

# Briefing on Financial Results for the Fiscal Year Ending March 2023

May 10, 2023

Creating our future with renewable energy.



# Disclaimer

---

This document has been prepared to provide corporate information and other details about RENOVA, Inc (“RENOVA,” hereafter) and the RENOVA Group, and does not constitute solicitation to acquire shares or other securities issued by RENOVA, whether in Japan or overseas.

Information listed herein concerning industry and market trends, the economic climate and so on has been prepared based on currently available information. RENOVA does not guarantee the veracity, accuracy, reasonableness or completeness of the information and assumes no obligation to update the particulars of any information.

Moreover, RENOVA Group plans, forecasts, estimates, predictions and other forward-looking information described herein represent only the current determinations or ideas of RENOVA. Actual RENOVA Group operating results, financial status and other outcomes may diverge considerably from the details described herein and the estimates made on that basis due to a variety of factors including trends in energy policy, legislation, schemes, markets and other institutions in Japan and overseas, the status of licenses and permits required for RENOVA Group projects, success or failure in the acquisition and development of land and power generating facilities, etc., along with fluctuations in weather, climate and the natural environment.

As a general rule and unless indicated otherwise, consolidated figures are used for the monetary amounts listed in this document. As amounts less than one million yen are rounded off, totals in each column may not match.

For inquiries about this document:  
IR Office, RENOVA, Inc.  
Telephone: +81-3-3516-6263  
Email: [ir@renovainc.com](mailto:ir@renovainc.com)  
IR website: <https://www.renovainc.com/en/ir>





# 1. Overview of the Fiscal Year Ending March 2023

## Key Highlights for FY3/2023 and Recent Updates

---

1

**Reihoku Amakusa Onshore wind (54.6MW)  
signed loan agreement in March 2023**

2

**Minami-Aso Yunotani Geothermal (2.0MW) commenced  
commercial operation in March 2023**

3

**Concluded a virtual PPA <sup>\*1</sup> for Non-FIT Solar PV  
(Max 115MW) with Murata Manufacturing in May 2023**

---

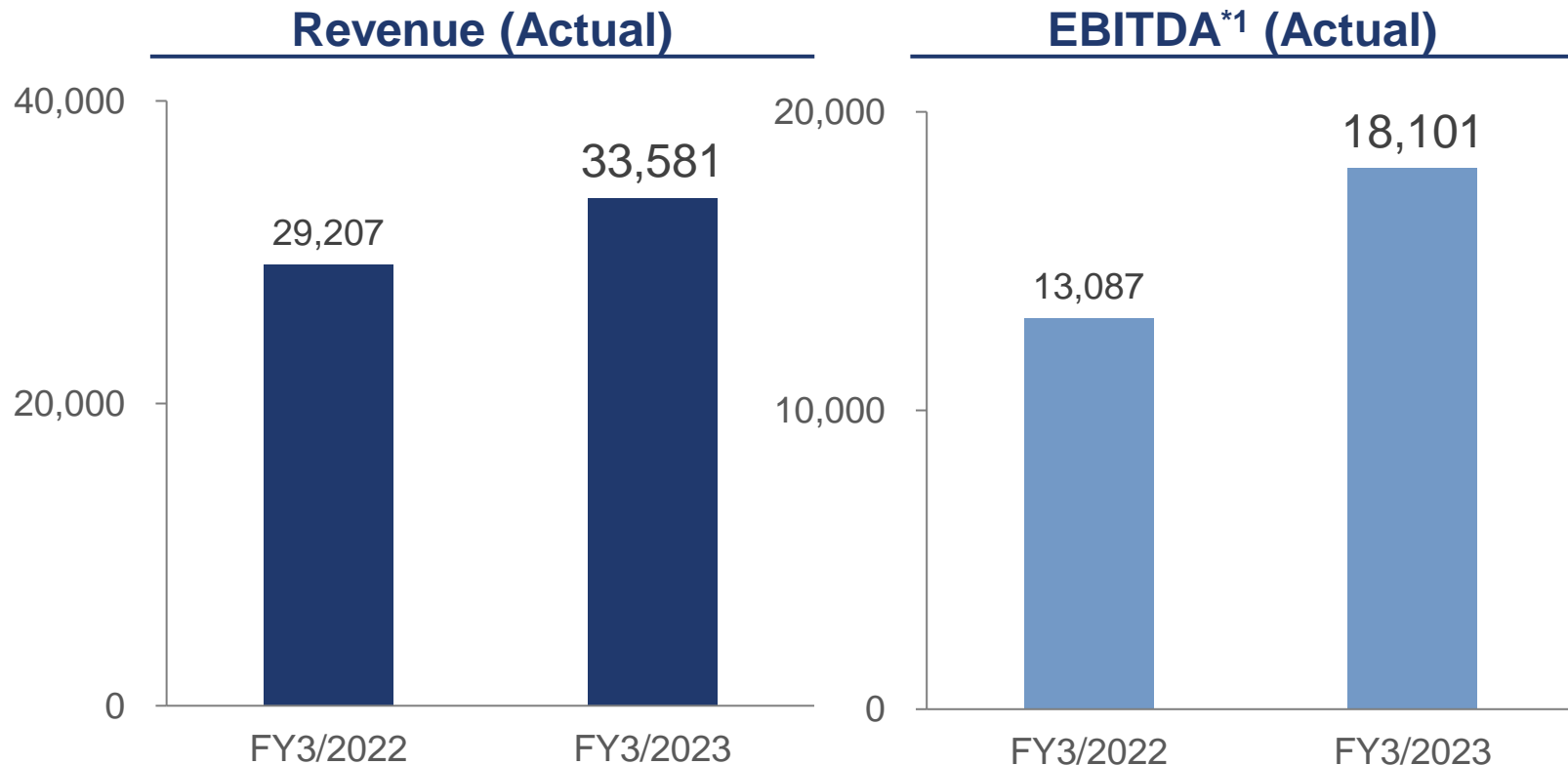
\*1 An environmental value sale and purchase agreement under which the environmental value derived from renewable energy power plants will be sold over the long term as Non-FIT Non-Fossil Certificates.

---

## I. Financial Results for the Fiscal Year Ending March 2023 (IFRS)

## Trend in Revenue and EBITDA\*<sup>1</sup> (IFRS) (Million yen)

- Revenue increased from the same period of the previous fiscal year due to full-year contributions from Kanda Biomass and Karumai Sonbou Solar, both of which began operations in 2021.
- EBITDA increased due to increase in revenue and “Other Income” from gain on the transfer of equity interest in silent partnership of Yokkaichi Solar.



\*<sup>1</sup> EBITDA= Revenue - Fuel expenses - Outsourcing expenses - Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method (except Yurihonjo Offshore Wind G.K. for the fiscal year ended March 2022) + Other income and expenses. EBITDA is subject to neither audit nor quarterly review.

## FY3/2023 Financial Highlights (IFRS)

(Unit: Million yen)

- From the same period of the previous fiscal year, increase in revenue, a gain on the transfer of equity interest in Yokkaichi Solar, and one-time losses related to offshore wind business in the previous fiscal year contributed increase in profits below EBITDA.

	FY3/2022	FY3/2023	Full-year Change
<b>Revenue</b>	29,207	33,581	15.0%
<b>EBITDA*1</b>	13,087	18,101	38.3%
<i>EBITDA Margin</i>	44.8%	53.9%	-
<b>Operating Profit</b>	874	8,870	914.5%
<b>Profit attributable to owners of the parent</b>	1,581	2,678	69.3%

\*1 EBITDA= Revenue - Fuel expenses - Outsourcing expenses - Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method (except Yurihonjo Offshore Wind G.K. for the fiscal year ended March 2022) + Other income and expenses. EBITDA is subject to neither audit nor quarterly review.





