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Consolidated Financial Results For the Nine Months Ended December 31, 2023 (International Financial Reporting Standards (IFRS)) (Non-audited)

February 7, 2024

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:		February 7, 2024	
Scheduled date of commencement of dividend payment:		–	
Supplementary documents for quarterly financial results:		Yes	
Quarterly financial results briefing:		No	

(Amounts of less than one million yen are rounded)

1. Consolidated financial results for nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)

(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	%
Nine months ended Dec. 31 2023	29,827	20.3	14,042	(8.3)	6,375	(23.4)	8,925	32.8	5,984	39.3
ended Dec. 31 2022	24,801	17.5	15,313	37.6	8,327	736.8	6,720	14.4	4,294	102.1

(Note)

Total Comprehensive income: Nine months ended December 31, 2023: 20,734 million yen, 11.4% Nine months ended December 31, 2022: 18,617 million yen, 10.5%

	Basic earnings per share	Diluted earnings per share
Nine months ended Dec. 31 2023	Yen 75.91	Yen 75.65
ended Dec. 31 2022	54.66	54.31

(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.

Fuel expenses in the calculation of EBITDA is adjusted from the amount represented in Condensed quarterly consolidated financial statements to deduct the amount of the impact caused by elimination of accumulated other comprehensive income derived from forward exchange contracts in business combination of SPC for the biomass power generation business.

The adjusted amount for nine months ended December 31, 2023 is (116) million yen.

(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
Dec. 31 2023	384,558	90,582	60,859	15.8	771.17
Mar. 31 2023	303,377	64,731	42,954	14.2	545.93

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year	Yen	Yen	Yen	Yen	Yen
ended Mar. 2023	–	0.00	–	0.00	0.00
ending Mar. 2024	–	0.00	–		
ending Mar. 2024 (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, 2024 (April 1, 2023 – March 31, 2024)

(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. 2024	44,000	31.0	16,300	(10.0)	4,500	(49.3)	8,500	217.5	107.84

(Note) Revisions to the consolidated forecast since the latest announcement: Yes

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: Morinomiya Biomass Energy G.K.

Excluded: None

(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 December 31, 2023: 79,215,500 shares As of March 31, 2023: 79,111,500 shares

(ii) Number of treasury shares at end of period

As of December 31, 2023: 297,300 shares As of March 31, 2023: 431,200 shares

(iii) Average number of shares outstanding during the period

For the nine months ended December 31, 2023: 78,820,861 shares

For the nine months ended December 31, 2022: 78,565,425 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, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	21,370	13,226
Restricted bank deposits	28,262	32,565
Trade and other receivables	6,291	13,030
Inventories	1,698	3,082
Other financial assets	5,702	1,828
Other current assets	3,168	3,007
Total current assets	66,491	66,737
Non-current assets		
Property, plant and equipment	144,458	191,406
Right-of-use assets	7,483	8,865
Goodwill	237	237
Intangible assets	36,215	34,930
Investments accounted for using the equity method	17,042	24,732
Deferred tax assets	1,755	2,069
Other financial assets	23,906	49,350
Other non-current assets	5,789	6,232
Total non-current assets	236,887	317,821
Total assets	303,377	384,558

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	3,107	11,166
Borrowings	15,193	25,404
Lease liabilities	626	827
Other financial liabilities	714	164
Income tax payables	979	1,797
Other current liabilities	525	955
Total current liabilities	21,144	40,313
Non-current liabilities		
Bonds and borrowings	182,602	209,928
Lease liabilities	7,656	8,804
Other financial liabilities	2,599	1,192
Provisions	8,092	12,078
Deferred tax liabilities	15,899	21,074
Other non-current liabilities	654	586
Total non-current liabilities	217,502	253,662
Total liabilities	238,646	293,976
Equity		
Share capital	2,356	2,387
Share premium	1,644	1,501
Retained earnings	24,981	30,964
Treasury shares	(719)	(548)
Other components of equity	14,692	26,555
Equity attributable to owners of the parent	42,954	60,859
Non-controlling interests	21,778	29,723
Total equity	64,731	90,582
Total liabilities and equity	303,377	384,558

