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Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (International Financial Reporting Standards (IFRS)) (Non-audited)

May 10, 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 annual shareholders meeting:	June 17, 2022		
Scheduled date of commencement of dividend payment:	–		
Scheduled date of annual securities report filing:	June 17, 2022		
Supplementary documents for financial results:	Yes		
Financial results briefing:	Yes (for institutional investors and analysts)		

(Amounts of less than one million yen are rounded)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated results of operations (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	%
FY ended Mar. 2022	29,207	42.1	13,087	23.2	874	(81.0)	5,015	(61.1)	1,581	(86.3)
FY ended Mar. 2021	20,553	7.2	10,620	(0.5)	4,605	(21.7)	12,908	96.1	11,507	225.4

(Note)

Total Comprehensive income for the period: FY ended March 2022: 19,977 million yen, 603.0% FY ended March 2021: 2,842 million yen, (67.9%)

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the Parent	ROA (Profit before tax/ Total assets)	Operating profit Margin (Operating profit/ Revenue)
	Yen	Yen	%	%	%
FY ended Mar. 2022	20.25	19.97	6.7	1.9	3.0
FY ended Mar. 2021	149.67	145.69	81.7	6.6	22.4

(Note)

Share of profit (loss) of investments accounted for using the equity method: FY ended March 2022: (2,656) million yen, FY ended March 2021: (293) million yen

* 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
	Million yen	Million yen	Million yen	%	Yen
FY ended Mar. 2022	296,223	52,441	31,886	10.8	406.08
FY ended Mar. 2021	220,546	24,864	15,252	6.9	196.27

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended Mar. 2022	12,154	(18,524)	3,366	16,514
FY ended Mar. 2021	12,469	(13,483)	9,778	19,406

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividends ratio to equity attributable to owners of the Parent (consolidated)	
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			%	%
Fiscal year ended Mar. 2021	–	0.00	–	0.00	0.00	–	–	–	–
ended Mar. 2022	–	0.00	–	0.00	0.00	–	–	–	–
ending Mar. 2023 (forecast)	–	0.00	–	0.00	0.00	–	–	–	–

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
Full fiscal year	35,500	21.5	17,800	36.0	8,700	895.1	2,900	83.4	36.77

* 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 consolidated financial statements” at page 10.

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

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

As of Mar. 31, 2022: 78,939,300 shares As of Mar. 31, 2021: 78,090,400 shares

(ii) Number of treasury shares at end of period

As of Mar. 31, 2022: 416,700 shares As of Mar. 31, 2021: 381,500 shares

(iii) Average number of shares outstanding during the period

FY ended Mar. 31, 2022: 78,095,852 shares

FY ended Mar. 31, 2021: 76,879,562 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, 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. RENOVA plans to hold a briefing session for institutional investors and analysts on May 11, 2022. The materials for the briefing session to be used on the day will be published on RENOVA's website.

Consolidated financial statements and key notes

(1) Consolidated statements of financial position (Non-audited)

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	19,406	16,514
Restricted bank deposits	20,950	27,769
Trade and other receivables	4,928	7,339
Inventories	40	1,205
Other financial assets	240	1,369
Other current assets	1,135	1,943
Total current assets	46,699	56,139
Non-current assets		
Property, plant and equipment	104,148	147,480
Right-of-use assets	9,108	8,413
Goodwill	237	237
Intangible assets	19,730	37,439
Investments accounted for using the equity method	14,527	11,662
Deferred tax assets	3,523	1,876
Other financial assets	17,840	27,173
Other non-current assets	4,733	5,804
Total non-current assets	173,847	240,084
Total assets	220,546	296,223

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trade and other payables	2,580	5,083
Borrowings	7,954	12,794
Lease liabilities	864	896
Other financial liabilities	1,066	252
Income tax payables	510	581
Other current liabilities	401	584
Total current liabilities	13,375	20,189
Non-current liabilities		
Bonds and borrowings	142,506	185,039
Lease liabilities	9,081	8,367
Other financial liabilities	9,625	6,492
Provisions	7,462	8,506
Deferred tax liabilities	6,587	14,974
Other non-current liabilities	7,045	215
Total non-current liabilities	182,306	223,593
Total liabilities	195,682	243,782
Equity		
Share capital	2,269	2,340
Share premium	1,479	1,615
Retained earnings	20,722	22,303
Treasury shares	(489)	(673)
Other components of equity	(8,729)	6,301
Equity attributable to owners of the Parent	15,252	31,886
Non-controlling interests	9,612	20,555
Total equity	24,864	52,441
Total liabilities and equity	220,546	296,223