## 2. Progress of Projects

**Kanda Biomass Power Plant**



# COD project : Minami-Aso Yunotani Geothermal (2.0MW, Minami-Aso Village, Minami-Aso District, Kumamoto Prefecture)

- Commenced operation in March 2023.
- RENOVA will accumulate knowledge of geothermal power through the operation of Minami-Aso Yunotani Geothermal, the fourth type of energy technology in our company's portfolio. This experience will be utilized for future geothermal business development.

## Project Overview



<b>Capacity</b>	2.0MW
<b>FIT Price</b>	¥40/kWh
<b>Expected Revenue*1</b>	Appx. ¥600 million/year
<b>Total project cost*2</b>	Appx. over ¥4 billion
<b>LTC</b>	74.9%
<b>Equity Interest after COD</b>	RENOVA : 30.0% Others

**COD in March 2023**

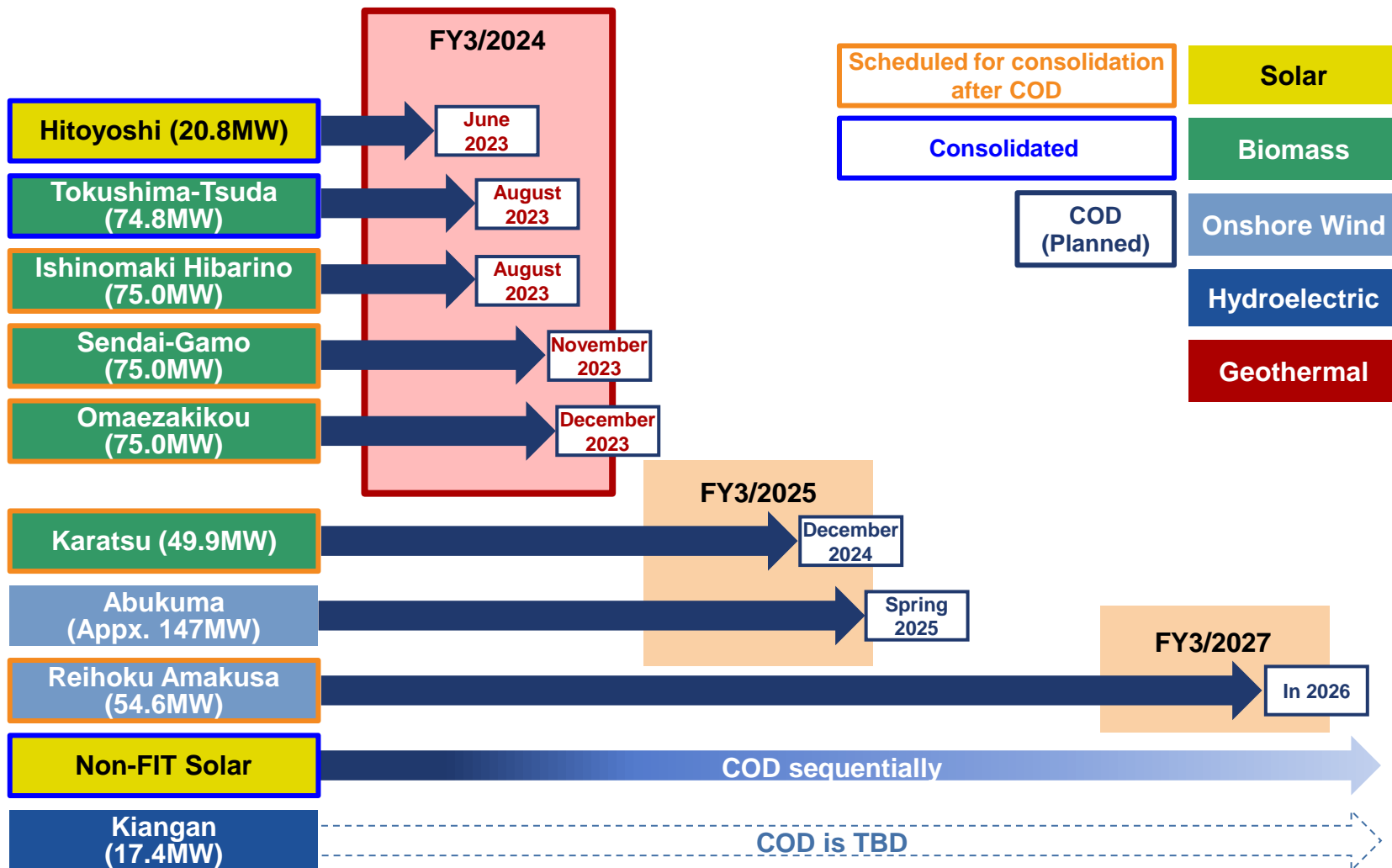
\*1 This is the current plan and is subject to change.

\*2 Amount includes all costs and expenses required to start operation, such as power generation facilities, buildings, land, civil engineering development, finance related expenses (including reserves), and start-up related expenses.

# COD Schedule for Projects Under Construction<sup>\*1\*2</sup>

As of May 2023

- COD schedules of some Biomass plants have been updated in this fiscal year.



\*1 Projects under construction may be altered, delayed or cancelled. Projects for which work has commenced in accordance with the EPC contract are shown as "under construction".

\*2 The COD of Kiangon hydroelectric (17.4MW), which started construction in August 2021, has not been publicly disclosed.

# Progress of Projects Under Construction (1/4)

## As of May 2023

- COD schedules of Biomass plants have been updated in this fiscal year.

**Tokushima-Tsuda Biomass**  
(74.8MW, Tokushima-shi, Tokushima Prefecture)

Aerial View  
(April 2023)

Capacity* <sup>1</sup>	74.8MW
FIT Price	¥24/kWh (¥32/kWh for domestic wood biomass)
<b>COD in Aug. 2023 (Planned)*<sup>2</sup></b>	

**Ishinomaki Hibarino Biomass**  
(75.0MW, Ishinomaki-shi, Miyagi Prefecture)

Aerial View  
(April 2023)

Capacity* <sup>1</sup>	75.0MW
FIT Price	¥24/kWh (¥32/kWh for domestic wood biomass)
<b>COD in Aug. 2023 (Planned)*<sup>2</sup></b>	

\*1 The generation capacity for biomass power plants is based upon the generator output.

\*2 Figures are as currently planned and may be subject to change.



# Progress of Projects Under Construction (2/4)

## As of May 2023

- COD schedules of Biomass plants have been updated in this fiscal year.

**Sendai-Gamo Biomass**  
(75.0MW, Sendai-shi, Miyagi Prefecture)

**Installation of boiler**  
(April 2023)



<b>Capacity<sup>*1</sup></b>	75.0MW
<b>FIT Price</b>	¥24/kWh (¥32/kWh for domestic wood biomass)

**COD in Nov. 2023 (Planned)<sup>\*2</sup>**

**Omaezakikou Biomass**  
(75.0MW, Omaezaki-shi, etc., Shizuoka Prefecture)

**Aerial View**  
(April 2023)



<b>Capacity<sup>*1</sup></b>	75.0MW
<b>FIT Price</b>	¥24/kWh (¥32/kWh for domestic wood biomass)

**COD in Dec. 2023 (Planned)<sup>\*2</sup>**

\*1 The generation capacity for biomass power plants is based upon the generator output.

