treasury shares	—	—	—	(195)	—	(195)	—	(195)
Disposal of treasury shares	—	7	—	10	—	17	—	17
Dividends	—	—	—	—	—	—	(237)	(237)
Other increase (decrease)	—	(16)	—	—	—	(16)	234	218
Total transactions with owners and others	32	81	—	(184)	—	(71)	7,855	7,783
Balance as of September 30, 2021	2,301	1,560	27,958	(673)	(1,821)	29,326	19,110	48,436

Six months ended September 30, 2022

(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, 2022	2,340	1,615	22,303	(673)	6,301	31,886	20,555	52,441
Profit for the period	—	—	4,820	—	—	4,820	819	5,639
Other comprehensive income, net of tax	—	—	—	—	15,639	15,639	1,865	17,504
Total comprehensive income for the period	—	—	4,820	—	15,639	20,459	2,684	23,143
Issuance of new shares	5	2	—	—	—	7	—	7
Share-based payment	—	(32)	—	—	—	(32)	—	(32)
Changes in scope of consolidation	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	(53)	—	(53)	—	(53)
Disposal of treasury shares	—	3	—	7	—	9	—	9
Dividends	—	—	—	—	—	—	(685)	(685)
Other increase (decrease)	—	19	—	—	—	19	364	383
Total transactions with owners and others	5	(9)	—	(47)	—	(50)	(321)	(371)
Balance as of September 30, 2022	2,345	1,606	27,123	(719)	21,940	52,295	22,918	75,213

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

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	9,059	6,494
Depreciation and amortization	3,457	4,654
Finance income	(167)	(295)
Finance costs	1,260	1,482
Other income	(0)	(3,861)
Share of (profit) loss of investments accounted for using the equity method	(130)	498
(Gain) loss on remeasurement to fair value of pre-existing interest in business combination	(5,301)	—
(Gain) loss on remeasurement to fair value of option	(872)	(256)
Decrease (increase) in trade and other receivables	2,650	1,200
Decrease (increase) in inventories	200	(39)
Increase (decrease) in trade and other payables	(762)	(1,878)
Other, net	121	(202)
Subtotal	9,514	7,796
Interest and dividend income received	41	(12)
Interest expenses paid	(1,393)	(1,498)
Income taxes paid	—	(40)
Income taxes refund	156	—
Other, net	0	—
Net cash from operating activities	8,318	6,246
Cash flows from investing activities		
Payments for construction in advance	(386)	(238)
Proceeds from advanced payments for construction	385	—
Net decrease (increase) in short-term loans receivable	(13)	—
Increase in loan receivables	(422)	(242)
Collection of loans receivable	111	—
Acquisition of property, plant and equipment	(6,362)	(7,792)
Acquisition of intangible assets	(6)	(68)
Purchase of investments accounted for using the equity method	(1,926)	(1,038)
Proceeds from sale of subsidiaries	—	3,062
Acquisition of subsidiaries	(1,655)	—
Proceeds from contribution refunds	—	544
Other, net	(1,020)	(77)
Net cash provided by (used in) investing activities	(11,294)	(5,849)
Cash flows from financing activities		
Proceeds from long-term borrowings	11,445	10,297
Repayments of long-term borrowings	(8,692)	(7,461)
Repayments of lease liabilities	(539)	(562)
Proceeds from issuance of shares	56	3
Dividends paid to non-controlling interests	(237)	(685)
Contribution from non-controlling interests	234	364
Purchase of treasury shares	(195)	(53)
Net decrease (increase) in restricted bank deposits	(1,107)	(1,143)
Other, net	(697)	5
Net cash provided by (used in) financing activities	268	765
Effect of exchange rate change on cash and cash equivalents	65	32
Net increase (decrease) in cash and cash equivalents	(2,642)	1,194
Cash and cash equivalents at beginning of period	19,406	16,514
Cash and cash equivalents at end of period	16,763	17,707

(5) Notes to condensed quarterly consolidated financial statements

Notes relating to going concern assumptions

Not applicable.

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, biomass and onshore wind 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 (Non-GAAP financial measure) 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

Six months ended September 30, 2021 (April 1, 2021 – September 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	12,213	1,155	13,368	–	13,368
Intersegment (Note 2)	–	2,144	2,144	(2,144)	–
Total	12,213	3,300	15,513	(2,144)	13,368
Segment profit	8,691	557	9,248	(1,775)	7,472
Depreciation and amortization					(3,457)
Gain on remeasurement to fair value of pre-existing interest in business combination					5,301
Gain on remeasurement to fair value of option					872
Finance income					130
Finance costs					(1,260)
Profit before income taxes					9,059

(Notes) 1. The reconciliation of (1,775) 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.

Six months ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(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	16,649	690	17,338	–	17,338
Intersegment (Note 2)	–	2,245	2,245	(2,245)	–
Total	16,649	2,935	19,583	(2,245)	17,338
Segment profit	9,685	4,474	14,159	(2,079)	12,080
Depreciation and amortization					(4,654)
Gain on remeasurement to fair value of option					256
Finance income					295
Finance costs					(1,482)
Profit before income taxes					6,494

(Notes) 1. The reconciliation of (2,079) 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

Not applicable.