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Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (Japanese GAAP, Non-Audited)

August 11, 2020

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 11, 2020	
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 down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 – June 30, 2020)

(1) Consolidated Results from Operations (cumulative) (Percentages show year-on-year changes)

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2020	5,986	68.7	3,737	135.7	2,418	158.8	1,674	362.6	678	467.0
ended Jun. 30, 2019	3,548	6.1	1,585	(10.4)	934	(12.9)	361	(43.8)	119	(50.3)

(Note) Comprehensive income:

Three months ended Jun. 30, 2020: 2,354 million yen, 379.8% Three months ended Jun. 30, 2019: 490 million yen, 10.3%

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen	Yen	Yen	Yen
Three months ended Jun. 30, 2020	8.88	8.88	8.64	8.64
ended Jun. 30, 2019	1.59	1.59	1.52	1.52

* EBITDA = Ordinary profit + Net interest expenses + Depreciation + Amortization of long-term prepaid expenses (amortization of grid connection costs and amortization of deferred consumption taxes) + Amortization of goodwill + Amortization of deferred assets (amortization of business commencement expenses)

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio*		Net assets per share	
	Million yen	Million yen	Million yen	Million yen	%	Yen	Yen	
As of Jun. 30, 2020	150,585	150,585	26,548	26,548	13.6	267.01	267.01	
Mar. 31, 2020	148,151	148,151	24,313	24,313	12.5	241.77	241.77	

(Reference) Equity attributable to owner of parent: As of Jun. 30, 2020: 20,415 million yen

As of Mar. 31, 2020: 18,482 million yen

*Equity ratio = Equity attributable to owner of parent / Total assets

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended Mar. 2020	–	0.00	–	0.00	0.00
ending Mar. 2021	–	–	–	–	–
ending Mar. 2021 (forecast)	–	0.00	–	0.00	0.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(Percentages show year-on-year changes)

	Net sales		EBITDA		Operating profit		Profit attributable to owners of parent		Earnings per share (basic)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
Full year	20,500	5.4	10,800	(3.8)	5,400	(24.5)	800	(78.2)	10.57	10.57

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

(Note) RENOVA, Inc. ("RENOVA") will adopt International Financial Reporting Standards (IFRS) from the end of the fiscal year ending March 31, 2021. As such, the consolidated forecasts above are IFRS figures. In addition, percentages for year-on-year changes in the table above are calculated by using IFRS figures for the fiscal year ending March 31, 2021, while the previous year's figures are in accordance with Japanese Generally Accepted Accounting Principles (J-GAAP).

* Notes

(1) Changes in the state of material subsidiaries during the period (changes in the state of specific subsidiaries with changes in scope of consolidation): Yes
Newly added: One company (RENOVA Renewables Vietnam 1 Pte. Ltd.)
Excluded: –

(2) Simplified accounting procedure to consolidated quarterly financial statements: Yes

(Note) Please see page 7, “Consolidated Quarterly Financial Statements and Key Notes (3) Notes to Consolidated Quarterly Financial Statements (Simplified Accounting Procedure to Consolidated Quarterly Financial Statements)” for details.

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

- | | |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | None |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatements: | None |

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

- | | |
|--|--|
| (i) Number of issued shares at end of period (including treasury shares) | |
| As of Jun. 30, 2020: 76,846,000 shares | As of Mar. 31, 2020: 76,807,600 shares |
| (ii) Number of treasury shares at end of period | |
| As of Jun. 30, 2020: 387,700 shares | As of Mar. 31, 2020: 387,700 shares |
| (iii) Average number of shares outstanding during the period | |
| For the three months ended Jun. 30, 2020: | 76,455,346 shares |
| For the three months ended Jun. 30, 2019: | 75,234,149 shares |

* This report is not subject to audits 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 and certain assumptions that are judged to be rational at the current time. These statements do not constitute a promise by RENOVA to achieve such results. Please note that the actual results may differ significantly from forecast figures.