\*2 Figures are as currently planned and may be subject to change.

## Progress of Projects Under Construction (3/4)

### As of May 2023

- Hitoyoshi Solar is expected to reach COD as scheduled in June 2023. FIT sales of electricity have already begun through the commissioning period.

<b>Karatsu Biomass</b> (49.9MW, Karatsu-shi, Saga Prefecture)	
<b>Construction of boiler house</b> (April. 2023)	
	
Capacity <sup>*1</sup>	49.9MW
FIT Price	¥24/kWh
<b>COD in Dec. 2024 (Planned)<sup>*4</sup></b>	

<b>Hitoyoshi Solar</b> (20.8MW, Hitoyoshi-shi Kumamoto Prefecture)	
<b>Aerial View</b> (April 2023)	
	
Capacity <sup>*2</sup>	20.8MW
FIT Price	¥36/kWh
<b>COD in June 2023 (Planned)<sup>*4</sup></b>	

\*1 The generation capacity for biomass power plants is based upon the generator output. \*2 The generation capacity for solar power plants is on a module capacity basis.  
 \*3 Figures are as currently planned and may be subject to change.

# Progress of Projects Under Construction (4/4) \*1

## As of May 2023

- Reihoku Amakusa Onshore Wind signed loan agreement in March 2023, and currently final preparations are progressing towards the start of construction.

**Reihoku Amakusa Onshore Wind**  
(54.6MW, Reihoku machi Amakusa-gun Kumamoto Prefecture)

**Construction site**  
(March 2023)



<b>Capacity</b>	54.6MW
<b>FIT Price</b>	¥21/kWh

**COD in 2026 (Planned)\*2**

**Kiangan Hydroelectric**  
(17.4MW, Ifugao Province, Philippines)

**Construction of a water channel**  
(April 2023)



<b>Capacity</b>	17.4MW
<b>FIT Price</b>	5.87PHP/ kWh*3 (Appx. ¥11.7*4)

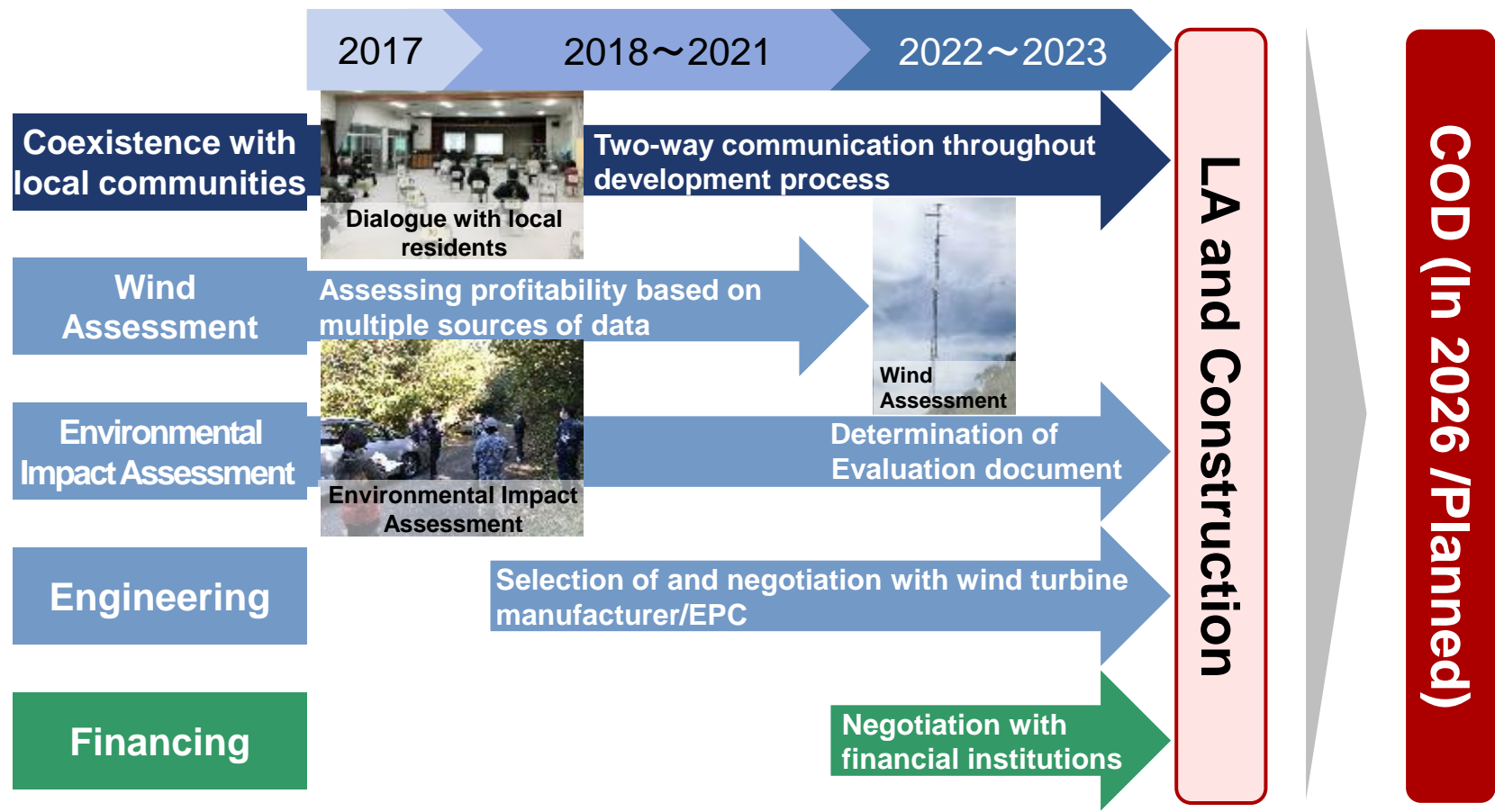
**Under construction for COD\*5**

\*1 Projects for which work has commenced in accordance with the EPC contract are shown as "under construction". \*2 Figures are as currently planned and may be subject to change. \*3 Assumed FIT unit price in case operation is started during the remaining period of the FIT target frame for small hydroelectric. \*4 Reference value converted to Philippine peso = 2 Japanese yen. \*5 The COD has not been disclosed.



# Development History of Reihoku-Amakusa Onshore Wind

- In March 2023, signed loan agreement for onshore wind led by RENOVA.
- Knowledge gained through this development will be utilized in further projects currently under development.







### 3. Outlook for the Fiscal Year Ending March 2024

**Tokushima-Tsuda Biomass Power Plant**

# Full-year Outlook for FY3/2023 (IFRS)

(Unit: Million yen / %)

- Revenue is expected to increase due to contributions from four biomass plants which are planned to commence operation this fiscal year.
- EBITDA is expected to increase in Power Generation Business segment. However, It is expected to decrease on a consolidated basis due to increase in investments and one-time gain on the transfer of equity interest in Yokkaichi Solar (Appx.¥3.8 bin) in the previous fiscal year.
- Due to a consolidation of Biomass SPC, a gain on the step acquisition is expected to be recorded.

