

Briefing on Financial Results for the 2Q of the Fiscal Year Ending March 2024

Creating our future with renewable energy.



November 8, 2023



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As a general rule and unless indicated otherwise, consolidated figures are used for the monetary amounts listed in this document. As amounts less than one million yen are rounded off, totals in each column may not match.

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1. Overview of Financial Results for 2Q, the Fiscal Year Ending March 2024

Key Highlights for 2Q, FY3/2024 (IFRS) and Recent Updates

1

Revised full-year financial outlook, primarily revenue FY3/2024, due to the changes in the COD of Biomass Power Plants.

2

In August 2023, Non-FIT Solar expanded its total contracted capacity to 151 MW. New PPA*¹ to be concluded soon.

3

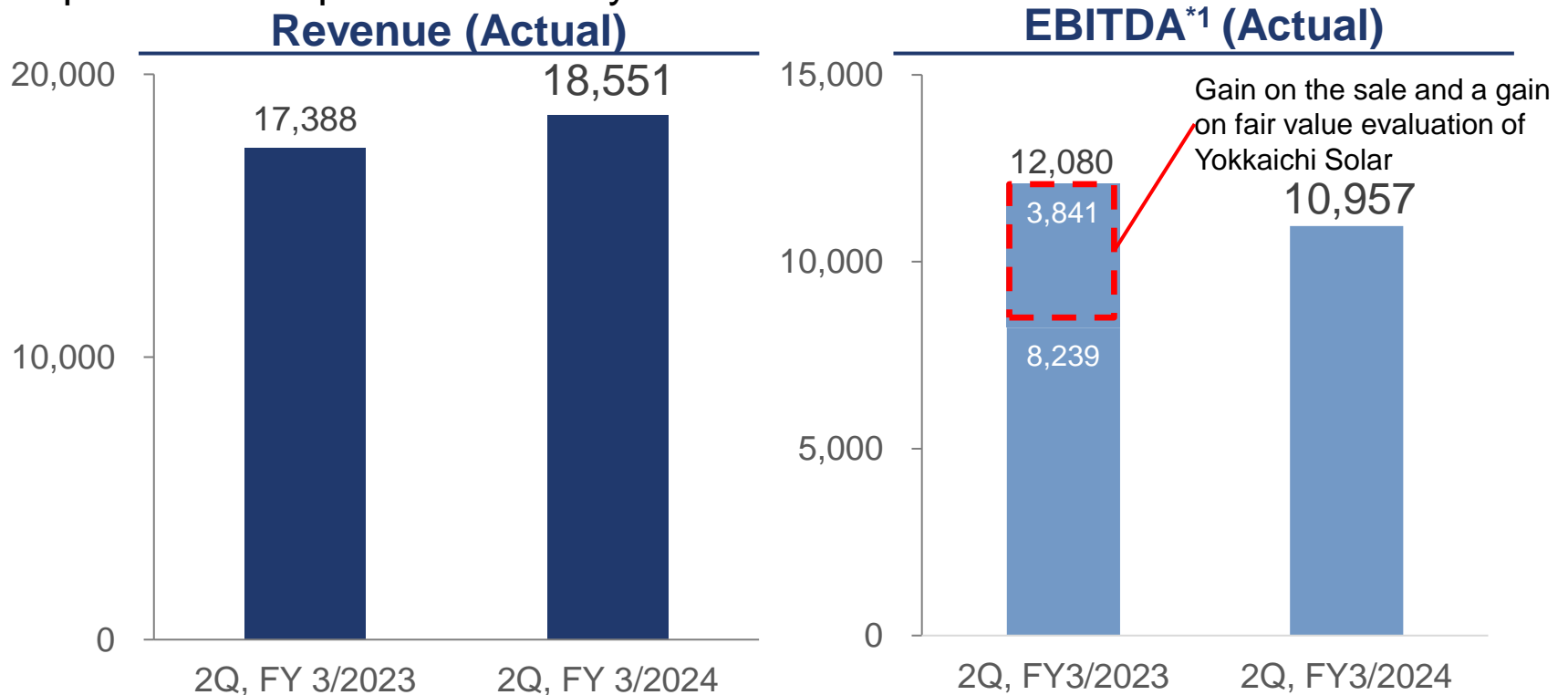
In September 2023, Akita Biomass transitioned to FIP system from FIT system, with a view toward improving the profitability.

I. Financial Results for 2Q, the Fiscal Year Ending March 2024 (IFRS)

Trend in Revenue and EBITDA*1 (IFRS)

(Unit: Million yen)

- Revenue increased from the same period of the previous fiscal year due to revenue from sales of electricity during commissioning of Tokushima-Tsuda Biomass and COD of Hitoyoshi Solar PV.
- EBITDA of this quarter increased due to growth in revenue excluding one-time gain on the transfer of equity interest in Yokkaichi Solar in the same period of the previous fiscal year.



*1 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 and expenses. EBITDA is subject to neither audit nor quarterly review.

Financial Highlights for the 2Q, FY3/2024 (IFRS)

(Unit: Million yen)

- EBITDA and Profits increased due to growth in revenue excluding one-time gain (appx. JPY 3.8bn) in the same period of the previous fiscal year.

	FY3/2023 2Q YTD	FY3/2024 2Q YTD	FY3/2024 (Revised)	Change
Revenue	17,338	18,551	45,000	41.2%
EBITDA*1	12,080	10,957	14,900	73.5%
<i>EBITDA Margin</i>	69.7%	59.1%	33.1%	-
Operating Profit	7,426	6,233	2,500	249.3%
Profit for the period attributable to owners of the Parent	4,820	2,818	12,200	23.1%

*1 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 and expenses. EBITDA is subject to neither audit nor quarterly review.



2. Progress of Projects

Kanda Biomass (75.0MW, Kanda-machi, Miyako-gun, Fukuoka Prefecture)

COD project : Hitoyoshi Solar PV

(20.8MW, Kumamoto Prefecture, Hitoyoshi-shi)

- Secured the grid through the power source interconnection project offering process.