Consolidated Quarterly Financial Statements and Key Notes
(1) Consolidated Quarterly Balance Sheet (Non-Audited)

(Million yen)

	As of Mar. 31, 2020	As of Jun. 30, 2020
Assets		
Current assets		
Cash and deposits	24,945	27,636
Accounts receivable – trade	5,205	4,247
Work in process	12	16
Raw materials and supplies	108	195
Advances paid to subsidiaries and associates	2,350	764
Other	3,964	3,896
Allowance for doubtful accounts	(113)	(119)
Total current assets	36,473	36,637
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,285	31,306
Accumulated depreciation	(1,416)	(1,693)
Buildings and structures, net	29,868	29,613
Machinery, equipment and vehicles	67,423	67,447
Accumulated depreciation	(12,329)	(13,296)
Machinery, equipment and vehicles, net	55,094	54,151
Land	2,855	2,855
Other	546	606
Accumulated depreciation	(142)	(165)
Other, net	404	441
Total property, plant and equipment	88,222	87,060
Intangible assets		
Cost incurred for leased land, net	1,872	1,846
Goodwill	1,201	1,184
Other	49	47
Total intangible assets	3,123	3,079
Investments and other assets		
Shares of subsidiaries and associates	12,328	15,967
Investments in other securities of subsidiaries and associates	490	487
Other	4,596	4,685
Allowance for investment loss	(46)	(82)
Total investments and other assets	17,368	21,057
Total non-current assets	108,714	111,197
Deferred assets	2,963	2,750
Total assets	148,151	150,585

(Million yen)

	As of Mar. 31, 2020	As of Jun. 30, 2020
Liabilities		
Current liabilities		
Accounts payable – trade	138	338
Current portion of long-term loans payable	9,649	9,733
Income taxes payable	2,329	568
Provision for bonuses	219	137
Provision for special repairs	192	68
Other	2,312	1,437
Total current liabilities	14,841	12,283
Non-current liabilities		
Long-term loans payable	100,373	100,812
Asset retirement obligations	7,079	7,089
Provision for stocks payment	33	47
Provision for special repairs	306	344
Other	1,202	3,461
Total non-current liabilities	108,995	111,753
Total liabilities	123,837	124,037
Net assets		
Shareholders' equity		
Capital stock	2,175	2,178
Deposit for subscriptions to shares	5	–
Capital surplus	2,162	2,165
Retained earnings	9,029	9,706
Treasury shares	(496)	(496)
Total shareholders' equity	12,877	13,553
Accumulated other comprehensive income		
Deferred gains or losses on hedges	5,605	6,900
Foreign currency translation adjustment	–	(39)
Total accumulated other comprehensive income	5,605	6,861
Share options	34	53
Non-controlling interests	5,797	6,079
Total net assets	24,313	26,548
Total liabilities and net assets	148,151	150,585

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Consolidated Quarterly Statement of Income (Non-Audited)

(Million yen)

	Three months ended Jun. 2019	Three months ended Jun. 2020
Net sales	3,548	5,986
Cost of sales	1,660	2,473
Gross profit	1,888	3,513
Selling, general and administrative expenses	954	1,095
Operating profit	934	2,418
Non-operating income		
Interest income	0	1
Insurance income	–	21
Other	1	1
Total non-operating income	2	24
Non-operating expenses		
Interest expenses	338	503
Share of loss of entities accounted for using equity method	124	12
Commission fee	2	1
Amortization of business commencement expenses	108	212
Other	1	37
Total non-operating expenses	574	767
Ordinary profit	361	1,674
Extraordinary income		
Gain on step acquisitions	169	–
Gain of negative goodwill	66	–
Total extraordinary income	236	–
Profit before income taxes	598	1,674
Income taxes	219	580
Profit	379	1,093
Profit attributable to non-controlling interests	259	414
Profit attributable to owners of parent	119	678

Consolidated Quarterly Statement of Comprehensive Income (Non-Audited)

(Million yen)