	FY3/2023 (Actual)	FY3/2024 (Outlook)	Change
<b>Revenue</b>	33,581	<b>59,000</b>	75.7%
<b>EBITDA*1</b>	18,101*4	<b>17,700</b>	-2.2%
<i>EBITDA margin</i>	53.9%	<b>30.0%</b>	-
<b>Operating Profit</b>	8,870	<b>2,200</b>	-75.2%
<b>Profit attributable to owners of the parent</b>	2,678	<b>12,000</b>	348.2%
<b>EPS(yen)*2</b>	34.07	<b>151.68</b>	-
<b>ROE*3</b>	7.2%	<b>32.1%</b>	-

- COD and consolidation of biomass (Tokushima-Tsuda, Ishinomaki Hibarino, Omaezakikou, Sendai-Gamo) (Some power plants have changed COD schedule)
- COD of Hitoyoshi Solar
- Investments for project development are expected to increase
- Higher fuel price is considered in fuel expenses

■ A gain on the step acquisitions is expected to be recorded, associated with consolidations of biomass SPC

■ \*4 (Ref.) EBITDA excluding a gain on the transfer of equity interest in Yokkaichi Solar is ¥14,267 million.

\*1 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 and expenses. EBITDA is neither subject to audit nor quarterly review. \*2 EPS figures represents basic EPS. EPS for FY3/2024 has been calculated assuming that the total number of issued shares will remain unchanged from the total number of issued shares at the end of FY3/2023. \*3 For the purpose of calculating ROE, the profit figure for the most recent 12-month period is used, and the equity figure used is the simple average of the values at the beginning of the most recent 12-month period and at the end of the most recent month period.



# Full-year Outlook for FY3/2024 by Segment (IFRS)

(Unit: Million yen)

- In the Power Generation Business, Revenue and EBITDA are expected to increase due to planned COD and consolidation of four Biomass plants. Higher fuel price is considered in EBITDA.
- In the Development and Operation Business, EBITDA is expected to decrease due to increase in investments for project developments and one-time gain on transfer of equity interest in Yokkaichi Solar in the previous fiscal year.

		FY3/2023 (Actual)	FY3/2024 (Outlook)	Change
<b>Renewable Energy Power Generation Business (A)</b>	Revenue	32,072	58,700	26,628
	EBITDA* <sup>2</sup>	17,714	24,200	6,485
	Operating profit	8,650	9,000	350
<b>Renewable Energy Development and Operation Business + Elimination (B)*<sup>1</sup></b>	Revenue	1,509	300	-1,208
	EBITDA* <sup>2</sup>	387	-6,500	NM
	Operating profit	219	-6,800	NM
<b>Total*<sup>1</sup> (A + B)</b>	Revenue	33,581	59,000	25,419
	EBITDA* <sup>2</sup>	18,101	17,700	-401
	Operating profit	8,870	2,200	-6,670

- COD and consolidation of biomass (Tokushima-Tsuda, Ishinomaki Hibarino, Omaezakikou, Sendai-Gamo)
- COD of Hitoyoshi Solar
- Fuel expenses take into account the impact of higher fuel prices

- Business development fees are not expected
- Investments for project development are expected to increase

\*1 When receiving Business development fees from affiliated companies, RENOVA records such development fees in its consolidated financial results after deducting amounts that correspond to RENOVA's ownership stake in those affiliated companies.

\*2 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 and expenses. EBITDA is neither subject to audit nor quarterly review.

## 4. Growth Strategy

**Non-FIT Solar PV Power Plant**

# Expansion of Business Achievements in Growth Areas

As of May 2023

- Concluded our first PPA for Non-FIT Solar PV.
- Concluded our first virtual PPA.
- Started operation of geothermal facility, the fourth type of energy technology in our company's portfolio.

Projects in operation  
(FIT electricity sales)

✓ Solar PV



✓ Onshore wind



✓ Biomass



Additional growth areas

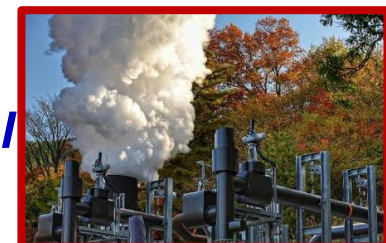
✓ *Non-FIT*



✓ *Battery Storage System*



✓ *Geothermal*





# Non-FIT Solar PV Project (1/2)

## Physical PPA

- RENOVA will continue to develop sites for non-FIT Solar PV and to negotiate agreements with electricity consumers.

### Project Overview (Example)



<b>Capacity</b>	100MW
<b>Expected Revenue</b>	Appx. ¥1-2 billion/year
<b>Expected EBITDA</b>	Appx. ¥0.7-1.4 billion/year
<b>Total Project Cost<sup>*1</sup></b>	Appx. ¥10-20 billion
<b>Equity Interest</b>	RENOVA : 100%

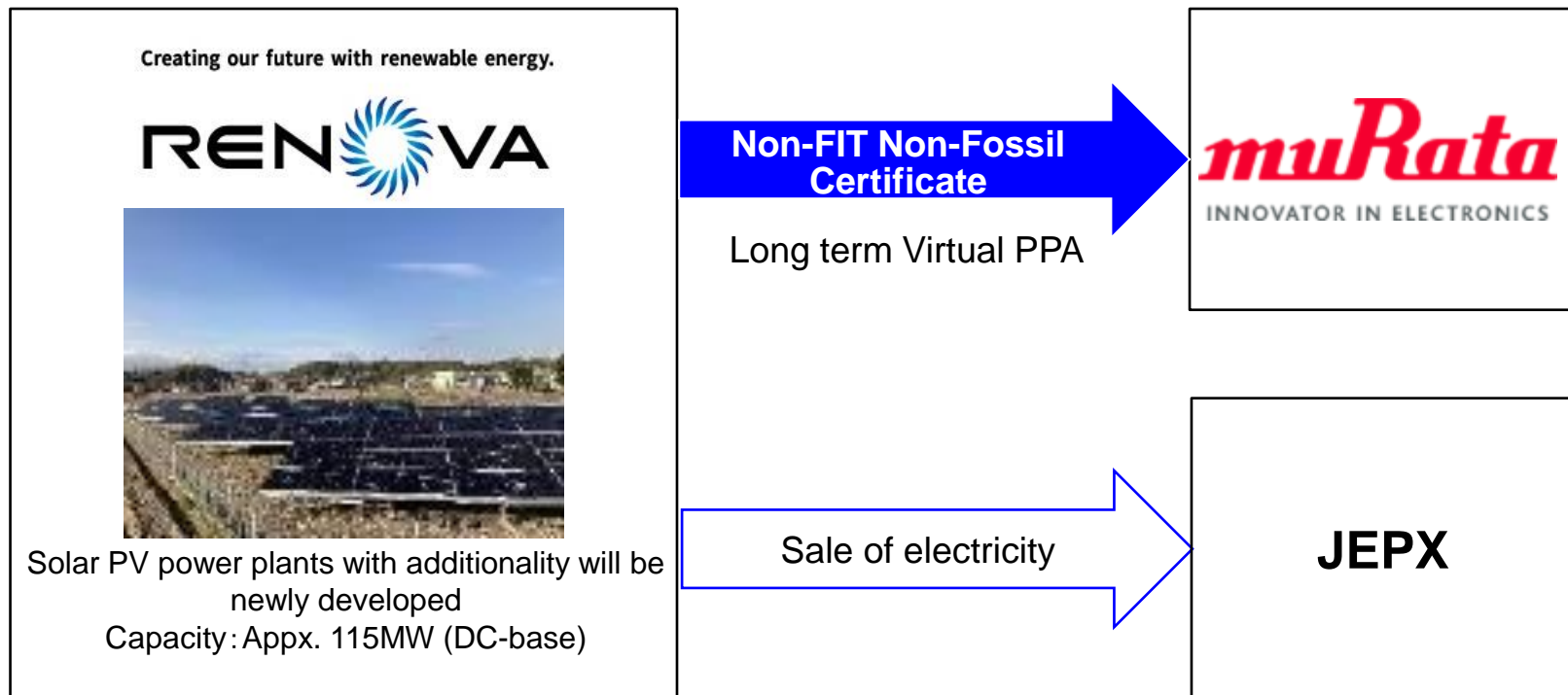
Supply destination	Sales period	Capacity (DC-base)	COD
Tokyo Gas Co., Ltd.	20 years	Max 13MW	Sequentially by March 2024
Evergreen Marketing Co., Ltd.	20 years	Max 9MW	Sequentially by March 2025

<sup>\*1</sup> Amount includes all costs and expenses required to start operation, such as power generation facilities, buildings, land, civil engineering development, finance related expenses (including reserves), and start-up related expenses.

