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Consolidated Financial Results For the Six Months Ended September 30, 2023 (International Financial Reporting Standards (IFRS)) (Non-audited)

November 7, 2023

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:	November 7, 2023		
Scheduled date of commencement of dividend payment:	–		
Supplementary documents for quarterly financial results:	Yes		
Quarterly financial results briefing:	Yes (for institutional investors and analysts)		

(Amounts of less than one million yen are rounded)

1. Consolidated financial results for six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(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	%
Six months ended Sep. 30 2023	18,551	7.0	10,957	(9.3)	6,233	(16.1)	5,346	(17.7)	2,818	(41.5)
ended Sep. 30 2022	17,338	29.7	12,080	61.7	7,426	84.9	6,494	(28.3)	4,820	(33.4)

(Note)

Total Comprehensive income: Six months ended September 30, 2023: 21,452 million yen, (7.3)% Six months ended September 30, 2022: 23,143 million yen, 46.6%

	Basic earnings per share	Diluted earnings per share
Six months ended Sep. 30 2023	Yen 35.77	Yen 35.64
ended Sep. 30 2022	61.36	60.95

(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

(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
Sep. 30 2023	317,535	85,416	61,504	19.4	779.65
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 ended Mar. 2023	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
ending Mar. 2024	–	0.00	–	0.00	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	45,000	34.0	14,900	(17.7)	2,500	(71.8)	12,200	355.6	154.85

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

Consolidated Forecasts for the fiscal year ending March 31, 2024, which were released on May 9, 2023, have been revised. For further information, please refer to 'Notice of Revision to Full-year Consolidated Forecasts(IFRS)' announced on November 7, 2023.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
Newly included: None
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 September 30, 2023: 79,184,000 shares | As of March 31, 2023: 79,111,500 shares |
| (ii) Number of treasury shares at end of period | |
| As of September 30, 2023: 297,300 shares | As of March 31, 2023: 431,200 shares |
| (iii) Average number of shares outstanding during the period | |
| For the six months ended September 30, 2023: 78,783,630 shares | |
| For the six months ended September 30, 2022: 78,553,510 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 September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	21,370	19,590
Restricted bank deposits	28,262	27,982
Trade and other receivables	6,291	4,816
Inventories	1,698	2,790
Other financial assets	5,702	4,642
Other current assets	3,168	3,288
Total current assets	66,491	63,108
Non-current assets		
Property, plant and equipment	144,458	143,025
Right-of-use assets	7,483	8,028
Goodwill	237	237
Intangible assets	36,215	35,387
Investments accounted for using the equity method	17,042	27,188
Deferred tax assets	1,755	1,464
Other financial assets	23,906	33,119
Other non-current assets	5,789	5,978
Total non-current assets	236,887	254,427
Total assets	303,377	317,535

(Million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Trade and other payables	3,107	2,768
Borrowings	15,193	18,648
Lease liabilities	626	765
Other financial liabilities	714	58
Income tax payables	979	1,558
Other current liabilities	525	541
Total current liabilities	21,144	24,338
Non-current liabilities		
Bonds and borrowings	182,602	172,109
Lease liabilities	7,656	7,895
Other financial liabilities	2,599	942
Provisions	8,092	8,452
Deferred tax liabilities	15,899	17,937
Other non-current liabilities	654	446
Total non-current liabilities	217,502	207,781
Total liabilities	238,646	232,119
Equity		
Share capital	2,356	2,376
Share premium	1,644	1,492
Retained earnings	24,981	27,798
Treasury shares	(719)	(548)
Other components of equity	14,692	30,386
Equity attributable to owners of the parent	42,954	61,504
Non-controlling interests	21,778	23,912
Total equity	64,731	85,416
Total liabilities and equity	303,377	317,535