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income (Non-audited)

(Million yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Revenue	20,553	29,207
Other income	202	130
Fuel expenses	(2,140)	(7,051)
Outsourcing expenses	(1,670)	(1,823)
Payroll and related personnel expenses	(2,963)	(3,749)
Share of profit (loss) of investments accounted for using the equity method	(293)	(2,656)
Share of profit (loss) of investments accounted for using the equity method except for Akita Yurihonjo Offshore Wind G.K.	(293)	273
Share of profit (loss) of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K.	–	(2,929)
Losses related to development business	–	(1,027)
Other expenses	(3,070)	(3,900)
Depreciation and amortization	(6,015)	(8,256)
Operating profit	4,605	874
Gain on remeasurement to fair value of pre-existing interest in business combination	7,530	5,301
Gain on remeasurement to fair value of option	3,147	1,088
Finance income	67	357
Finance costs	(2,440)	(2,604)
Profit before income taxes	12,908	5,015
Income tax expense	(824)	(2,009)
Profit for the period	12,084	3,007
Profit for the period attributable to:		
Owners of the Parent	11,507	1,581
Non-controlling interests	577	1,426
Earnings per share		
Basic earnings per share (yen)	149.67	20.25
Diluted earnings per share (yen)	145.69	19.97

Consolidated statements of comprehensive income (Non-audited)

(Million yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Profit for the period	12,084	3,007
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial assets measured at fair value through other comprehensive income	19	99
Total	19	99
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges - effective portion of changes in fair value	859	5,932
Exchange differences on translating foreign operations	0	4
Share of other comprehensive income (loss) of investments accounted for using the equity method	(10,120)	10,936
Total	(9,261)	16,872
Total other comprehensive income, net of tax	(9,243)	16,971
Total comprehensive income for the period	2,842	19,977
Comprehensive income for the period attributable to:		
Owners of the Parent	2,154	16,611
Non-controlling interests	688	3,366

(3) Consolidated statements of changes in equity (Non-audited)

(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	—	—	11,507	—	—	11,507	577	12,084
Other comprehensive income, net of tax	—	—	—	—	(9,353)	(9,353)	110	(9,243)
Total comprehensive income for the period	—	—	11,507	—	(9,353)	2,154	688	2,842
Issuance of new shares	94	99	—	—	—	192	—	192
Share-based payment	—	138	—	—	—	138	—	138
Changes in scope of consolidation	—	—	(2)	—	—	(2)	5,201	5,199
Disposal of treasury shares	—	—	—	8	—	8	—	8
Dividends	—	—	—	—	—	—	(587)	(587)
Other increase (decrease)	—	(156)	—	—	—	(156)	320	164
Total transactions with owners and others	94	81	(2)	8	—	180	4,933	5,114
Balance as of March 31, 2021	2,269	1,479	20,722	(489)	(8,729)	15,252	9,612	24,864
Profit for the period	—	—	1,581	—	—	1,581	1,426	3,007
Other comprehensive income, net of tax	—	—	—	—	15,030	15,030	1,940	16,971
Total comprehensive income for the period	—	—	1,581	—	15,030	16,611	3,366	19,977
Issuance of new shares	71	39	—	—	—	109	—	109
Share-based payment	—	166	—	—	—	166	—	166
Changes in scope of consolidation	—	—	—	—	—	—	7,929	7,929
Purchase of treasury shares	—	—	—	(195)	—	(195)	—	(195)
Disposal of treasury shares	—	7	—	10	—	17	—	17
Dividends	—	—	—	—	—	—	(587)	(587)
Other increase (decrease)	—	(75)	—	—	—	(75)	234	159
Total transactions with owners and others	71	136	—	(184)	—	23	7,577	7,600
Balance of March 31, 2022	2,340	1,615	22,303	(673)	6,301	31,886	20,555	52,441

(4) Consolidated statements of cash flows (Non-audited)