# Non-FIT Solar PV Project (2/2)

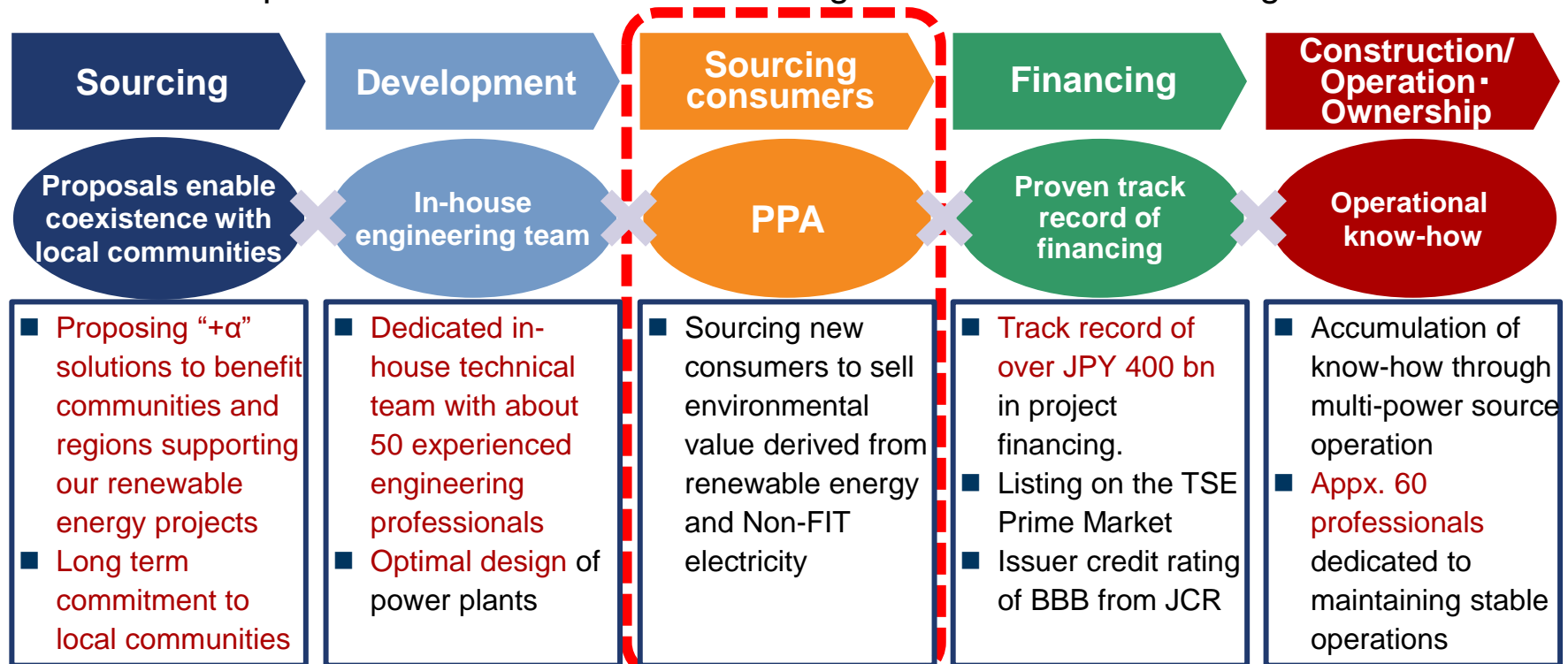
## Virtual PPA

- Concluded a virtual PPA with Murata Manufacturing Co., Ltd. in May 2023 to directly sell Non-FIT Non-Fossil Certificates (derived from renewable power plants).
- All newly development power plants will be constructed with additionality.



# RENOVA's Core Competencies – Adding “Sourcing Consumers”

- Adding a new strength to explore new customers for Non-FIT business by its own and negotiate / execute PPA.
- Aim to expand our business area with strengths and strive for further growth.



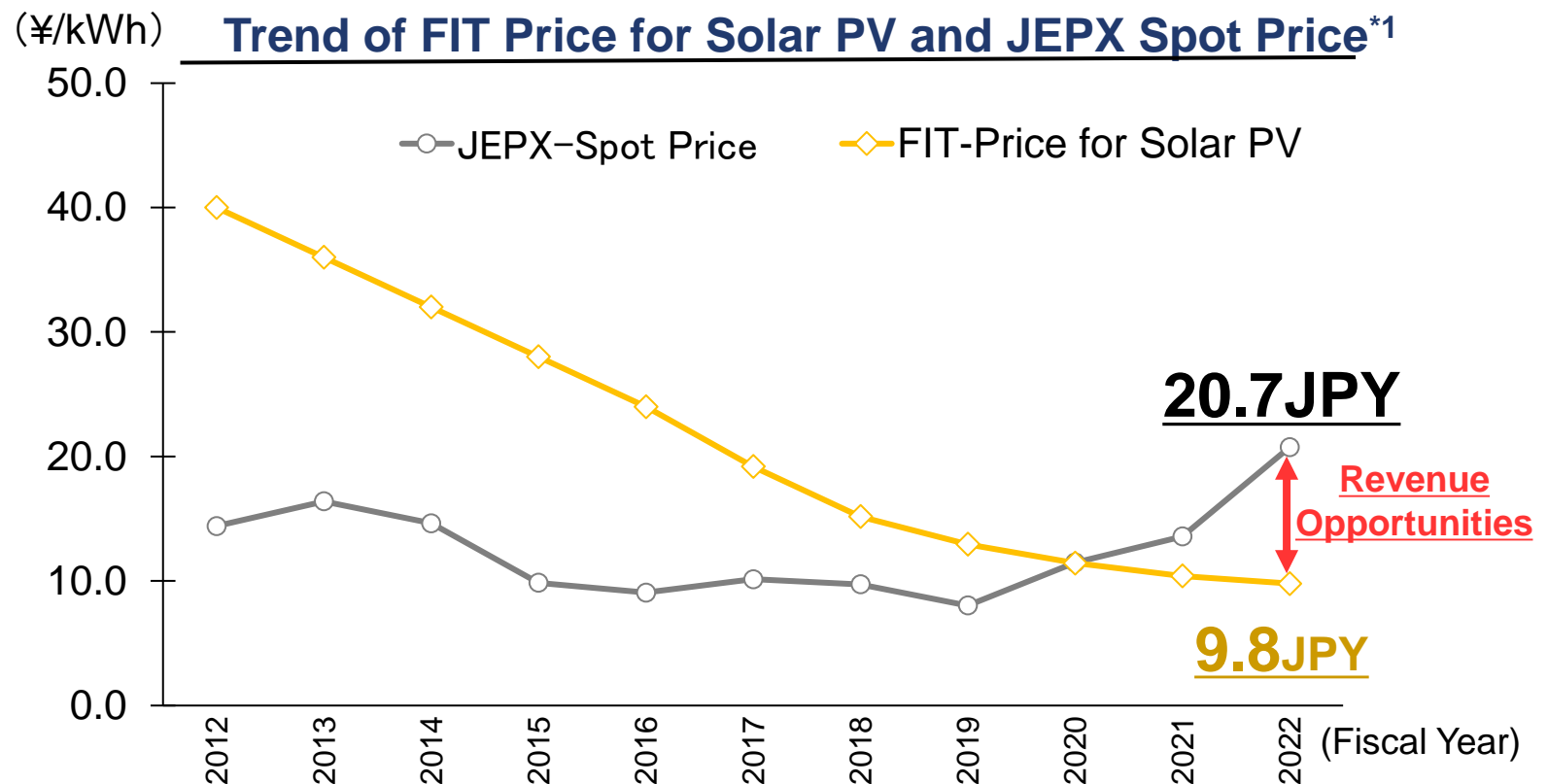
**Development and stable operation of highly profitable and highly efficient power plants.**