Project Overview



Capacity	20.8MW
FIT Price	¥36/kWh
Expected Revenue*1	Appx. ¥0.8 billion/year
Total Project Cost*2	Appx. ¥9 billion
Equity Interest after COD	RENOVA : 100.0%

COD in June 2023

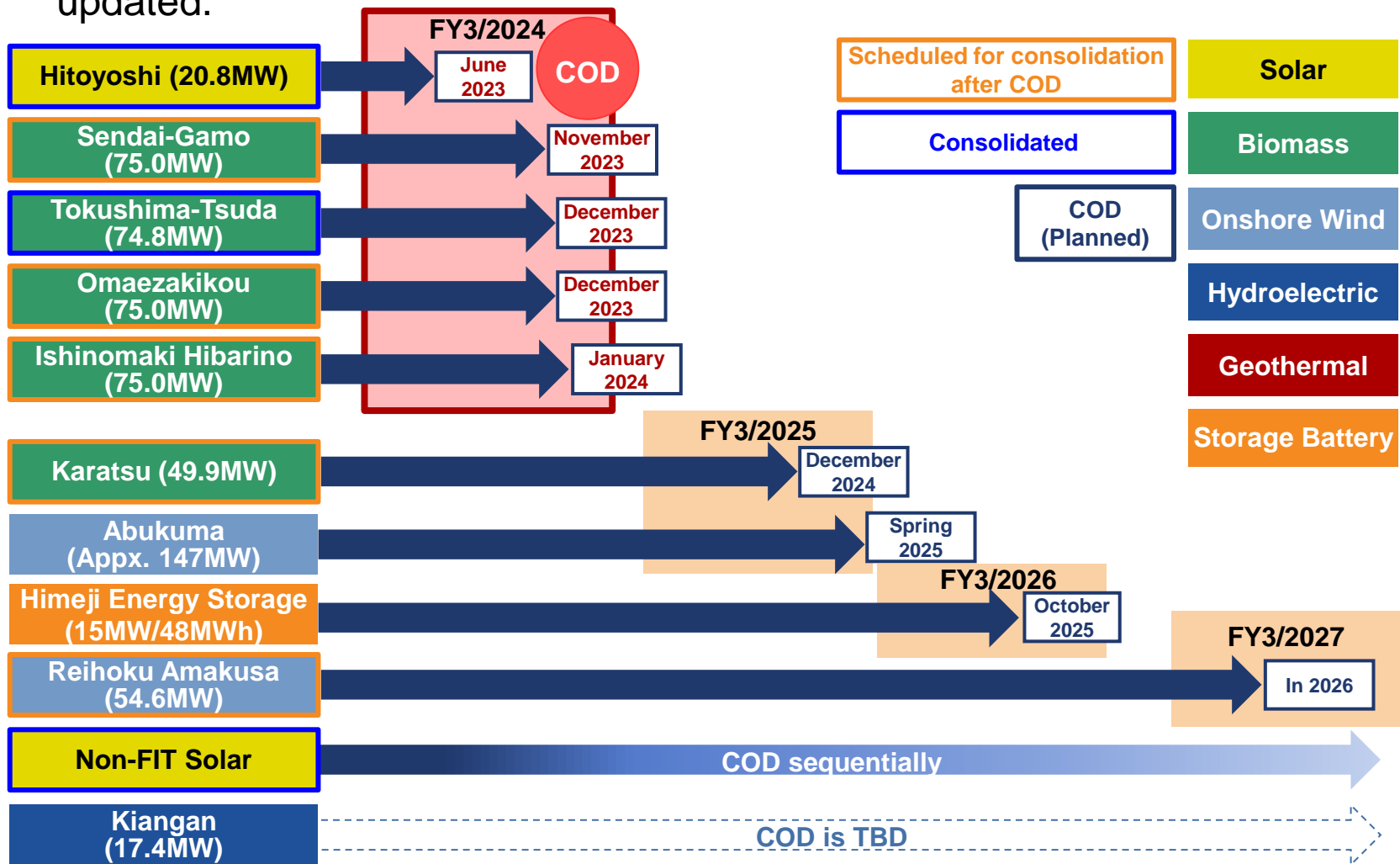
*1 This is the current plan and is subject to change.

*2 Amount includes all costs and expenses required to start operation, such as power generation facilities, buildings, land, civil engineering development, finance related expenses (including reserves), and start-up related expenses.

COD Schedule for Projects Under Construction^{*1*2}

As of November 2023

■ COD schedules of Tokushima-Tsuda and Ishinomaki Hibarino has been updated.



*1 Projects under construction may be altered, delayed or cancelled. Projects for which work has commenced in accordance with the EPC contract are shown as "under construction".

*2 The COD of Kiangon hydroelectric (17.4MW), which started construction in August 2021, has not been publicly disclosed.

Progress of Projects Under Construction*1 (1/4)

As of November 2023

- In the process of commissioning towards long-term stable operations.
- Currently, in final adjustment phase of the boiler and turbine facilities.

Sendai-Gamo Biomass

(75.0MW, Sendai-shi, Miyagi Prefecture)

Fuel ship
(as of Nov. 2023)



COD in November 2023 (Planned) *2

Tokushima-Tsuda Biomass

(74.8MW, Tokushima-shi, Tokushima Prefecture)

Central control room
(as of Nov. 2023)



COD in December 2023 (Planned)*2

*1 The generation capacity for biomass power plants is based upon the generator output.

*2 Figures are as currently planned and may be subject to change.

Progress of Projects Under Construction*¹ (2/4)

As of November 2023

- In the process of commissioning towards long-term stable operations.
- Currently, Ishinomaki-Hibarino Biomass is in final adjustment phase of the boiler and turbine facilities.

Omaezakikou Biomass

(75.0MW, Omaezaki-shi, etc., Shizuoka Prefecture)

Panoramic view
(as of Nov. 2023)



COD in December 2023 (Planned)*²

Ishinomaki Hibarino Biomass

(75.0MW, Ishinomaki-shi, Miyagi Prefecture)

Unloading wood pellets
(as of Nov. 2023)



COD in January 2024 (Planned)*²

*1 The generation capacity for biomass power plants is based upon the generator output.

*2 Figures are as currently planned and may be subject to change.

Progress of Projects Under Construction*¹ (3/4)

As of November 2023

- The construction of the boiler building and fuel conveying facilities is progressing at Karatsu biomass.
- Reihoku Amakusa is progressing with the preparatory construction work.

Karatsu Biomass

(49.9MW, Karatsu-shi, Saga Prefecture)

Boiler welding work
(as of Oct. 2023)



COD in December 2024 (Planned)*²

Reihoku Amakusa Onshore Wind

(54.6MW, Reihoku machi, Amakusa-gun, Kumamoto Prefecture)

Preparatory construction work
(as of Oct. 2023)



COD in 2026 (Planned)*²

*1 The generation capacity for biomass power plants is based upon the generator output.

*2 Figures are as currently planned and may be subject to change.

Progress of Projects Under Construction*1 (4/4)

As of November 2023

- Non-FIT Solar are advancing the construction of power plants nationwide to meet the demand for PPA.
- Himeji Energy Storage Facility began construction in August 2023.

Kiangan Hydroelectric
(17.4MW, Ifugao Province, Philippines)


Construction of the power plant's reservoir
(as of Oct. 2023)



Under Construction*2

Non-FIT Solar PV


Power Plants
(as of Nov. 2023)



COD in Sequence

Himeji Energy Storage
(15MW/48MWh, Himeji-shi, Hyogo Pre.)

Construction site
(as of Nov. 2023)



Commencement of Business in Oct. 2025*2

*1 Projects for which work has commenced in accordance with the EPC contract are shown as "under construction". *2 Figures are as currently planned and may be subject to change.

