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Consolidated Financial Results For the Nine Months Ended December 31, 2021 (International Financial Reporting Standards (IFRS)) (Non-audited)

February 8, 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:	February 8, 2022		
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, 2021 (April 1, 2021 – December 31, 2021)

(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 2021	21,114	29.5	11,128	17.8	995	(79.9)	5,873	(7.4)	2,124	(45.5)
ended Dec. 31 2020	16,301	–	9,448	–	4,944	–	6,343	–	3,895	–

(Note)

Total Comprehensive income: Nine months ended December 31, 2021: 16,847 million yen, –% Nine months ended December 31, 2020: (3,824) million yen, –%

	Basic earnings per share	Diluted earnings per share
Nine months ended Dec. 31 2021	Yen 27.24	Yen 26.83
ended Dec. 31 2020	50.82	49.40

(Note)

* EBITDA = Revenue – Fuel expenses – Outsourcing expenses – Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method except for Akita Yurihonjo Offshore Wind G.K. + Other income – Other expenses

EBITDA is a Non-GAAP financial measure.

Calculation of EBITDA excludes Share of loss of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K. and Losses related to development business.

(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 2021	296,209	49,514	29,220	9.9	373.54
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	–	0.00	–	–	–
ending Mar. 2022 (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, 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
Fiscal year ending Mar. 2022	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	28,600	39.2	12,200	14.9	(500)	–	(1,100)	–	(13.98)

(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: Kanda Biomass Energy, K.K.

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 11.

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

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

As of December 31, 2021: 78,641,300 shares As of March 31, 2021: 78,090,400 shares

(ii) Number of treasury shares at end of period

As of December 31, 2021: 416,700 shares As of March 31, 2021: 381,500 shares

(iii) Average number of shares outstanding during the period

For the nine months ended December 31, 2021: 77,991,153 shares

For the nine months ended December 31, 2020: 76,655,896 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 December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	19,406	14,515
Restricted bank deposits	20,950	29,834
Trade and other receivables	4,928	6,782
Inventories	40	422
Other financial assets	240	1,084
Other current assets	1,135	1,795
Total current assets	46,699	54,432
Non-current assets		
Property, plant and equipment	104,148	146,744
Right-of-use assets	9,108	8,636
Goodwill	237	237
Intangible assets	19,730	37,719
Investments accounted for using the equity method	14,527	13,207
Deferred tax assets	3,523	2,970
Other financial assets	17,840	26,446
Other non-current assets	4,733	5,819
Total non-current assets	173,847	241,776
Total assets	220,546	296,209

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Trade and other payables	2,580	2,797
Borrowings	7,954	12,967
Lease liabilities	864	890
Other financial liabilities	1,066	332
Income tax payables	510	1,079
Other current liabilities	401	792
Total current liabilities	13,375	18,858
Non-current liabilities		
Bonds and borrowings	142,506	185,549
Lease liabilities	9,081	8,476
Other financial liabilities	9,625	10,463
Provisions	7,462	8,504
Deferred tax liabilities	6,587	14,312
Other non-current liabilities	7,045	534
Total non-current liabilities	182,306	227,837
Total liabilities	195,682	246,695
Equity		
Share capital	2,269	2,314
Share premium	1,479	1,629
Retained earnings	20,722	22,846
Treasury shares	(489)	(673)
Other components of equity	(8,729)	3,104
Equity attributable to owners of the Parent	15,252	29,220
Non-controlling interests	9,612	20,294
Total equity	24,864	49,514
Total liabilities and equity	220,546	296,209

(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, 2020	Nine months ended December 31, 2021
Revenue	16,301	21,114
Other income	108	108
Fuel expenses	(1,583)	(4,556)
Outsourcing expenses	(1,392)	(1,323)
Payroll and related personnel expenses	(2,211)	(2,721)
Share of profit (loss) of investments accounted for using the equity method	(205)	(2,998)
Share of profit (loss) of investments accounted for using the equity method except for Akita Yurihonjo Offshore Wind G.K.	(205)	294
Share of profit (loss) of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K.	–	(3,291)
Losses related to development business	–	(994)
Other expenses	(1,571)	(1,787)
Depreciation and amortization	(4,504)	(5,848)
Operating profit	4,944	995
Gain on remeasurement to fair value of pre-existing interest in business combination	–	5,301
Gain on remeasurement to fair value of option	3,169	980
Finance income	37	191
Finance costs	(1,807)	(1,594)
Profit before income taxes	6,343	5,873
Income tax expense	(2,069)	(2,503)
Profit for the period	4,273	3,370
Profit for the period attributable to:		
Owners of the Parent	3,895	2,124
Non-controlling interests	378	1,246
Earnings per share		
Basic earnings per share (yen)	50.82	27.24
Diluted earnings per share (yen)	49.40	26.83

