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

August 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:	August 7, 2023		
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)

1. Consolidated financial results for three months ended June 30, 2023 (April 1, 2023 – June 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	%
Three months ended Jun. 30 2023	9,596	12.6	5,311	(37.0)	2,988	(51.1)	2,640	(53.4)	1,354	(70.8)
ended Jun. 30 2022	8,525	39.4	8,436	111.3	6,109	146.0	5,669	164.8	4,637	253.9

(Note)

Total Comprehensive income: Three months ended June 30, 2023: 13,504 million yen, (12.6)% Three months ended June 30, 2022: 15,457 million yen, 163.3%

	Basic earnings per share	Diluted earnings per share
Three months ended Jun. 30 2023	Yen 17.21	Yen 17.14
ended Jun. 30 2022	59.04	58.61

(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
Jun. 30 2023	317,384	77,799	54,655	17.2	694.12
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	–	–	–	–	–
ending Mar. 2024 (forecast)	–	0.00	–	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	59,000	75.7	17,700	(2.2)	2,200	(75.2)	12,000	348.2	151.68

(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): 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 June 30, 2023: 79,171,200 shares | As of March 31, 2023: 79,111,500 shares |
| (ii) Number of treasury shares at end of period | |
| As of June 30, 2023: 431,200 shares | As of March 31, 2023: 431,200 shares |
| (iii) Average number of shares outstanding during the period | |
| For the three months ended June 30, 2023: 78,707,445 shares | |
| For the three months ended June 30, 2022: 78,543,822 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 June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	21,370	20,061
Restricted bank deposits	28,262	32,740
Trade and other receivables	6,291	4,458
Inventories	1,698	2,042
Other financial assets	5,702	4,563
Other current assets	3,168	3,689
Total current assets	66,491	67,553
Non-current assets		
Property, plant and equipment	144,458	144,104
Right-of-use assets	7,483	7,297
Goodwill	237	237
Intangible assets	36,215	35,820
Investments accounted for using the equity method	17,042	24,062
Deferred tax assets	1,755	1,540
Other financial assets	23,906	30,922
Other non-current assets	5,789	5,849
Total non-current assets	236,887	249,831
Total assets	303,377	317,384

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trade and other payables	3,107	3,840
Borrowings	15,193	16,458
Lease liabilities	626	556
Other financial liabilities	714	130
Income tax payables	979	859
Other current liabilities	525	779
Total current liabilities	21,144	22,621
Non-current liabilities		
Bonds and borrowings	182,602	180,609
Lease liabilities	7,656	7,217
Other financial liabilities	2,599	2,565
Provisions	8,092	8,452
Deferred tax liabilities	15,899	17,468
Other non-current liabilities	654	654
Total non-current liabilities	217,502	216,964
Total liabilities	238,646	239,585
Equity		
Share capital	2,356	2,375
Share premium	1,644	1,634
Retained earnings	24,981	26,335
Treasury shares	(719)	(719)
Other components of equity	14,692	25,030
Equity attributable to owners of the Parent	42,954	54,655
Non-controlling interests	21,778	23,144
Total equity	64,731	77,799
Total liabilities and equity	303,377	317,384

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

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	8,525	9,596
Other income	3,858	1,288
Fuel expenses	(2,072)	(2,923)
Outsourcing expenses	(429)	(715)
Payroll and related personnel expenses	(871)	(849)
Share of profit (loss) of investments accounted for using the equity method	26	(221)
Other expenses	(601)	(864)
Depreciation and amortization	(2,327)	(2,323)
Operating profit	6,109	2,988
Gain on remeasurement to fair value of option	129	87
Finance income	199	269
Finance costs	(768)	(703)
Profit before income taxes	5,669	2,640
Income tax expense	(568)	(728)
Profit for the period	5,101	1,912
Profit for the period attributable to:		
Owners of the Parent	4,637	1,354
Non-controlling interests	464	558
Earnings per share		
Basic earnings per share (yen)	59.04	17.21
Diluted earnings per share (yen)	58.61	17.14

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

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit for the period	5,101	1,912
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	4,579	4,026
Exchange differences on translating foreign operations	4	5
Share of other comprehensive income (loss) of investments accounted for using the equity method	5,773	7,560
Total	10,355	11,592
Total other comprehensive income, net of tax	10,355	11,592
Total comprehensive income for the period	15,457	13,504
Comprehensive income for the period attributable to:		
Owners of the Parent	13,869	11,693
Non-controlling interests	1,588	1,812