3. Outlook for the Fiscal Year Ending March 2024

Non-FIT Solar PV Power Plant

Revised Full-year Outlook for FY3/2024 (IFRS)

(Unit: Million yen / %)

- Revenue was revised due to changes in the COD of Tokushima-Tsuda Biomass and Ishinomaki Hibarino Biomass.
- In addition to the above, the associated recognition of Liquidated Damages as other income and the changes in the start timing of depreciation were reflected in profits.

	FY3/2023 (Forecast)	FY3/2024 (Revised)	Change
Revenue	59,000	45,000	-23.7%
EBITDA*1	17,700	14,900	-15.8%
<i>EBITDA margin</i>	30.0%	33.1%	-
Operating Profit	2,200	2,500	13.6%
Profit attributable to owners of the parent	12,000	12,200	1.7%
EPS (yen)*2	151.68	154.85	-
ROE*3	32.1%	32.6%	-

- Change in COD of Tokushima Tsuda.
- Change in COD and timing of consolidation of Ishinomaki.
- Associated recognition of Liquidated Damages as other income and the change in start timing of depreciation.
- Decrease in profits of the Quang Tri Onshore Wind project calculated by equity method

- A gain on the step acquisitions is expected to be recorded, associated with consolidations of biomass SPCs.

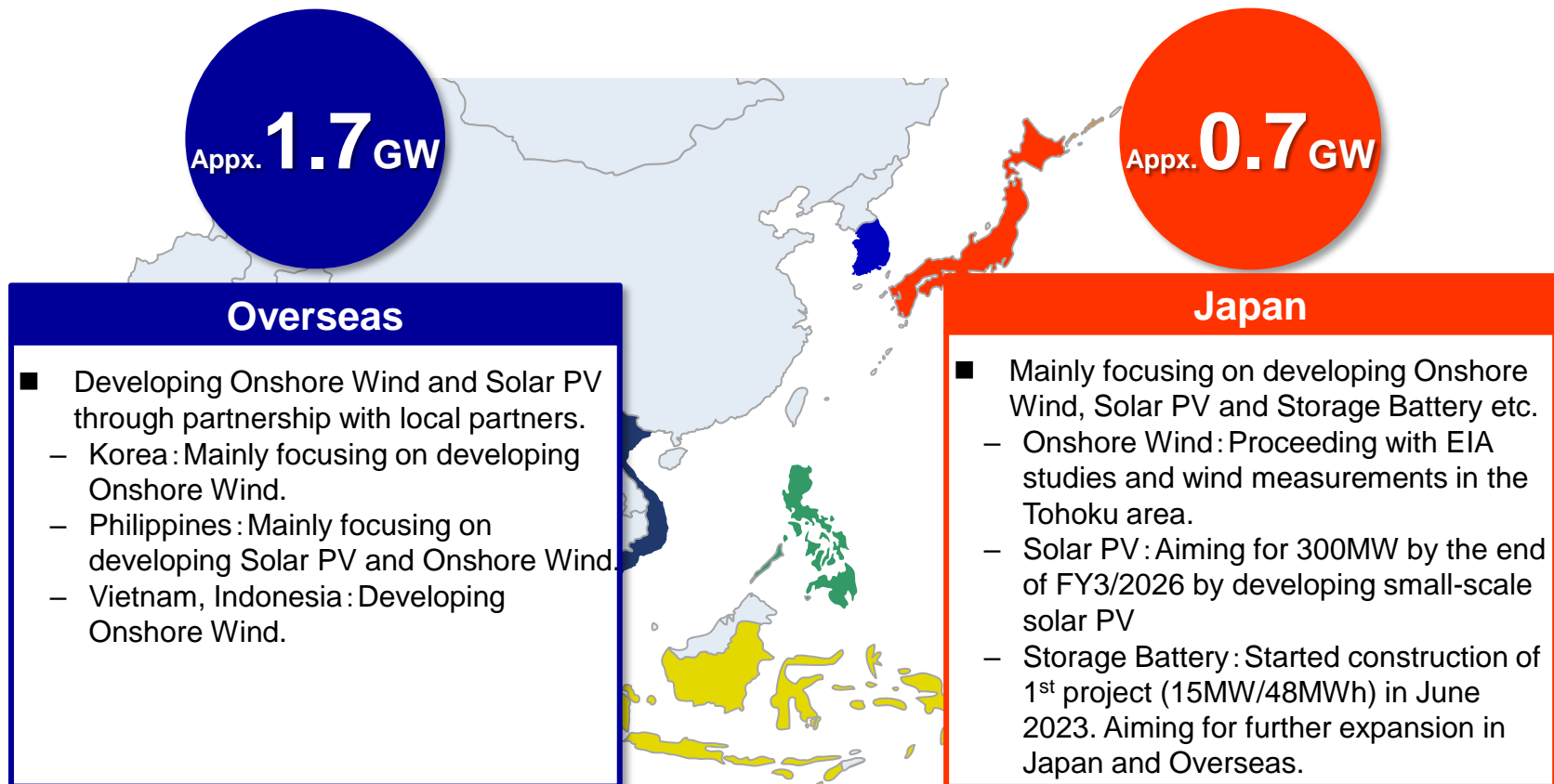
*1 EBITDA= Revenue - Fuel expenses - Outsourcing expenses - Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method + Other income and expenses. EBITDA is neither subject to audit nor quarterly review. *2 EPS figures represent basic EPS. EPS for FY3/2024 has been calculated assuming that the total number of issued shares will remain unchanged from the total number of issued shares at the end of FY3/2023. *3 For the purpose of calculating ROE, the profit figure for the most recent 12-month period is used, and the equity figure used is the simple average of the values at the beginning of the most recent 12-month period and at the end of the most recent month period. *4 The capacity figures represent gross generation capacity.