(Million yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Revenue	5,542	7,746
Other income	75	46
Fuel expenses	(607)	(2,318)
Outsourcing expenses	(399)	(472)
Payroll and related personnel expenses	(781)	(946)
Share of profit (loss) of investments accounted for using the equity method	(111)	(3,128)
Share of profit (loss) of investments accounted for using the equity method except for Akita Yurihonjo Offshore Wind G.K.	(111)	163
Share of profit (loss) of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K.	–	(3,291)
Losses related to development business	–	(994)
Other expenses	(503)	(564)
Depreciation and amortization	(1,504)	(2,391)
Operating profit (loss)	1,711	(3,021)
Gain on remeasurement to fair value of option	2,954	108
Finance income	14	61
Finance costs	(655)	(334)
Profit before income taxes	4,025	(3,186)
Income tax expense	(1,251)	(1,321)
Profit (Loss) for the period	2,774	(4,507)
Profit (Loss) for the period attributable to:		
Owners of the Parent	2,593	(5,112)
Non–controlling interests	181	605
Earnings (Loss) per share		
Basic earnings per share (yen)	33.72	(65.40)
Diluted earnings per share (yen)	32.87	(65.40)

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

(Million yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit for the period	4,273	3,370
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	81	5,061
Exchange differences on translating foreign operations	(0)	1
Share of other comprehensive income (loss) of investments accounted for using the equity method	(8,178)	8,415
Total	(8,097)	13,477
Total other comprehensive income, net of tax	(8,097)	13,477
Total comprehensive income for the period	(3,824)	16,847
Comprehensive income for the period attributable to:		
Owners of the Parent	(4,221)	13,957
Non-controlling interests	397	2,890

(Million yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit (loss) for the period	2,774	(4,507)
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	82	1,999
Exchange differences on translating foreign operations	1	1
Share of other comprehensive income (loss) of investments accounted for using the equity method	(6,592)	3,566
Total	(6,510)	5,566
Total other comprehensive income, net of tax	(6,510)	5,566
Total comprehensive income for the period	(3,735)	1,059
Comprehensive income for the period attributable to:		
Owners of the Parent	(3,920)	(188)
Non-controlling interests	184	1,247

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

Nine months ended December 31, 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	—	—	3,895	—	—	3,895	378	4,273
Other comprehensive income, net of tax	—	—	—	—	(8,116)	(8,116)	19	(8,097)
Total comprehensive income for the period	—	—	3,895	—	(8,116)	(4,221)	397	(3,824)
Issuance of new shares	48	107	—	—	—	155	—	155
Share-based payment	—	107	—	—	—	107	—	107
Changes in scope of consolidation	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	—	—	8	—	8	—	8
Dividends	—	—	—	—	—	—	(324)	(324)
Other increase (decrease)	—	(149)	—	—	—	(149)	320	171
Total transactions with owners and others	48	66	(2)	8	—	120	(4)	116
Balance as of December 31, 2020	2,224	1,464	13,110	(489)	(7,492)	8,817	4,384	13,201

Nine months ended December 31, 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	—	—	2,124	—	—	2,124	1,246	3,370
Other comprehensive income, net of tax	—	—	—	—	11,833	11,833	1,644	13,477
Total comprehensive income for the period	—	—	2,124	—	11,833	13,957	2,890	16,847
Issuance of new shares	45	48	—	—	—	93	—	93
Share-based payment	—	118	—	—	—	118	—	118
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	—	—	—	—	—	—	(300)	(300)
Other increase (decrease)	—	(22)	—	—	—	(22)	234	212
Total transactions with owners and others	45	150	—	(184)	—	11	7,792	7,803
Balance as of December 31, 2021	2,314	1,629	22,846	(673)	3,104	29,220	20,294	49,514