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

Three months ended June 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	—	—	4,637	—	—	4,637	464	5,101
Other comprehensive income, net of tax	—	—	—	—	9,232	9,232	1,124	10,355
Total comprehensive income for the period	—	—	4,637	—	9,232	13,869	1,588	15,457
Issuance of new shares	3	1	—	—	—	3	—	3
Share-based payment	—	(33)	—	—	—	(33)	—	(33)
Dividends	—	—	—	—	—	—	(641)	(641)
Other increase (decrease)	—	25	—	—	—	25	364	389
Total transactions with owners and others	3	(7)	—	—	—	(5)	(277)	(282)
Balance as of June 30, 2022	2,342	1,607	26,940	(673)	15,533	45,750	21,866	67,616

Three months ended June 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	—	—	1,354	—	—	1,354	558	1,912
Other comprehensive income, net of tax	—	—	—	—	10,338	10,338	1,253	11,592
Total comprehensive income for the period	—	—	1,354	—	10,338	11,693	1,812	13,504
Issuance of new shares	19	(21)	—	—	—	(2)	—	(2)
Share-based payment	—	15	—	—	—	15	—	15
Changes in scope of consolidation	—	—	—	—	—	—	2	2
Dividends	—	—	—	—	—	—	(448)	(448)
Other increase (decrease)	—	(4)	—	—	—	(4)	—	(4)
Total transactions with owners and others	19	(10)	—	—	—	9	(446)	(436)
Balance as of June 30, 2023	2,375	1,634	26,335	(719)	25,030	54,655	23,144	77,799

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

(Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	5,669	2,640
Depreciation and amortization	2,327	2,323
Finance income	(200)	(263)
Finance costs	768	703
Other income	(3,854)	(1,283)
Share of (profit) loss of investments accounted for using the equity method	(26)	221
(Gain) loss on remeasurement to fair value of option	(129)	(87)
Decrease (increase) in trade and other receivables	808	1,839
Decrease (increase) in inventories	76	(283)
Increase (decrease) in trade and other payables	(2,302)	553
Other, net	(360)	80
Subtotal	2,776	6,444
Interest and dividend income received	(6)	192
Interest expenses paid	(548)	(512)
Income taxes paid	(368)	(762)
Compensation income received	—	1,274
Other, net	—	3
Net cash from operating activities	1,854	6,639
Cash flows from investing activities		
Payments for construction in advance	(8)	(215)
Proceeds from advanced payments for construction	—	539
Increase in loan receivables	(116)	(518)
Collection of loans receivable	—	547
Acquisition of property, plant and equipment	(7,446)	(1,213)
Acquisition of intangible assets	(10)	(87)
Purchase of investments accounted for using the equity method	(2)	(704)
Proceeds from sale of subsidiaries	3,062	—
Payments for acquisition of subsidiaries	—	(44)
Other, net	(33)	(182)
Net cash provided by (used in) investing activities	(4,551)	(1,878)
Cash flows from financing activities		
Proceeds from long-term borrowings	9,400	1,314
Repayments of long-term borrowings	(2,017)	(2,144)
Repayments of lease liabilities	(479)	(430)
Proceeds from issuance of shares	1	2
Contribution from non-controlling interests	364	—
Net decrease (increase) in restricted bank deposits	(3,229)	(4,478)
Other, net	(0)	(553)
Net cash provided by (used in) financing activities	4,040	(6,290)
Effect of exchange rate change on cash and cash equivalents	24	220
Net increase (decrease) in cash and cash equivalents	1,366	(1,310)
Cash and cash equivalents at beginning of period	16,514	21,370
Cash and cash equivalents at end of period	17,880	20,061

(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

Three months ended June 30, 2022 (April 1, 2022– June 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	8,393	133	8,525	—	8,525
Intersegment (Note 2)	—	1,380	1,380	(1,380)	—
Total	8,393	1,512	9,905	(1,380)	8,525
Segment profit	5,361	4,370	9,730	(1,294)	8,436
Depreciation and amortization					(2,327)
Gain on remeasurement to fair value of option					129
Finance income					199
Finance costs					(768)
Profit before income taxes					5,669

(Notes) 1. The reconciliation of (1,294) 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.

Three months ended June 30, 2023 (April 1, 2023 – June 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	9,492	104	9,596	—	9,596
Intersegment (Note 2)	—	1,261	1,261	(1,261)	—
Total	9,492	1,365	10,857	(1,261)	9,596
Segment profit	6,662	47	6,708	(1,397)	5,311
Depreciation and amortization					(2,323)
Gain on remeasurement to fair value of option					87
Finance income					269
Finance costs					(703)
Profit before income taxes					2,640

(Notes) 1. The reconciliation of (1,397) 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.