4. Growth Strategy



Power Generation Development Progress in Japan and Overseas

- Developing the pipeline of Appx. 2.4GW as of November 2023



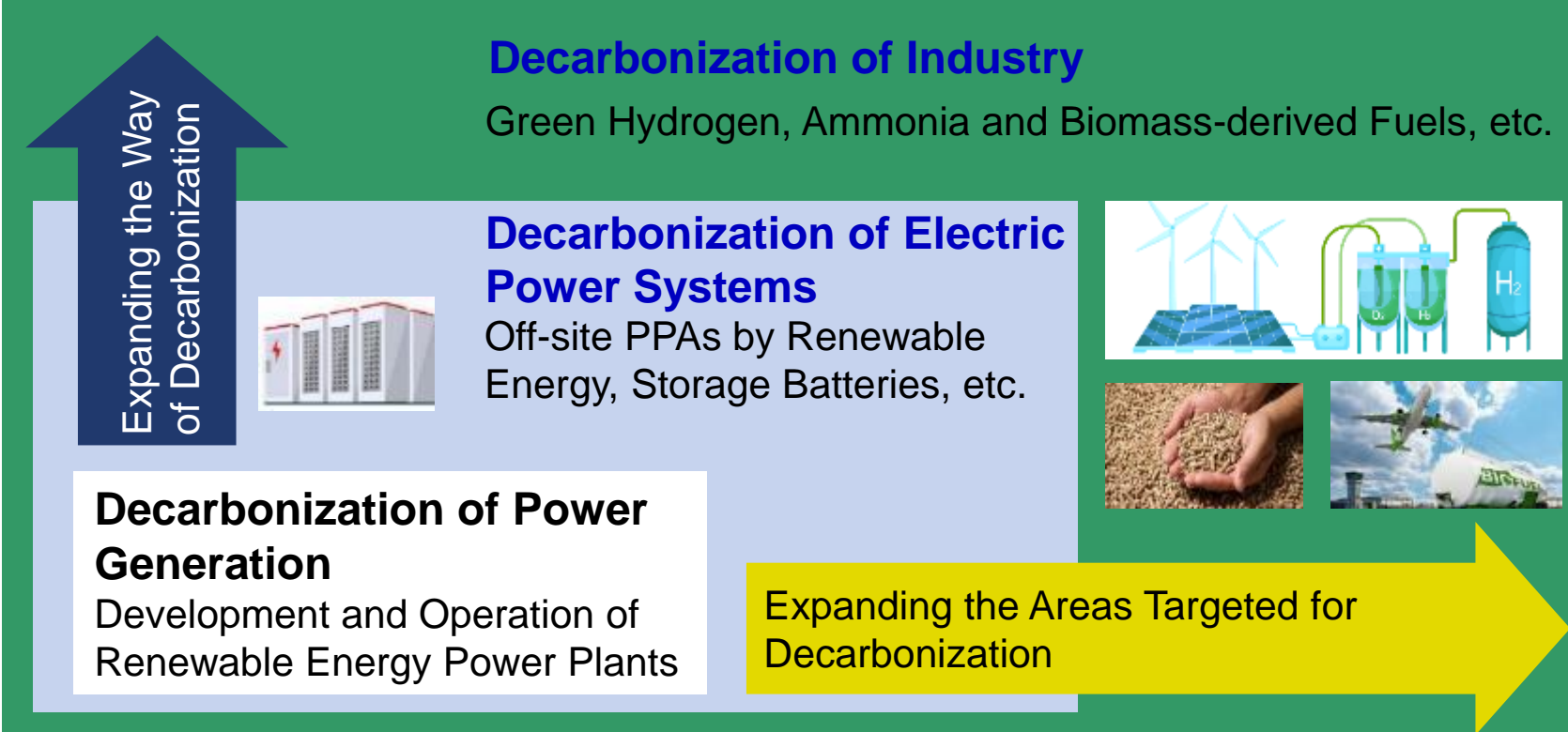
Aim to acquire a capacity of 3GW^{*1}(in operation) by the end of FY3/2030.

*1 The equipment is displayed in gross value without considering our company's equity interest.

Progress Status of Green Transformation

As of November 2023

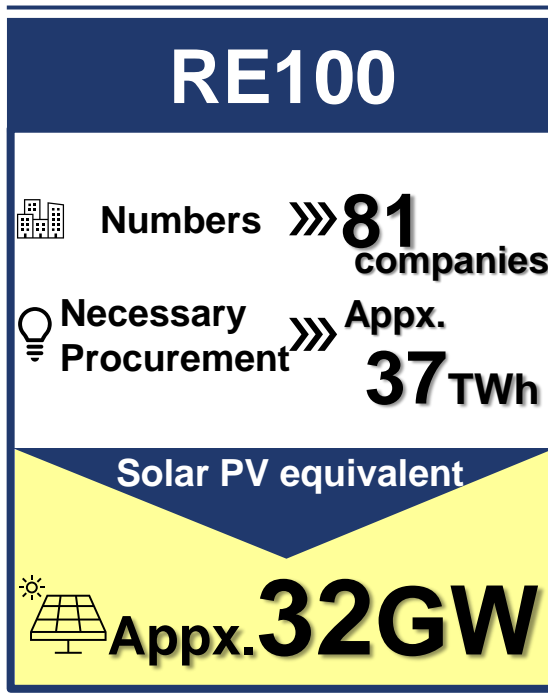
- The total contracted capacity of Non-FIT Solar with signed PPA is 151MW.
- As the first project in the storage battery business, the construction of Himeji Energy Storage Facility (for Grid/15MW・48MWh) has commenced.
- Proceeding with research into and feasibility study toward the commercialization of new fuels.



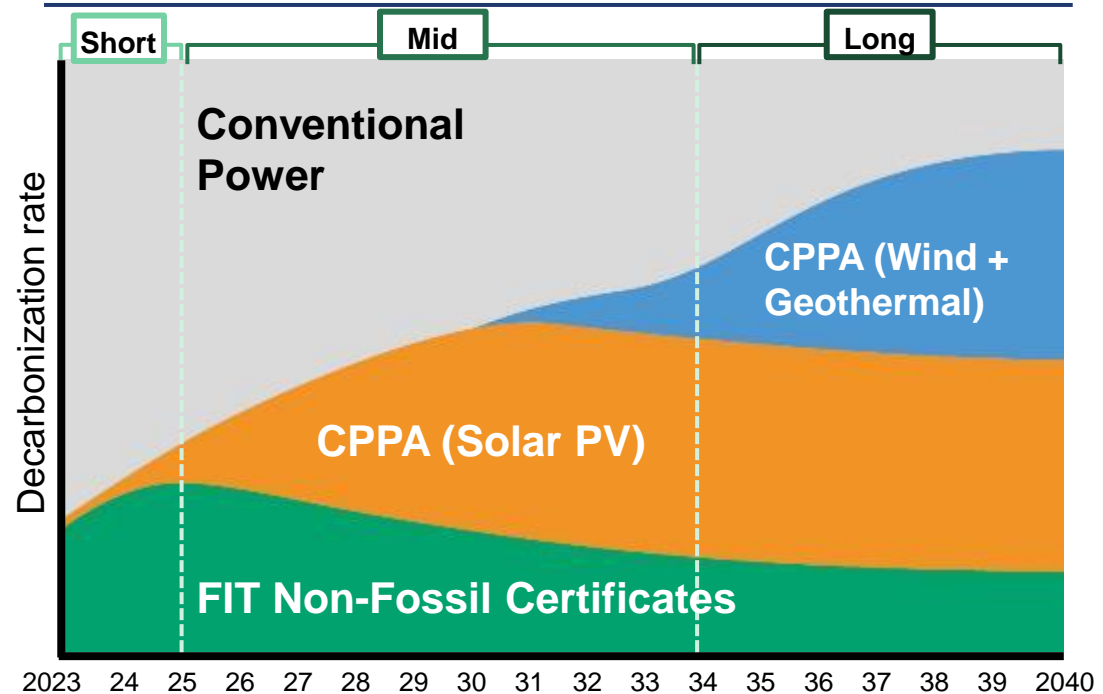
Increasing Decarbonization Demand by Japanese Corporates (Consumers)

- Currently, the corporations are primarily procuring FIT Non-Fossil Certificates as a part of their RE100 efforts.
- In the future, as the FIT period ends, the availability of certificates is expected to decrease, leading to an increase in demand for renewable energy and environmental value procured by CPPA.

