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Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021 (Japanese GAAP, Non-Audited)

February 12, 2021

Company name: RENOVA, Inc. Stock exchange listing: Tokyo
 Securities code: 9519 URL: <https://www.renovainc.com/>
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 Scheduled date of quarterly securities report filing: February 12, 2021
 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 down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 – December 31, 2020)

(1) Consolidated Results from Operations (cumulative) (Percentages show year-on-year changes)

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2020	16,343	19.5	8,752	14.4	4,766	(2.6)	2,520	(19.9)	844	(69.7)
ended Dec. 31, 2019	13,681	30.0	7,647	38.2	4,892	44.1	3,145	45.0	2,791	233.5

(Note) Comprehensive income:

Nine months ended Dec. 31, 2020: (5,919) million yen, -% Nine months ended Dec. 31, 2019: 3,641 million yen, 129.7%

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen		Yen	
Nine months ended Dec. 31, 2020	11.02		10.71	
ended Dec. 31, 2019	37.02		35.53	

* EBITDA = Ordinary profit + Net interest expenses + Depreciation + Amortization of long-term prepaid expenses (amortization of grid connection costs and amortization of deferred consumption taxes) + Amortization of goodwill + Amortization of deferred assets (amortization of business commencement expenses and amortization of bond issuance costs)

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio*		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Dec. 31, 2020	154,173		15,744		7.4		147.08	
Mar. 31, 2020	148,151		24,313		12.5		241.77	

(Reference) Equity attributable to owner of parent: As of Dec. 31, 2020: 11,402 million yen

As of Mar. 31, 2020: 18,482million yen

*Equity ratio = Equity attributable to owner of parent / Total assets

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended Mar. 2020	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
ending Mar. 2021	–	0.00	–		
ending Mar. 2021 (forecast)				0.00	0.00

(Note) Revisions to the dividends forecast since the latest announcement: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020– March 31, 2021)

(Percentages show year-on-year changes)

	Revenue		EBITDA		Operating profit		Profit attributable to owners of parent		Earnings per share (basic)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	20,200	3.9	9,650	(14.0)	3,850	(46.2)	1,800	(51.0)	23.45	

(Note)1. Revisions to the consolidated forecast since the latest announcement: Yes

(Note)2. Consolidated Forecast for the fiscal year ending March 31, 2021, which were released on May 7, 2020, have been revised. For further information, please refer to 'Notice of Revision to Full Year Consolidated Forecasts(IFRS)' announced on February 12, 2021.

(Note)3. RENOVA, Inc. ("RENOVA") will adopt International Financial Reporting Standards (IFRS) from the end of the fiscal year ending March 31, 2021. As such, the consolidated forecasts above are IFRS figures. In addition, percentages for year-on-year changes in the table above are calculated by using IFRS figures for the fiscal year ending March 31, 2021, while the previous year's figures are in accordance with Japanese Generally Accepted Accounting Principles (J-GAAP).

* Notes

(1) Changes in the state of material subsidiaries during the period (changes in the state of specific subsidiaries with changes in scope of consolidation): Yes
Newly added: One company (RENOVA Renewables Vietnam 1 Pte. Ltd.)
Excluded: –

(2) Simplified accounting procedure to consolidated quarterly financial statements: Yes

(Note) Please see page 7, “Consolidated Quarterly Financial Statements and Key Notes (3) Notes to Consolidated Quarterly Financial Statements (Simplified Accounting Procedure to Consolidated Quarterly Financial Statements)” for details.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

- | | |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | None |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatements: | None |

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

- | | |
|--|--|
| (i) Number of issued shares at end of period (including treasury shares) | |
| As of Dec. 31, 2020: 77,464,000 shares | As of Mar. 31, 2020: 76,807,600 shares |
| (ii) Number of treasury shares at end of period | |
| As of Dec. 31, 2020: 381,500 shares | As of Mar. 31, 2020: 387,700 shares |
| (iii) Average number of shares outstanding during the period | |
| For the nine months ended Dec. 31, 2020: | 76,655,895 shares |
| For the nine months ended Dec. 31, 2019: | 75,415,797 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 and certain assumptions that are judged to be rational at the current time. These statements do not constitute a promise by RENOVA to achieve such results. Please note that the actual results may differ significantly from forecast figures.