# Emergence of the PPA Market (1/2)

## Improving Competitiveness of Electricity Generated from Renewables for Consumers

- The power generation cost of solar PV has significantly decreased over the past decade. On the other hand, wholesale electricity market prices have increased due to rising fuel costs, among other factors.
- Further growth of demand for electricity generated by renewable power plants expands our revenue opportunities.



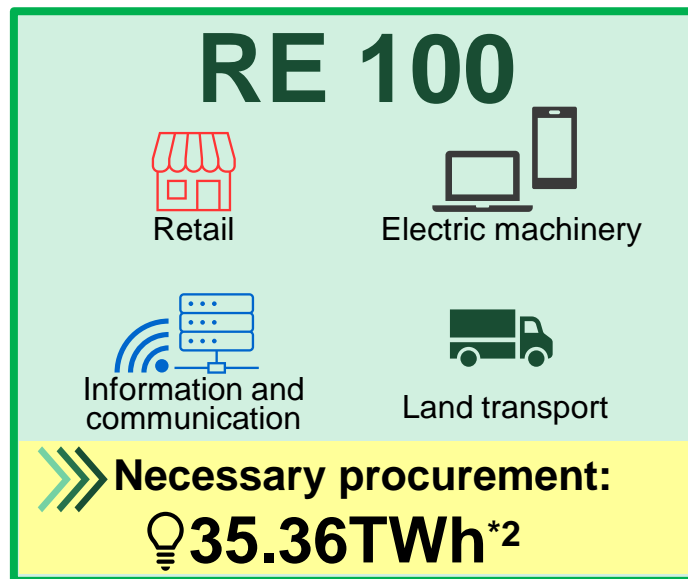
\*1 FIT-Price for Solar PV after FY2017 is the annual weighted average unit price of bid-based projects. JEPX spot price is the system price (national average price)

# Emergence of the PPA Market (2/2)

## Renewable Energy Demand of RE100 Member Companies

- Demand for renewable energy has been increasing amongst global trend of carbon neutrality, primarily led by RE 100 member companies.
- Demand from RE100 companies (78 companies\*<sup>1</sup>) alone is appx. 30 GW in terms of solar power generation equivalent.

### Necessary Procurement towards Achieving RE100 (by 2030)



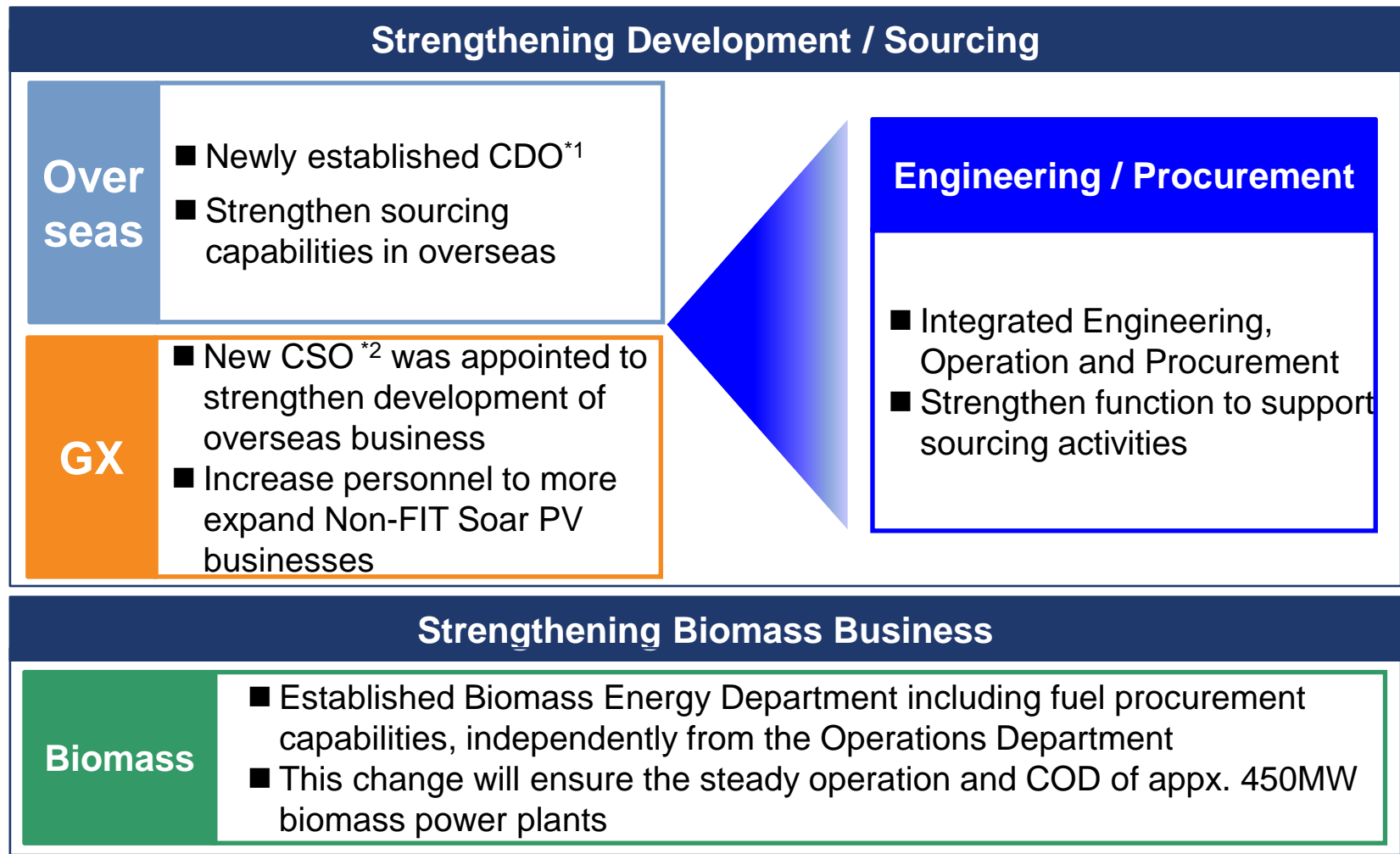
**Aim to achieve a cumulative total of 300MW by the end of FY3/2026 through all PPA types, both physical and virtual**

\*1 As of January 2023. \*2 This estimation is as of the end of January 2023; further capacity requirements announced after that point are not taken into account. \*3 Solar power generation equivalent is calculated by dividing the required procurement amount (renewable energy amount whose procurement destination is undetermined) by a 24 facility utilization rate of 13.5%.