(Million yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	12,908	5,015
Depreciation and amortization	6,015	8,256
Finance income	(71)	(363)
Finance costs	2,440	2,604
Share of (profit) loss of investments accounted for using the equity method	293	2,656
Share of (profit) loss of investments accounted for using the equity method except for Akita Yurihonjo Offshore Wind G.K.	293	(273)
Share of (profit) loss of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K.	–	2,929
Losses related to development business	–	1,027
(Gain) loss on remeasurement to fair value of pre-existing interest in business combination	(7,530)	(5,301)
(Gain) loss on remeasurement to fair value of option	(3,147)	(1,088)
Decrease (increase) in trade and other receivables	5,754	1,290
Decrease (increase) in inventories	42	(449)
Increase (decrease) in trade and other payables	53	2,535
Other, net	1,544	(561)
Subtotal	18,301	15,622
Interest and dividend income received	1	41
Interest expenses paid	(2,351)	(2,851)
Income taxes paid	(3,625)	(664)
Other, net	143	7
Net cash from operating activities	12,469	12,154
Cash flows from investing activities		
Payments for construction in advance	(1,023)	(392)
Proceeds from advanced payments for construction	2,724	385
Net decrease (increase) in short-term loans receivable	–	(13)
Increase in loan receivables	(417)	(1,505)
Collection of loans receivable	20	111
Acquisition of property, plant and equipment	(4,560)	(15,440)
Acquisition of intangible assets	(1,061)	(61)
Purchase of investments accounted for using the equity method	(8,423)	(2,930)
Acquisition of subsidiaries	(618)	(1,655)
Proceeds from contribution refunds	–	3,953
Other, net	(126)	(978)
Net cash provided by (used in) investing activities	(13,483)	(18,524)
Cash flows from financing activities		
Proceeds from long-term borrowings	12,681	20,704
Repayments of long-term borrowings	(11,517)	(14,655)
Proceeds from issuance of bonds	13,922	–
Repayments of lease liabilities	(781)	(768)
Proceeds from issuance of shares	187	109
Dividends paid to non-controlling interests	(587)	(587)
Contribution from non-controlling interests	320	234
Purchase of treasury shares	–	(195)
Net decrease (increase) in restricted bank deposits	(1,955)	(623)
Other, net	(2,493)	(854)
Net cash provided by (used in) financing activities	9,778	3,366
Effect of exchange rate change on cash and cash equivalents	13	130

	FY ended March 31, 2021	FY ended March 31, 2022
Net increase (decrease) in cash and cash equivalents	8,778	(2,873)
Cash and cash equivalents at beginning of period	10,625	19,406
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	3	–
Decrease in cash and cash equivalents resulting from deconsolidation of subsidiaries	–	(19)
Cash and cash equivalents at end of period	19,406	16,514

(5) Notes to consolidated financial statements

Notes relating to going concern assumptions

Not applicable.

New accounting standards and interpretation adopted

During the year ended March 31, 2022, 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 the company is preparing the asset for its intended use

Renova has early adopted the amended IAS16 since April 1, 2021. Renova recognizes sales proceeds from selling items produced and related cost in profit or loss 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 consolidated statement of income for the year ended March 31, 2022. Renova assesses that the adoption of the other amendments above is not expected to have a significant impact on Renova’s 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 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.

Renova does not disclose the information of segment assets in each reportable segment as the assets in the reportable segments are managed on the whole and, therefore, the assets in the renewable energy power generation business and the renewable energy development and operation business are not reported to the CODM separately.

Fiscal year ended March 31, 2021 (April 1, 2020 – 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	17,651	2,902	20,553	–	20,553
Intersegment (Note 2)	–	2,703	2,703	(2,703)	–
Total	17,651	5,605	23,256	(2,703)	20,553
Segment profit	12,442	508	12,950	(2,330)	10,620
Depreciation and amortization					(6,015)
Gain on remeasurement to fair value of pre-existing interest in business combination					7,530
Gain on remeasurement to fair value of option					3,147
Finance income					67
Finance costs					(2,440)
Profit before income taxes					12,908

(Notes) 1. The reconciliation of (2,330) 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.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 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	27,887	1,320	29,207	–	29,207
Intersegment (Note 2)	–	2,567	2,567	(2,567)	–
Total	27,887	3,887	31,774	(2,567)	29,207
Segment profit (loss)	16,757	(1,674)	15,084	(1,997)	13,087
Share of profit (loss) of investments accounted for using the equity method for Akita Yurihonjo Offshore Wind G.K.					(2,929)
Losses related to development business					(1,027)
Depreciation and amortization					(8,256)
Gain on remeasurement to fair value of pre-existing interest in business combination					5,301
Gain on remeasurement to fair value of option					1,088
Finance income					357
Finance costs					(2,604)
Profit before income taxes					5,015

(Notes) 1. The reconciliation of (1,997) 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.