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

(Million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Revenue	17,338	18,551
Other income	3,885	2,600
Fuel expenses	(4,382)	(5,500)
Outsourcing expenses	(1,223)	(1,257)
Payroll and related personnel expenses	(1,716)	(1,705)
Share of profit (loss) of investments accounted for using the equity method	(498)	95
Other expenses	(1,325)	(1,827)
Depreciation and amortization	(4,654)	(4,724)
Operating profit	7,426	6,233
Gain on remeasurement to fair value of option	256	173
Finance income	295	360
Finance costs	(1,482)	(1,420)
Profit before income taxes	6,494	5,346
Income tax expense	(856)	(1,360)
Profit for the period	5,639	3,986
Profit for the period attributable to:		
Owners of the parent	4,820	2,818
Non-controlling interests	819	1,168
Earnings per share		
Basic earnings per share (yen)	61.36	35.77
Diluted earnings per share (yen)	60.95	35.64

	Three months ended September 30, 2022	Three months ended September 30, 2023
Revenue	8,813	8,955
Other income	27	1,312
Fuel expenses	(2,310)	(2,577)
Outsourcing expenses	(794)	(542)
Payroll and related personnel expenses	(845)	(856)
Share of profit (loss) of investments accounted for using the equity method	(524)	316
Other expenses	(724)	(962)
Depreciation and amortization	(2,328)	(2,401)
Operating profit	1,317	3,245
Gain on remeasurement to fair value of option	127	87
Finance income	96	91
Finance costs	(713)	(717)
Profit before income taxes	825	2,706
Income tax expense	(288)	(632)
Profit for the period	538	2,074
Profit for the period attributable to:		
Owners of the Parent	183	1,464
Non-controlling interests	355	610
Earnings per share		
Basic earnings per share (yen)	2.33	18.56
Diluted earnings per share (yen)	2.31	18.50

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

(Million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit for the period	5,639	3,986
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	7,411	6,811
Exchange differences on translating foreign operations	(0)	6
Share of other comprehensive income (loss) of investments accounted for using the equity method	10,094	10,649
Total	17,504	17,466
Total other comprehensive income, net of tax	17,504	17,466
Total comprehensive income for the period	23,143	21,452
Comprehensive income for the period attributable to:		
Owners of the Parent	20,459	18,512
Non-controlling interests	2,684	2,940

(Million yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023
Profit for the period	538	2,074
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	2,832	2,785
Exchange differences on translating foreign operations	(4)	1
Share of other comprehensive income (loss) of investments accounted for using the equity method	4,321	3,088
Total	7,149	5,874
Total other comprehensive income, net of tax	7,149	5,874
Total comprehensive income for the period	7,686	7,948
Comprehensive income for the period attributable to:		
Owners of the Parent	6,590	6,819
Non-controlling interests	1,096	1,128

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

Six months ended September 30, 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	—	—	4,820	—	—	4,820	819	5,639
Other comprehensive income, net of tax	—	—	—	—	15,639	15,639	1,865	17,504
Total comprehensive income for the period	—	—	4,820	—	15,639	20,459	2,684	23,143
Issuance of new shares	5	2	—	—	—	7	—	7
Share-based payment	—	(32)	—	—	—	(32)	—	(32)
Changes in scope of consolidation	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	(53)	—	(53)	—	(53)
Disposal of treasury shares	—	3	—	7	—	9	—	9
Dividends	—	—	—	—	—	—	(685)	(685)
Other increase (decrease)	—	19	—	—	—	19	364	383
Total transactions with owners and others	5	(9)	—	(47)	—	(50)	(321)	(371)
Balance as of September 30, 2022	2,345	1,606	27,123	(719)	21,940	52,295	22,918	75,213