# Strengthening of Development and Biomass Business Structure

## Organizational Changes

- Strengthen business development and structure for Biomass business by restructuring corporate organization and expansion of human resources.



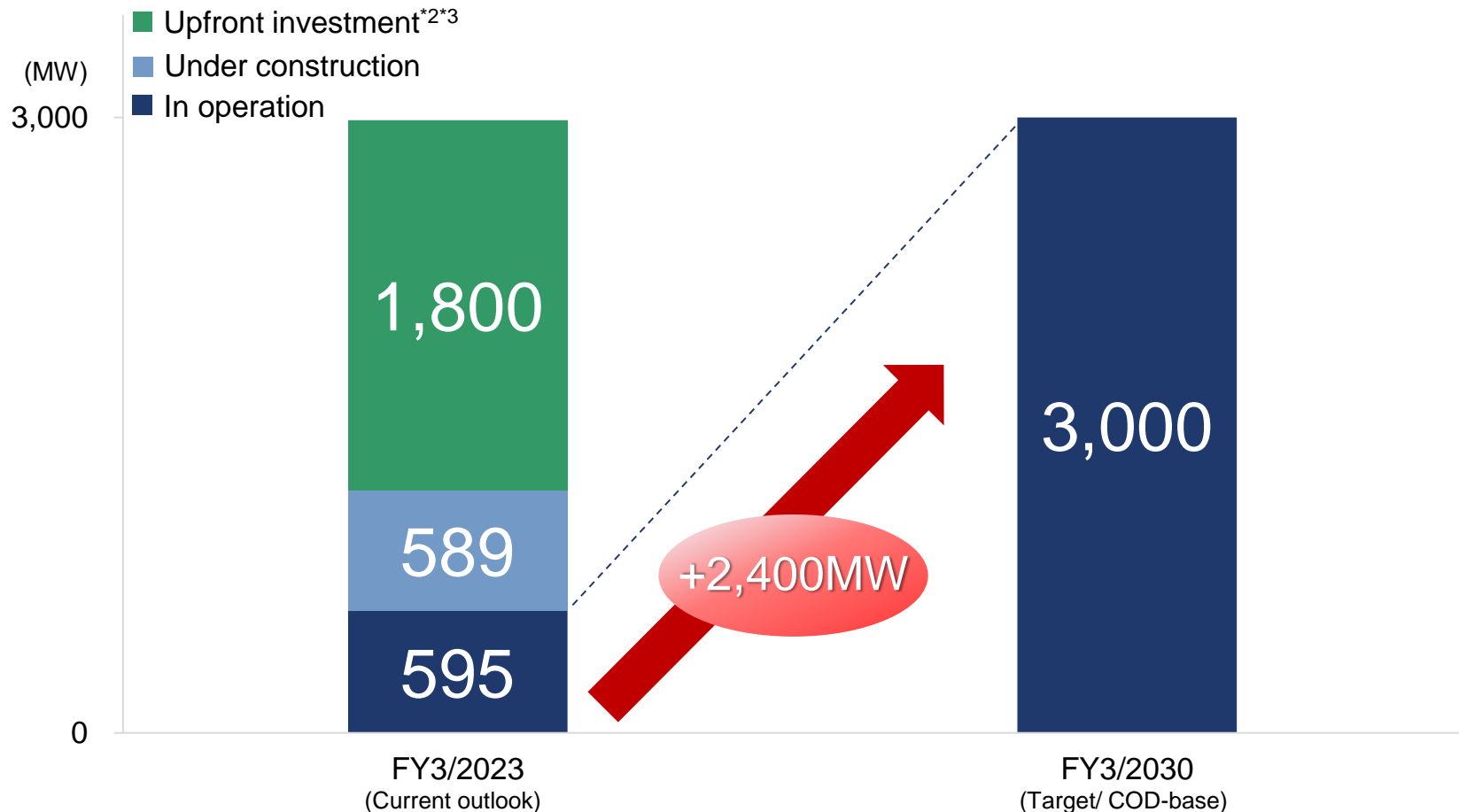
\*1 Chief Development Officer

\*2 Chief Strategy Officer



# Long Term Target based on a Capacity

- Aim to acquire a capacity of 3,000MW\*<sup>1</sup> (in operation) by the end of FY3/2030.



**Proactively allocate human and financial resources, to further strengthen development-sourcing**

\*1 The equipment is displayed in gross value without considering our company's equity interest. \*2 Internal assessment completed regarding the project's viability, preliminary investments in place as required for initial development. Projects may be terminated in the future depending on the results of further investigations and assessments.\*3 Except for projects that acquisition of business development rights is determined through bidding, such as domestic offshore wind and so on.

A large pile of cut logs is shown in the foreground, with a yellow excavator visible in the background. The scene is set outdoors under a clear blue sky. The logs are stacked in a way that shows their natural texture and color. The excavator is positioned to the right, with its arm extended towards the logs. The overall image conveys a sense of industrial activity related to biomass production.

## 5. FAQs regarding Biomass Projects from Investors



# FAQs regarding Biomass Projects from Investors

**Q1 Impacts of and Measures against Fuel Price Increases**

**Q2 Impact of Increases in Material Prices or Schedule Change during Construction Period**

**Q3 Recent Impacts from Changes in the Financial Environment**



# Q1 Impacts and Measures against Price Increase of Fuels

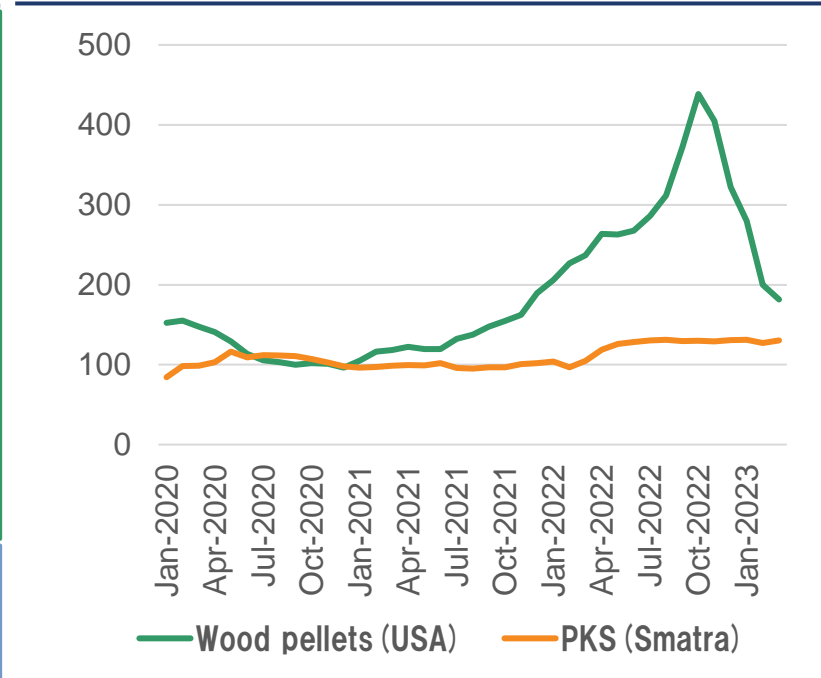
- The majority of projected fuel requirement by price and by volume has already been fixed in long-term procurement contracts.
- Contingency measures are in place for fuels by spot procurement.
- Foreign exchange risk has been minimized by long-term foreign exchange contracts.