3. Geographical areas

(i) Revenue

Disclosure of revenue by geographic areas is omitted as revenue to external customer outside Japan in the consolidated statements of income does not exist.

(ii) Non-current assets

Disclosure of non-current assets by geographic areas is omitted as major non-current assets in the consolidated statements of financial position are located in Japan.

4. Major customers

The customers that accounts for 10% or more of revenue in the consolidated statements of income and comprehensive income are as follows:

(Million yen)

Name of customer	Related reportable segment	FY ended March 31, 2021	FY ended March 31, 2022
Mitsuuroko Green Energy Co., Ltd.	Renewable energy power generation business	7,417	—
Tohoku Electric Power Co., Inc.	Renewable energy power generation business	4,668	—
TEPCO Energy Partner, Inc.	Renewable energy power generation business	2,914	—
Kyusyu Electric Power Transmission and Distribution Co., Inc.	Renewable energy power generation business	—	11,542
Tohoku Electric Power Network Co., Inc.	Renewable energy power generation business	—	9,910
TEPCO Power Grid, Inc.	Renewable energy power generation business	—	4,483

Per share information

1. Basic earnings per share and Diluted earnings per share

(Yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Basic earnings per share	149.67	20.25
Diluted earnings per share	145.69	19.97

2. Basis of calculation for Basic earnings per share and Diluted earnings per share

	FY ended March 31, 2021	FY ended March 31, 2022
Profit for the period used to calculate Basic earnings per share and Diluted earnings per share		
Profit for the period attributable to owners of the Parent (million yen)	11,507	1,581
Adjustment to profit for the period (million yen)	—	—
Profit for the period used to calculate Diluted earnings per share (million yen)	11,507	1,581
Weighted average number of common shares used to calculate Basic earnings per share and Diluted earnings per share		
Weighted average number of common shares outstanding during each period (thousand shares)	76,880	78,096
Effects of dilutive potential common shares		
Increase in number of common shares by exercising share options (thousands of shares)	2,103	1,075
The weighted average number of common shares used to calculate Diluted earnings per share (thousand shares)	78,983	79,171

(Notes)

For the calculation of Basic earnings per share and Diluted earnings per share, the average number of treasury shares during the period is subtracted from the average number of common shares outstanding during the period. For all calculations, treasury shares include shares held by Custody Bank of Japan. (Trust Accounts) as part of the share-based compensation plan. The average number of treasury shares were 383 thousand for the fiscal year ended March 31, 2021 and 403 thousand for the fiscal year ended March 31, 2022.

Significant subsequent events

(Transfer of equity interest in the subsidiary)

RENOVA, Inc. (hereafter “the Company”) decided and transferred 80% of its equity interest in Yokkaichi Solar T.K., a consolidated subsidiary of the Company, to SMFL MIRAI Partners Company, Limited, in connection with its participation in the project on Apr 22, 2022. Yokkaichi Solar T.K. was excluded from the scope of a consolidated subsidiary and an equity-method affiliate of the Company since the Company’s share of remaining silent partnership interests of Yokkaichi Solar T.K. decreased to 20% after the transfer. Following this event, Renova expects to record a gain on the transfer of equity interest in silent partnership of approximately 3,100 million yen as other income in its consolidated statements of income for the year ending March 31, 2023.

In addition, the Company’s remaining silent partnership interests will be classified as financial assets measured at fair value through profit or loss after the transfer and a gain on remeasurement to fair value of approximately 700 million yen is expected to be recorded as other income in its consolidated statements of income for the year ending March 31, 2023.

With the mission of creating green and sustainable energy systems for a better world, the Company is engaged in a power generation business based on locally rooted renewable energy resources such as solar, biomass, wind, geothermal and hydro power in Japan, Asia and elsewhere. As the Company plans to continue active project development activities in Japan, Asia and other locations, this transfer is positioned as a part of its partnership strategy in individual project and also aimed at redistributing its management resources for further growth.