Six months ended September 30, 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	—	—	2,818	—	—	2,818	1,168	3,986
Other comprehensive income, net of tax	—	—	—	—	15,694	15,694	1,772	17,466
Total comprehensive income for the period	—	—	2,818	—	15,694	18,512	2,940	21,452
Issuance of new shares	20	(17)	—	—	—	3	—	3
Share-based payment	—	(153)	—	—	—	(153)	—	(153)
Changes in scope of consolidation	—	—	—	—	—	—	2	2
Purchase of treasury shares	—	21	—	171	—	193	—	193
Dividends	—	—	—	—	—	—	(808)	(808)
Other increase (decrease)	—	(4)	—	—	—	(4)	—	(4)
Total transactions with owners and others	20	(153)	—	171	—	38	(806)	(767)
Balance as of September 30, 2023	2,376	1,492	27,798	(548)	30,386	61,504	23,912	85,416

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

(Million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	6,494	5,346
Depreciation and amortization	4,654	4,724
Finance income	(295)	(350)
Finance costs	1,482	1,420
Other income	(3,861)	(2,584)
Share of (profit) loss of investments accounted for using the equity method	498	(95)
(Gain) loss on remeasurement to fair value of option	(256)	(173)
Decrease (increase) in trade and other receivables	1,200	1,478
Decrease (increase) in inventories	(39)	(736)
Increase (decrease) in trade and other payables	(1,878)	26
Other, net	(202)	479
Subtotal	7,796	9,536
Interest and dividend income received	(12)	189
Interest expenses paid	(1,498)	(1,421)
Income taxes paid	(40)	(178)
Compensation income received	—	2,562
Other, net	—	8
Net cash from operating activities	6,246	10,696
Cash flows from investing activities		
Payments for construction in advance	(238)	(215)
Proceeds from advanced payments for construction	—	539
Increase in loan receivables	(242)	(523)
Collection of loans receivable	—	553
Acquisition of property, plant and equipment	(7,792)	(2,270)
Acquisition of intangible assets	(68)	(86)
Purchase of investments accounted for using the equity method	(1,038)	(1,068)
Proceeds from sale of subsidiaries	3,062	—
Purchase of investment securities	(15)	(652)
Payments for acquisition of subsidiaries	—	(44)
Proceeds from contribution refund	544	33
Other, net	(62)	(18)
Net cash provided by (used in) investing activities	(5,849)	(3,751)
Cash flows from financing activities		
Proceeds from long-term borrowings	10,297	1,610
Repayments of long-term borrowings	(7,461)	(8,791)
Repayments of lease liabilities	(562)	(492)
Proceeds from issuance of shares	3	3
Dividends paid to non-controlling interests	(685)	(808)
Contribution from non-controlling interests	364	—
Purchase of treasury shares	(53)	—
Net decrease (increase) in restricted bank deposits	(1,143)	280
Other, net	5	(360)
Net cash provided by (used in) financing activities	765	(8,557)
Effect of exchange rate change on cash and cash equivalents	32	(168)
Net increase (decrease) in cash and cash equivalents	1,194	(1,780)
Cash and cash equivalents at beginning of period	16,514	21,370
Cash and cash equivalents at end of period	17,707	19,590

(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

Six months ended September 30, 2022 (April 1, 2022– September 30, 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	16,649	690	17,338	—	17,338
Intersegment (Note 2)	—	2,245	2,245	(2,245)	—
Total	16,649	2,935	19,583	(2,245)	17,338
Segment profit	9,685	4,474	14,159	(2,079)	12,080
Depreciation and amortization					(4,654)
Gain on remeasurement to fair value of option					256
Finance income					295
Finance costs					(1,482)
Profit before income taxes					6,494

(Notes) 1. The reconciliation of (2,079) 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.

Six months ended September 30, 2023 (April 1, 2023 – September 30, 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	18,336	214	18,551	—	18,551
Intersegment (Note 2)	—	2,420	2,420	(2,420)	—
Total	18,336	2,634	20,970	(2,420)	18,551
Segment profit	12,978	157	13,135	(2,177)	10,957
Depreciation and amortization					(4,724)
Gain on remeasurement to fair value of option					173
Finance income					360
Finance costs					(1,420)
Profit before income taxes					5,346

(Notes) 1. The reconciliation of (2,177) 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.