	Three months ended Jun. 2019	Three months ended Jun. 2020
Profit	379	1,093
Other comprehensive income		
Deferred gains or losses on hedges	(49)	9
Share of other comprehensive income of entities accounted for using equity method	160	1,252
Total other comprehensive income	111	1,261
Comprehensive income	490	2,354
Comprehensive income attributable to		
Owners of parent	255	1,935
Non-controlling interests	235	419

(3) Notes to Consolidated Quarterly Financial Statements

Notes Relating to Going Concern Assumptions

Not applicable

Notes on Significant Changes in the Amount of Shareholders' Equity

Not applicable

Simplified Accounting Procedure to Consolidated Quarterly Financial Statements

(Calculation of tax expenses)

Tax expenses were calculated by multiplying profit before income taxes by an estimated effective tax rate. The estimated effective tax rate was calculated by using the annual forecast figures, taking deferred tax factors into consideration.

Segment Information

Three months ended Jun. 30, 2019 (April 1, 2019 – June 30, 2019)

1. Results by Reportable Segment

(Million yen)

	Reportable segments			Adjustments (Note 1)	Amount on consolidated statement of income
	Renewable Energy Power Generation Business	Renewable Energy Development and Operation Business	Subtotal		
Net sales					
Sales – outside customers	3,460	88	3,548	–	3,548
Sales and transfer – inter-segment	–	608	608	(608)	–
Total	3,460	697	4,157	(608)	3,548
Segment profit (Note 2)	2,404	(111)	2,292	(1,930)	361

- (Notes) 1. The adjustment of (1,930) million yen to the segment profits includes interest expenses of (338) million yen, interest expenses on asset retirement obligations of (7) million yen, interest income of 0 million yen, depreciation of (755) million yen, amortization of long-term prepaid expenses of (7) million yen, amortization of goodwill of (8) million yen, amortization of deferred assets of (108) million yen, and elimination of intersegment transactions of (706) million yen.
2. Segment profit represents EBITDA (Ordinary profit + Net interest expenses + Depreciation + Amortization of long-term prepaid expenses (amortization of grid connection costs and amortization of deferred consumption taxes) + Amortization of goodwill + Amortization of deferred assets (amortization of business commencement expenses)). The segment profit figure of 361 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.

2. Information regarding impairment loss on non-current assets and goodwill for each reportable segment (Gain on negative goodwill)

RENOVA acquired an additional ownership interest of Nasukarasuyama T.K. in the three months ended June 30, 2019. As a result of the acquisition, Nasukarasuyama T.K., which previously was an equity method affiliate of RENOVA, became a consolidated subsidiary of RENOVA. As a result, a 66 million yen gain on negative goodwill was recognized in Renewable Energy Power Generation Business segment. The negative goodwill did not constitute segment profit in "Segment Information 1. Results by Reportable Segment" as it was an extraordinary income item.

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

1. Results by Reportable Segment

(Million yen)

	Reportable segments			Adjustments (Note 1)	Amount on consolidated statement of income
	Renewable Energy Power Generation Business	Renewable Energy Development and Operation Business	Subtotal		
Net sales					
Sales – outside customers	4,959	1,026	5,986	–	5,986
Sales and transfer – inter-segment	–	951	951	(951)	–
Total	4,959	1,977	6,937	(951)	5,986
Segment profit (Note 2)	3,642	1,127	4,770	(3,095)	1,674

(Notes) 1. The adjustment of (3,095) million yen to the segment profits includes interest expenses of (503) million yen, interest expenses on asset retirement obligations of (9) million yen, interest income of 1 million yen, depreciation of (1,304) million yen, amortization of long-term prepaid expenses of (16) million yen, amortization of goodwill of (17) million yen, amortization of deferred assets of (212) million yen, and elimination of intersegment transactions of (1,032) million yen.

2. Segment profit represents EBITDA (Ordinary profit + Net interest expenses + Depreciation + Amortization of long-term prepaid expenses (amortization of grid connection costs and amortization of deferred consumption taxes) + Amortization of goodwill + Amortization of deferred assets (amortization of business commencement expenses)). The segment profit figure of 1,674 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.