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

(Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	24,801	29,827
Other income	4,068	2,814
Fuel expenses	(6,942)	(10,242)
Outsourcing expenses	(1,611)	(1,977)
Payroll and related personnel expenses	(2,555)	(2,565)
Share of profit (loss) of investments accounted for using the equity method	(263)	(149)
Other expenses	(2,186)	(3,782)
Depreciation and amortization	(6,986)	(7,551)
Operating profit	8,327	6,375
Gain on remeasurement to fair value of pre-existing interest in business combination	—	3,364
Gain on remeasurement to fair value of option	384	—
Loss on remeasurement to fair value of option	—	(31)
Finance income	253	1,461
Finance costs	(2,244)	(2,243)
Profit before income taxes	6,720	8,925
Income tax expense	(1,223)	(1,322)
Profit for the period	5,497	7,604
Profit for the period attributable to:		
Owners of the Parent	4,294	5,984
Non-controlling interests	1,203	1,620
Earnings per share		
Basic earnings per share (yen)	54.66	75.91
Diluted earnings per share (yen)	54.31	75.65

(Million yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Revenue	7,463	11,276
Other income	183	214
Fuel expenses	(2,560)	(4,743)
Outsourcing expenses	(388)	(720)
Payroll and related personnel expenses	(839)	(860)
Share of profit (loss) of investments accounted for using the equity method	235	(244)
Other expenses	(861)	(1,955)
Depreciation and amortization	(2,331)	(2,826)
Operating profit(loss)	901	143
Gain on remeasurement to fair value of pre-existing interest in business combination	—	3,364
Gain on remeasurement to fair value of option	128	—
Loss on remeasurement to fair value of option	—	(204)
Finance income	57	1,101
Finance costs	(861)	(823)
Profit before income taxes	226	3,580
Income tax expense	(367)	38
Profit(loss) for the period	(142)	3,618
Profit(loss) for the period attributable to:		
Owners of the Parent	(526)	3,166
Non-controlling interests	384	452
Earnings per share		
Basic earnings per share (yen)	(6.69)	40.13
Diluted earnings per share (yen)	(6.69)	40.00

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

(Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit for the period	5,497	7,604
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	6,530	5,140
Exchange differences on translating foreign operations	(1)	(1)
Share of other comprehensive income (loss) of investments accounted for using the equity method	6,591	7,991
Total	13,120	13,130
Total other comprehensive income, net of tax	13,120	13,130
Total comprehensive income for the period	18,617	20,734
Comprehensive income for the period attributable to:		
Owners of the Parent	16,160	17,846
Non-controlling interests	2,457	2,887

(Million yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Profit(loss) for the period	(142)	3,618
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	(881)	(1,671)
Exchange differences on translating foreign operations	(1)	(7)
Share of other comprehensive income (loss) of investments accounted for using the equity method	(3,503)	(2,658)
Total	(4,385)	(4,336)
Total other comprehensive income, net of tax	(4,385)	(4,336)
Total comprehensive income for the period	(4,526)	(718)
Comprehensive income for the period attributable to:		
Owners of the Parent	(4,299)	(666)
Non-controlling interests	(227)	(53)

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

Nine months ended December 31, 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	—	—	4,294	—	—	4,294	1,203	5,497
Other comprehensive income, net of tax	—	—	—	—	11,866	11,866	1,254	13,120
Total comprehensive income for the period	—	—	4,294	—	11,866	16,160	2,457	18,617
Issuance of new shares	11	4	—	—	—	15	—	15
Share-based payment	—	(0)	—	—	—	(0)	—	(0)
Purchase of treasury shares	—	—	—	(53)	—	(53)	—	(53)
Disposal of treasury shares	—	3	—	7	—	9	—	9
Dividends	—	—	—	—	—	—	(1,244)	(1,244)
Other increase (decrease)	—	13	—	—	—	13	364	377
Total transactions with owners and others	11	19	—	(47)	—	(16)	(880)	(896)
Balance as of December 31, 2022	2,351	1,634	26,597	(719)	18,167	48,030	22,132	70,162

Nine months ended December 31, 2023

(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, 2023	2,356	1,644	24,981	(719)	14,692	42,954	21,778	64,731
Profit for the period	—	—	5,984	—	—	5,984	1,620	7,604
Other comprehensive income, net of tax	—	—	—	—	11,863	11,863	1,267	13,130
Total comprehensive income for the period	—	—	5,984	—	11,863	17,846	2,887	20,734
Issuance of new shares	31	(23)	—	—	—	8	—	8
Share-based payment	—	(137)	—	—	—	(137)	—	(137)
Changes in scope of consolidation	—	—	—	—	—	—	5,865	5,865
Purchase of treasury shares	—	—	—	—	—	—	—	—
Disposal of treasury shares	—	21	—	171	—	193	—	193
Dividends	—	—	—	—	—	—	(808)	(808)
Other increase (decrease)	—	(4)	—	—	—	(4)	—	(4)
Total transactions with owners and others	31	(143)	—	171	—	59	5,058	5,117
Balance as of December 31, 2023	2,387	1,501	30,964	(548)	26,555	60,859	29,723	90,582