Necessary Renewable Energy Procurement by RE100



Roadmap to Decarbonization (Image)



Corporates' (Consumers) Needs for PPA

- Provide Physical PPA and Virtual PPA tailored to the needs of corporations.

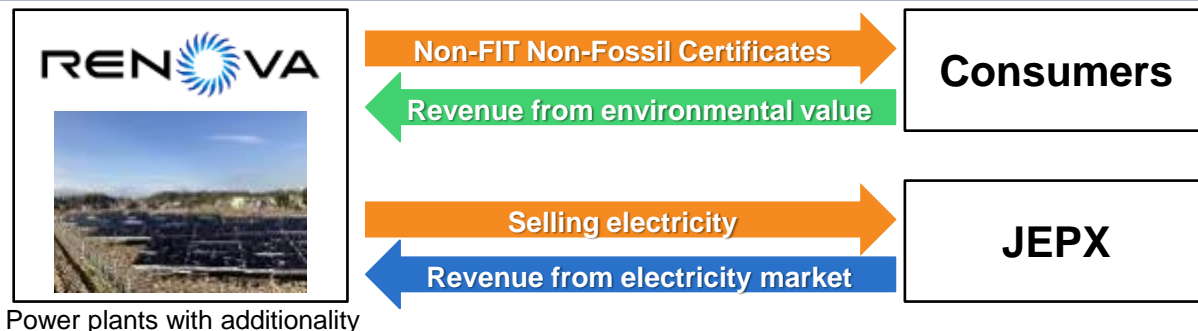
Matrix Table of Corporates' Needs

Corporates' Needs		Onsite	Physical PPA	Virtual PPA
Long & Stable Procurement	<ul style="list-style-type: none"> Stable procurement of renewable energy and environmental value over the long term is necessary. 	○	○	○
Additionality	<ul style="list-style-type: none"> "Additionality" in the context of RE100 Technical Criteria is necessary. 	○	○	○
Non-Assets	<ul style="list-style-type: none"> Objective is to procure renewable energy and environmental value rather than owning or operating power plants. 	✗	○	○
Large-Scale Procurement (RE & Env. Value)	<ul style="list-style-type: none"> Flexibility in procurement methods is essential. 	✗	○	○
Large-Scale Procurement (Env. Value Only)	<ul style="list-style-type: none"> Large-scale procurement of environmental value only 	✗	✗	○

Business Model of Virtual PPA

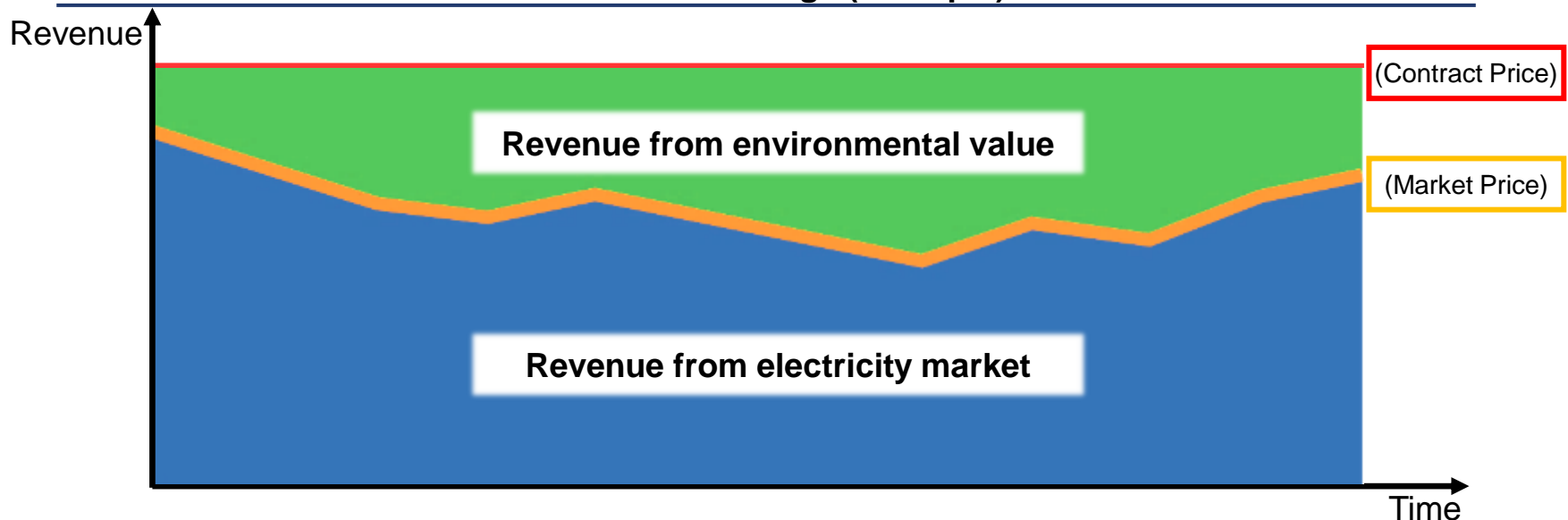
- Developing new renewable energy power plants with additionality and providing environmental value over an extended period

Scheme



Power plants with additionality will be newly developed

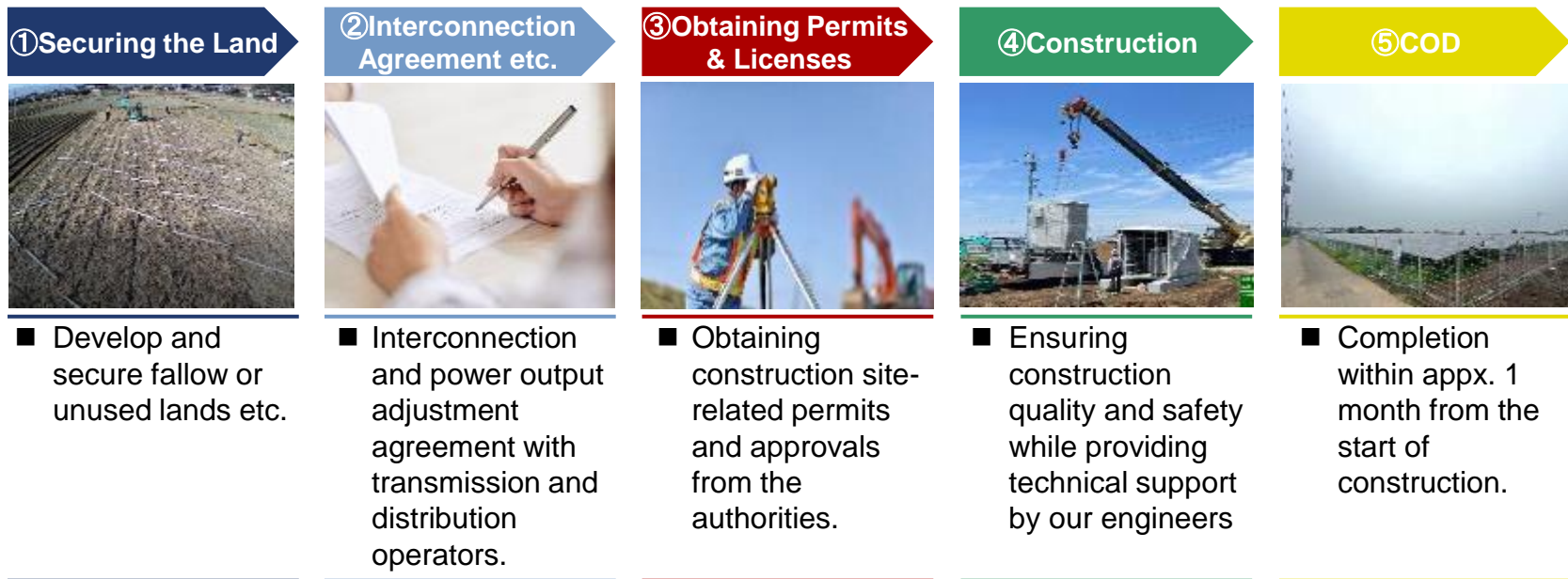
Our Revenue Image (Example)