- Current**
- The price of wood pellets has sharply declined since last fall, which was its peak.
  - The price of PKS remains at a high-level compared to before the conflict in Ukraine.

## Concrete Measures

## Trend of spot fuel market price\*1 (USD/t)

<b>Fuels</b>	<p>① <b>Proactively secure cost-competitive fuel (for spot procurement)</b></p> <ul style="list-style-type: none"> <li>■ Procurement of quality and cost-competitive fuels</li> <li>■ Leverage of our large capacity (around 450MW in operation and under construction) to negotiate competitive rates</li> </ul> <p>② <b>Develop new fuel procurement sources (short- to medium-term)</b></p> <ul style="list-style-type: none"> <li>■ Expansion of spot supplier network (Upstream investment also under consideration)</li> </ul> <p>③ <b>Research and source new fuels (long-term)</b></p> <ul style="list-style-type: none"> <li>■ Survey on fast-growing trees and other fuels</li> </ul>
	<p><b>Freight</b></p> <p><b>Freight cost reduction</b></p> <ul style="list-style-type: none"> <li>■ Freight efficiency via leverage of multiple power plants in operation</li> </ul>



\*1 The data is for reference only. Data source: Argus. Wood pellets (USA) is "Wood pellets export price USA southeast fob" PKS (Smatra) is " Palm kernel shell (PKS) Index east coast Sumatra fob" . Unauthorized reproduction or use of this data is strictly prohibited.

## Q2 Impact of Increases in Material Prices or Schedule Change during Construction Period

- Each Biomass SPC entered into a lump-sum contract with EPC and thus avoid the risk of incurring additional construction related costs

Power Plants	Contract status	COD (Planned)
Tokushima-Tsuda Biomass	Lump-sum contract	August 2023
Ishinomaki Hibarino Biomass	Lump-sum contract	August 2023
Sendai-Gamo Biomass	Lump-sum contract	November 2023
Omaezakikou Biomass	Lump-sum contract	December 2023
Karatsu Baiomass	Lump-sum contract	December 2024

### Lump-sum contract

- EPC contractor takes on contractual obligations at a fixed amount agreed upon as the contract price. In the event of cost or time overrun, a fixed daily cost will be assessed based on Liquidated Damages

## Q3 Recent Impacts from Changes in the Financial Environment

- Promote development of renewable energy or related projects with due consideration of financial stability and soundness.

1

### Utilization of Project Finance

- To increase return on equity investment and maximize corporate value, funds are raised through project finance or other methods.
- Interest rates are largely fixed through swap transactions, minimizing interest rate fluctuation risks

2

### The impact of changes in Japan's monetary policy

- There is currently no significant change in the Bank of Japan's monetary policy, which continuously centers around yield curve control and includes quantitative and qualitative monetary easing and expansion of the monetary base

3

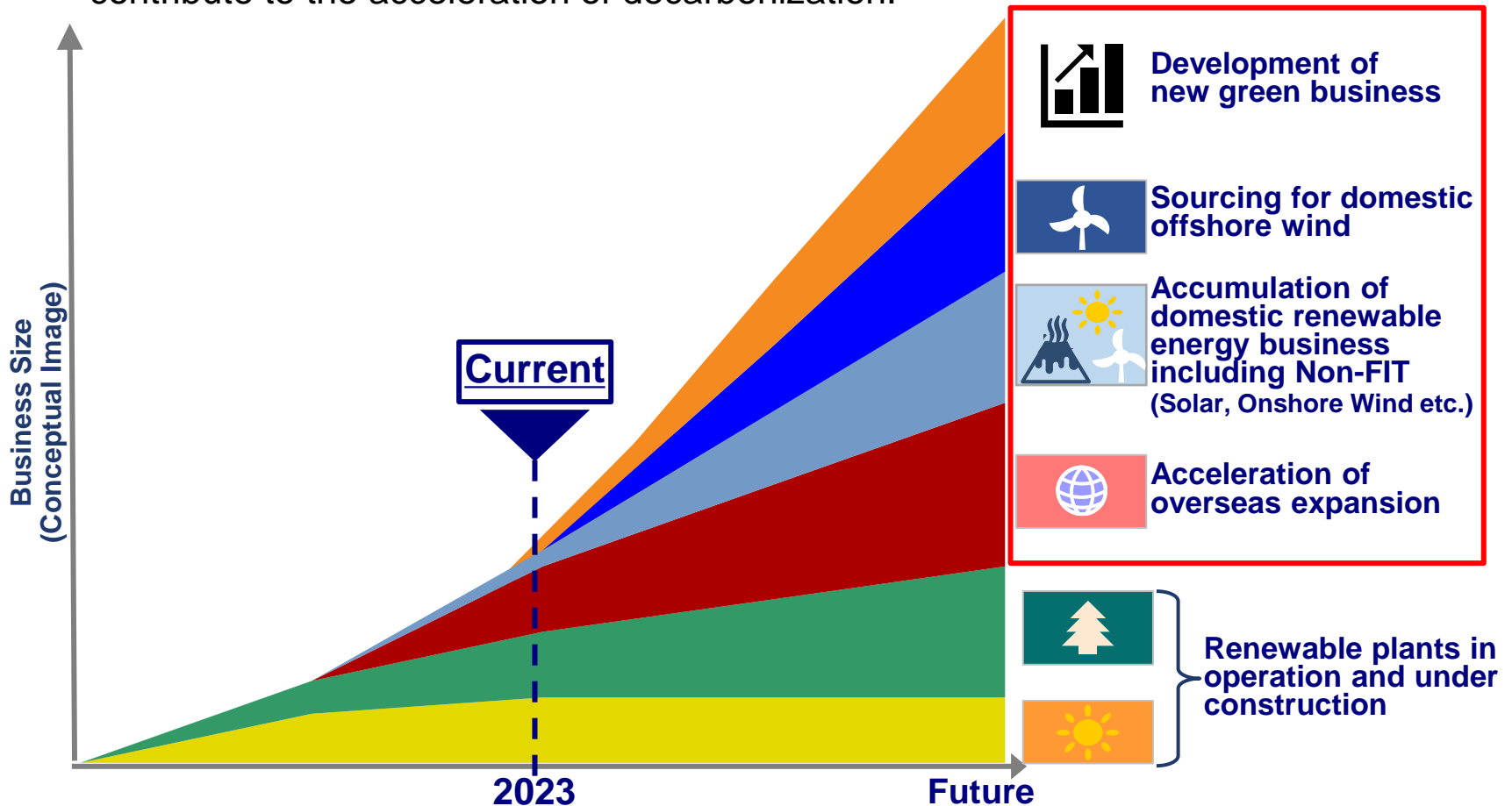
### The impact of changes in the foreign exchange environment due to factors such as the Japan-US interest rate differential.

- The foreign exchange risk related to the procurement of biomass fuel is generally hedged.



# RENOVA's Growth Trajectory

- RENOVA seeks to accelerate the development of renewable energy power plants of multiple technologies to meet the growing demand for renewable energy.
- RENOVA is also promoting the development of new green business models that contribute to the acceleration of decarbonization.



## **Our Mission**

To create green and sustainable energy systems  
for a better world

## **Our Vision**

To become Asia's renewable energy leader

Creating our future with renewable energy.