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

(Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,720	8,925
Depreciation and amortization	6,986	7,551
Finance income	(265)	(329)
Finance costs	2,244	2,243
Other income	(4,044)	(2,644)
Share of (profit) loss of investments accounted for using the equity method	263	149
(Gain) loss on remeasurement to fair value of pre-existing interest in business combination	—	(3,364)
(Gain) loss on remeasurement to fair value of option	(384)	31
Decrease (increase) in trade and other receivables	1,820	(2,164)
Decrease (increase) in inventories	(687)	27
Increase (decrease) in trade and other payables	(3,048)	2,455
Other, net	(239)	131
Subtotal	9,368	13,012
Interest and dividend income received	3	312
Interest expenses paid	(1,924)	(1,786)
Income taxes paid	(490)	(607)
Compensation income received	—	2,612
Other, net	165	12
Net cash from operating activities	7,122	13,554
Cash flows from investing activities		
Payments for construction in advance	(301)	(215)
Proceeds from advanced payments for construction	—	539
Increase in loan receivables	(423)	(528)
Collection of loans receivable	—	553
Acquisition of property, plant and equipment	(9,598)	(7,469)
Acquisition of intangible assets	(83)	(77)
Purchase of investments accounted for using the equity method	(1,744)	(1,807)
Proceeds from sale of subsidiaries	3,062	—
Purchase of investment securities	(18)	(2,797)
Payments for acquisition of subsidiaries	—	(1,671)
Proceeds from contribution refunds	544	33
Other, net	(88)	(224)
Net cash provided by (used in) investing activities	(8,649)	(13,665)
Cash flows from financing activities		
Proceeds from long-term borrowings	14,627	2,827
Repayments of long-term borrowings	(8,806)	(11,074)
Repayments of lease liabilities	(681)	(589)
Proceeds from issuance of shares	15	8
Dividends paid to non-controlling interests	(749)	(808)
Contribution from non-controlling interests	364	—
Purchase of treasury shares	(53)	—
Net decrease (increase) in restricted bank deposits	(2,341)	1,818
Other, net	5	(360)
Net cash provided by (used in) financing activities	2,381	(8,178)
Effect of exchange rate change on cash and cash equivalents	9	144
Net increase (decrease) in cash and cash equivalents	862	(8,145)
Cash and cash equivalents at beginning of period	16,514	21,370
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	1	—

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash and cash equivalents at end of period	17,377	13,226

(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

Fuel expenses in the calculation of EBITDA is adjusted from the amount represented in Condensed quarterly consolidated financial statements to deduct the amount of the impact caused by elimination of accumulated other comprehensive income derived from forward exchange contracts in business combination of SPC for the biomass power generation business.

Nine months ended December 31, 2022 (April 1, 2022 – December 31, 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	24,020	781	24,801	—	24,801
Intersegment (Note 2)	—	2,156	2,156	(2,156)	—
Total	24,020	2,937	26,957	(2,156)	24,801
Segment profit	14,113	3,099	17,212	(1,899)	15,313
Depreciation and amortization					(6,986)
Gain on remeasurement to fair value of option					384
Finance income					253
Finance costs					(2,244)
Profit before income taxes					6,720

(Notes) 1. The reconciliation of (1,899) 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.

Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)

(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	29,508	319	29,827	—	29,827
Intersegment (Note 2)	—	2,496	2,496	(2,496)	—
Total	29,508	2,815	32,323	(2,496)	29,827
Segment profit(loss)	18,369	(2,201)	16,168	(2,126)	14,042
Fuel Expenses					(116)
Depreciation and amortization					(7,551)
Gain on remeasurement to fair value of pre-existing interest in business combination					3,364
Loss on remeasurement to fair value of option					(31)
Finance income					1,461
Finance costs					(2,243)
Profit before income taxes					8,925

(Notes) 1. The reconciliation of (2,126) 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.