Development Process for Non-FIT Solar PV

- Start supplying electricity and environmental value appx. 1 year after securing the land.
- Establish relationships with multiple collaborative partners to strengthen the development capability for scale.

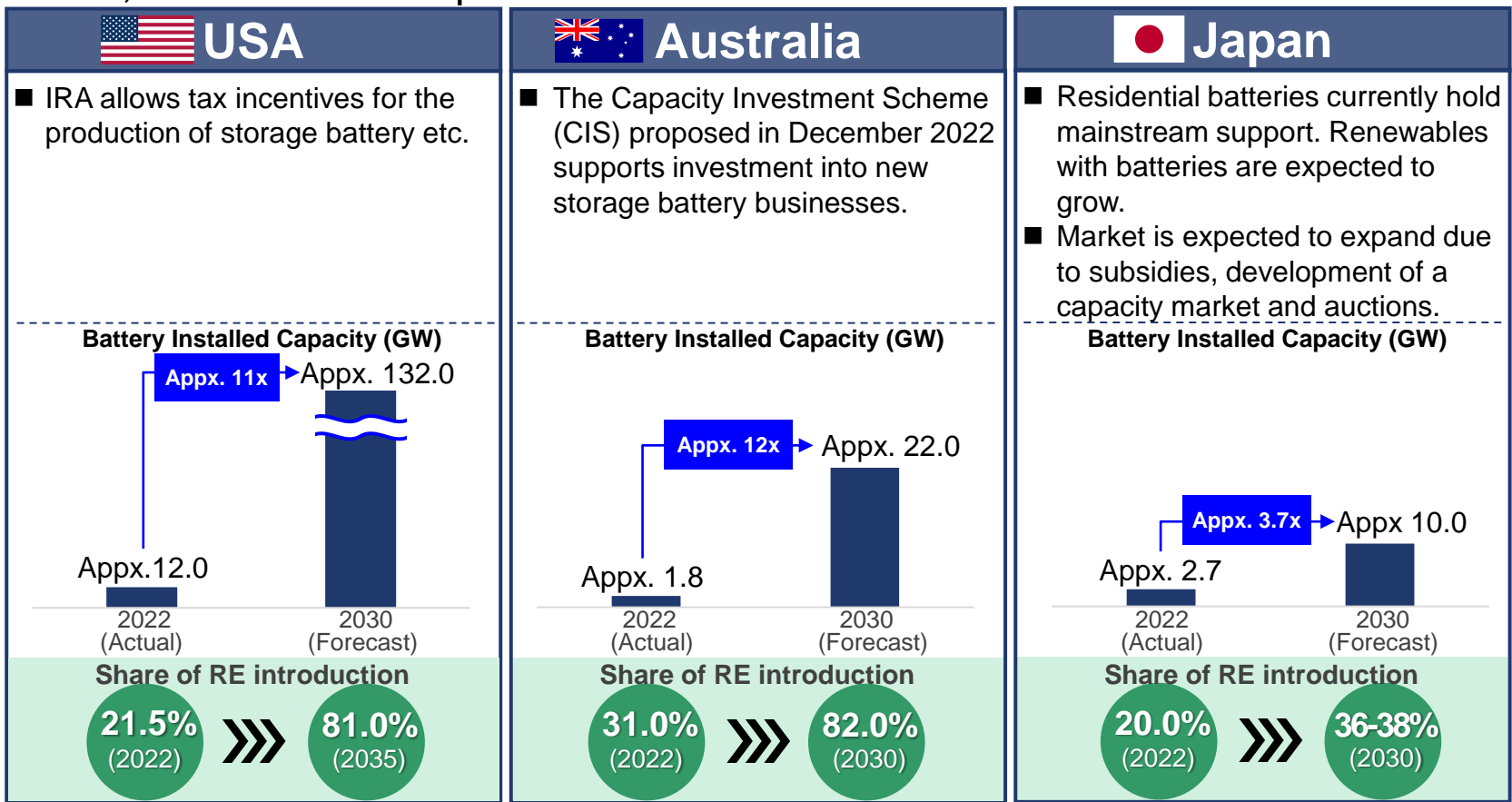
Development Process



Strengthening the development capability for scale towards an expansion of 300MW by the end of FY3/2026.

Market Size of the Storage Battery Business*¹

- Storage Batteries are essential for realizing a decarbonized society and are being introduced to facilitate the expansion of renewable energy.
- A significant expansion of the market is expected by 2030, especially in the US, Australia and Japan.