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

(Million yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	6,343	5,873
Depreciation and amortization	4,504	5,848
Finance income	(37)	(215)
Finance costs	1,803	1,594
Share of (profit) loss of investments accounted for using the equity method	205	2,998
Share of (profit) loss of investments accounted for using the equity method except for Akita Yurihonjo Offshore Wind G.K.	205	(294)
Share of (profit) loss of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K.	–	3,291
Losses related to development business	–	994
(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	(3,169)	(980)
Decrease (increase) in trade and other receivables	6,547	1,845
Decrease (increase) in inventories	(135)	334
Increase (decrease) in trade and other payables	(678)	122
Other, net	1,522	(809)
Subtotal	16,906	12,304
Interest and dividend income received	1	42
Interest expenses paid	(1,613)	(1,731)
Income taxes paid	(3,383)	(345)
Other, net	72	7
Net cash from operating activities	11,982	10,276
Cash flows from investing activities		
Payments for construction in advance	(1,020)	(391)
Proceeds from advanced payments for construction	2,596	385
Net decrease (increase) in short-term loans receivable	–	(13)
Increase in loan receivables	(417)	(451)
Collection of loans receivable	20	111
Acquisition of property, plant and equipment	(4,825)	(12,847)
Acquisition of intangible assets	(1,058)	(20)
Purchase of investments accounted for using the equity method	(6,607)	(1,926)
Acquisition of subsidiaries	–	(1,655)
Other, net	(29)	(900)
Net cash provided by (used in) investing activities	(11,341)	(17,708)
Cash flows from financing activities		
Proceeds from long-term borrowings	10,482	17,344
Repayments of long-term borrowings	(9,768)	(10,584)
Proceeds from issuance of bonds	13,922	–
Repayments of lease liabilities	(682)	(668)
Proceeds from issuance of shares	152	93
Dividends paid to non-controlling interests	(324)	(300)
Contribution from non-controlling interests	320	234
Purchase of treasury shares	–	(195)
Net decrease (increase) in restricted bank deposits	(2,106)	(2,689)
Other, net	(2,492)	(824)
Net cash provided by (used in) financing activities	9,506	2,412
Effect of exchange rate change on cash and cash equivalents	(3)	129
Net increase (decrease) in cash and cash equivalents	10,144	(4,891)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
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	20,772	14,515

(5) Notes to condensed quarterly consolidated financial statements

Notes relating to going concern assumptions

Not applicable.

New accounting standards and interpretation adopted

During nine months ended December 31, 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 nine months ended December 31, 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, 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 except for Akita Yurihonjo Offshore Wind G.K. + Other income – Other expenses

Calculation of EBITDA excludes Share of loss of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K. and Losses related to development business.

Nine months ended December 31, 2020 (April 1, 2020 – December 31, 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	13,473	2,828	16,301	–	16,301
Intersegment (Note 2)	–	2,334	2,334	(2,334)	–
Total	13,473	5,162	18,636	(2,334)	16,301
Segment profit	10,233	1,263	11,495	(2,047)	9,448
Depreciation and amortization					(4,504)
Gain on remeasurement to fair value of option					3,169
Finance income					37
Finance costs					(1,807)
Profit before income taxes					6,343

(Notes) 1. The reconciliation of (2,047) 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, 2021 (April 1, 2021 – December 31, 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	19,887	1,227	21,114	–	21,114
Intersegment (Note 2)	–	2,197	2,197	(2,197)	–
Total	19,887	3,424	23,311	(2,197)	21,114
Segment profit (loss)	13,432	(580)	12,852	(1,724)	11,128
Share of profit (loss) of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K.					(3,291)
Losses related to development business					(994)
Depreciation and amortization					(5,848)
Gain on remeasurement to fair value of pre-existing interest in business combination					5,301
Gain on remeasurement to fair value of option					980
Finance income					191
Finance costs					(1,594)
Profit before income taxes					5,873

(Notes) 1. The reconciliation of (1,724) 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.