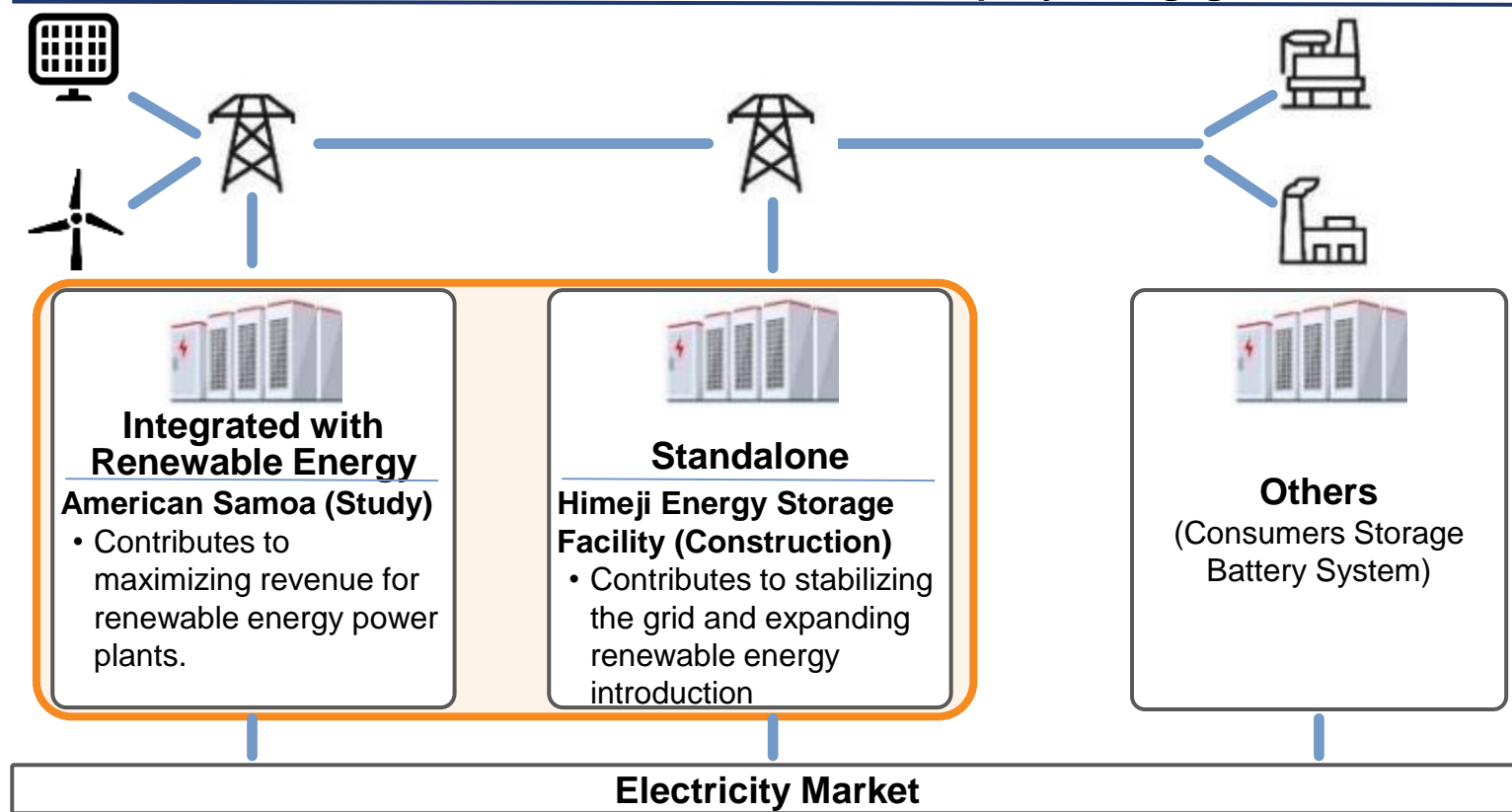


*1 Bloomberg NEF

Initiatives in the Storage Battery Business

- Already initiated our efforts in two business models.
- Aim to enhance our expertise in developing and operating storage batteries and renewable-energy-related business domestically and globally for further business expansion.

The Business Models in which Our Company is Engaged



A large pile of cut logs is shown in the foreground, with a yellow excavator visible in the background. The scene is set outdoors under a clear blue sky. The logs are stacked in neat piles, and the excavator's arm is extended over the logs. The overall scene suggests a logging or biomass processing site.

5. FAQs regarding Biomass Projects from Investors

FAQs regarding Biomass Projects from Investors

Q1 Liquidated Damages for Delay in Delivery

Q2 Impacts of and Measures Against Fuel Price Increases

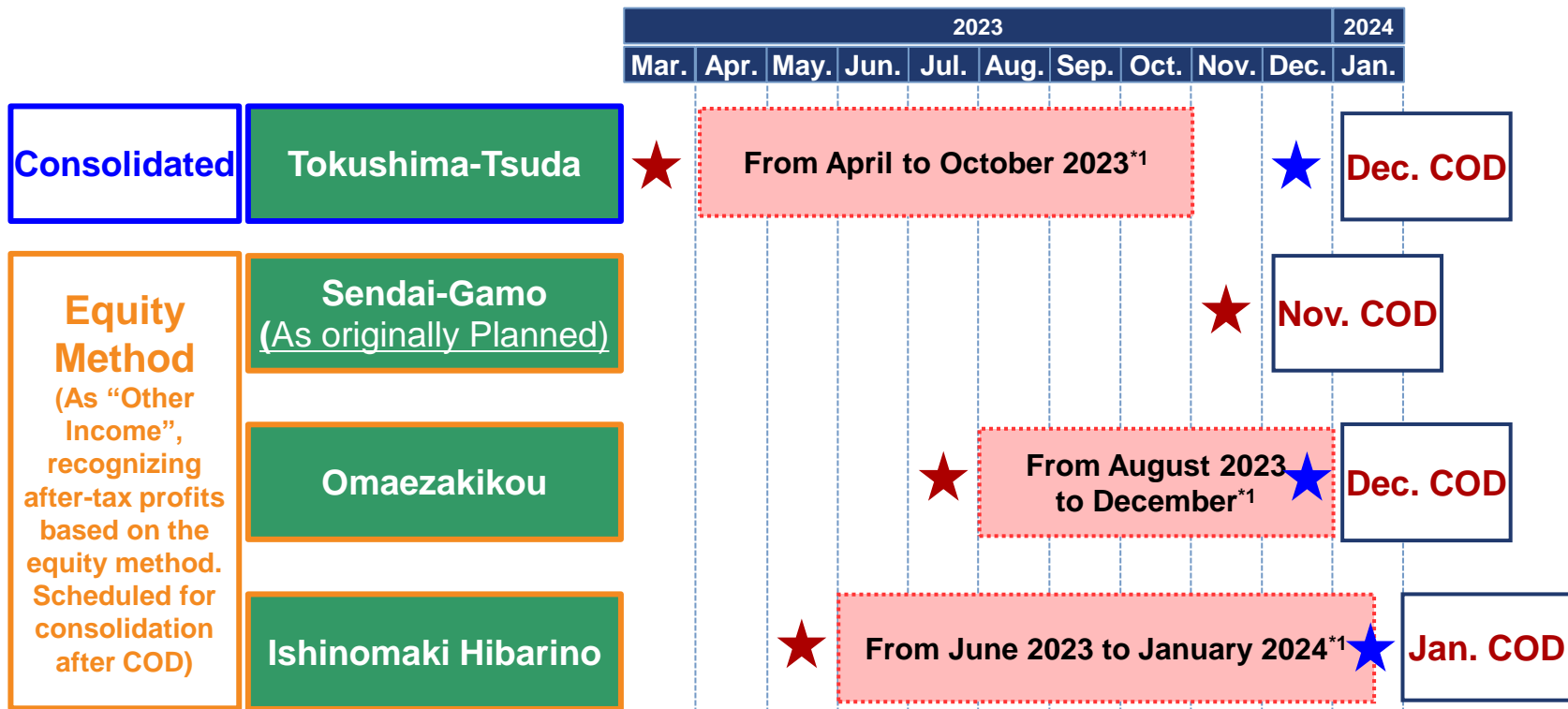
Q3 Disaster Management for Biomass Power Plants

Q4 Impacts from Changes in the Financial Environment

Q1 Liquidated Damages for Delay in Delivery

- Each Biomass SPC has entered into a lump-sum contract with EPC and thus has minimized the risk of incurring additional construction related costs.
- In case of delay of COD, SPC can claim for Liquidated Damages (LD) ^{*1}.

Note: The period RV can claim for LD based on planned COD (★) ★ Initial COD
★ Current COD



^{*1} An EPC contractor undertakes contractual obligations at a fixed amount agreed on the contract. Should cost overruns or time overruns occur, the contracting party will claim for Liquidated Damages in accordance with the contract. Generally, the compensation for delayed completion is often subject to a capped amount, and its receipt is **27** subject to conditions as per the terms of the contract.

Q2 Impacts of and Measures Against Fuel Price Increases

- The majority of projected fuel requirement by price and by volume has already been fixed in long-term procurement contracts.
- Uncertified PKS price has decreased. However, as third-party certification is to be mandated from April 2024, actively engaging in procurement while closely monitoring the prices of certified PKS.
- The spot procurement for wood pellets has trended downward in price for the upcoming procurement period compared to the current year.

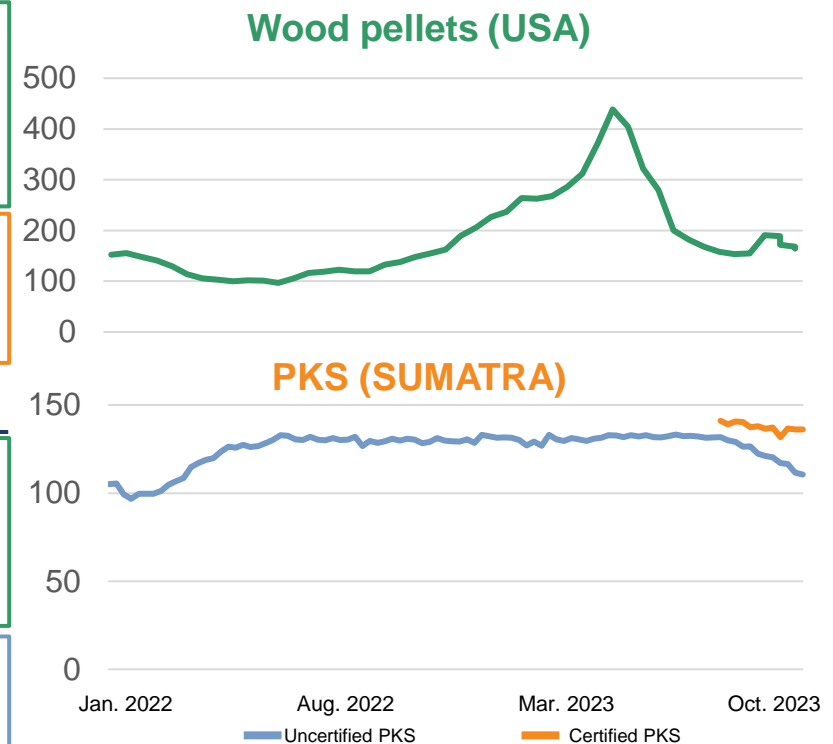
Environment affecting fuel price

Wood Pellets	<ul style="list-style-type: none"> • Need to closely monitor the demand for wood pellets as a winter heating fuel in Europe. • Decrease trend in the demand for chip imports for pulp manufacturing in China.
PKS	<ul style="list-style-type: none"> • While the number of suppliers obtaining third-party certification mandated from April 2024 is increasing, it is currently insufficient.

Concrete Measures

Fuels	<ul style="list-style-type: none"> • Proactively secure cost-competitive fuel (for spot procurement) • Develop new fuel procurement sources and preparation demonstration projects (medium-to long term)
Freight	<ul style="list-style-type: none"> • Freight cost reduction

Trend of spot fuel market price*1 (USD/t)



*1 *1 The data is for reference only. Data source: Argus. Wood pellets (USA) is "Wood pellets export price USA southeast fob" Uncertified PKS is "Palm kernel shell (PKS) Index east coast Sumatra fob". Certified PKS is "Fob east coast Sumatra". Unauthorized reproduction or use of this data is strictly prohibited.

Q3 Disaster Management for Biomass Power Plants

- In accordance with the site-specific characteristics, disaster risks anticipated from the design stage are addressed

Earthquake and Tsunami Countermeasures

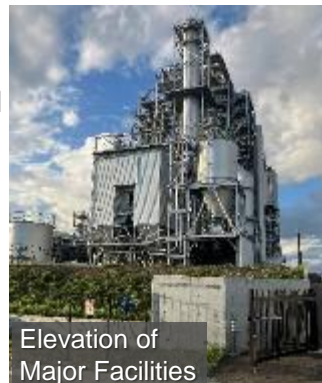
■ Earthquake

- Pile driving performed to reach the supporting layers of the ground
- Ground improvement measures, such as addressing liquefaction concerns, implemented based on ground conditions.



■ Tsunami

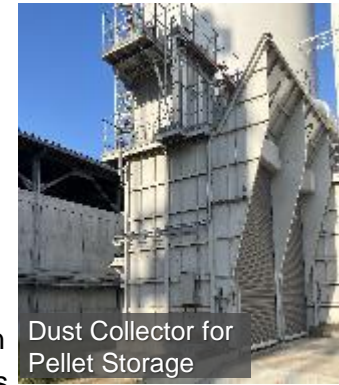
- Main equipment is installed at elevated heights.
- In areas expected tsunamis, the entire power plant is constructed at an elevated level.



Primary Fire Prevention Measures for Fuel

■ Pellet

- Installation of dust collectors and ventilation systems in storage rooms.
- Implementation of nitrogen filling equipment in storage rooms.
- Installation of gas detection monitors and thermometers in storage rooms, continuously monitoring as necessary.



■ PKS

- Stored items are generally kept for a minimum of three months.
- Monitoring of temperature is conducted during storage.



Q4 Impacts from Changes in the Financial Environment

- Promote development of renewable energy and GX related projects in Japan and overseas with due consideration of financial stability and soundness.

1

Utilization of Project Finance

- To increase return on equity investment and maximize corporate value, funds are raised through project finance or other methods.
- Interest rates are largely fixed through swap transactions, minimizing interest rate fluctuation risks

2

The impact of changes in Japan's monetary policy

- With changes in prospect to monetary policy by the Bank of Japan, interest rates are on the rise.
- Bank borrowing for RENOVA is affected by short-term interest rate fluctuations, but the impact is minor at this moment.

3

The impact of changes in the foreign exchange environment due to factors such as the Japan-US interest rate differential.

- The foreign exchange risk related to the procurement of biomass fuel is mostly hedged.

Our Mission

To create green and sustainable energy systems
for a better world

Our Vision

To become Asia's renewable energy leader

Creating our future with renewable energy.