Consolidated Quarterly Financial Statements and Key Notes
(1) Consolidated Quarterly Balance Sheet (Non-Audited)

(Million yen)

	As of Mar. 31, 2020	As of Dec. 31, 2020
Assets		
Current assets		
Cash and deposits	24,945	37,597
Accounts receivable – trade	5,205	3,656
Work in process	12	28
Raw materials and supplies	108	243
Advances paid to subsidiaries and associates	2,350	611
Other	3,964	1,727
Allowance for doubtful accounts	(113)	(157)
Total current assets	36,473	43,708
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,285	31,334
Accumulated depreciation	(1,416)	(2,247)
Buildings and structures, net	29,868	29,086
Machinery, equipment and vehicles	67,423	67,468
Accumulated depreciation	(12,329)	(15,231)
Machinery, equipment and vehicles, net	55,094	52,236
Land	2,855	2,855
Other	546	612
Accumulated depreciation	(142)	(217)
Other, net	404	395
Total property, plant and equipment	88,222	84,573
Intangible assets		
Cost incurred for leased land, net	1,872	1,793
Goodwill	1,201	1,150
Other	49	41
Total intangible assets	3,123	2,985
Investments and other assets		
Shares of subsidiaries and associates	12,328	14,859
Investments in other securities of subsidiaries and associates	490	480
Other	4,596	5,234
Allowance for investment loss	(46)	(97)
Total investments and other assets	17,368	20,477
Total non-current assets	108,714	108,037
Deferred assets	2,963	2,427
Total assets	148,151	154,173

(Million yen)

	As of Mar. 31, 2020	As of Dec. 31, 2020
Liabilities		
Current liabilities		
Accounts payable – trade	138	339
Current portion of long-term loans payable	9,649	7,564
Income taxes payable	2,329	420
Provision for bonuses	219	179
Provision for special repairs	192	129
Other	2,312	1,570
Total current liabilities	14,841	10,205
Non-current liabilities		
Bonds	—	14,000
Long-term loans payable	100,373	99,166
Asset retirement obligations	7,079	7,109
Provision for stocks payment	33	75
Provision for special repairs	306	414
Other	1,202	7,457
Total non-current liabilities	108,995	128,223
Total liabilities	123,837	138,429
Net assets		
Shareholders' equity		
Capital stock	2,175	2,223
Deposit for subscriptions to shares	5	64
Capital surplus	2,162	1,828
Retained earnings	9,029	9,871
Treasury shares	(496)	(488)
Total shareholders' equity	12,877	13,499
Accumulated other comprehensive income		
Deferred gains or losses on hedges	5,605	(1,974)
Foreign currency translation adjustment	—	(123)
Total accumulated other comprehensive income	5,605	(2,097)
Share options	34	87
Non-controlling interests	5,797	4,254
Total net assets	24,313	15,744
Total liabilities and net assets	148,151	154,173

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Consolidated Quarterly Statement of Income (Non-Audited)

(Million yen)

	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020
Net sales	13,681	16,343
Cost of sales	5,888	7,981
Gross profit	7,792	8,362
Selling, general and administrative expenses	2,899	3,595
Operating profit	4,892	4,766
Non-operating income		
Interest income	2	4
Insurance income	39	72
Guarantee commission received	—	24
Other	9	13
Total non-operating income	51	115
Non-operating expenses		
Interest expenses	1,179	1,515
Bond interest	—	54
Share of loss of entities accounted for using equity method	142	63
Commission fee	21	41
Amortization of business commencement expenses	442	608
Foreign exchange losses	0	9
Other	11	67
Total non-operating expenses	1,797	2,361
Ordinary profit	3,145	2,520
Extraordinary income		
Gain on step acquisitions	1,883	—
Gain of negative goodwill	66	—
Total extraordinary income	1,949	—
Profit before income taxes	5,095	2,520
Income taxes	1,459	754
Profit	3,636	1,766
Profit attributable to non-controlling interests	844	921
Profit attributable to owners of parent	2,791	844

Consolidated Quarterly Statement of Comprehensive Income (Non-Audited)

(Million yen)

	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020
Profit	3,636	1,766
Other comprehensive income		
Deferred gains or losses on hedges	70	30
Foreign currency translation adjustment	—	(0)
Share of other comprehensive income of entities accounted for using equity method	(65)	(7,715)
Total other comprehensive income	5	(7,685)
Comprehensive income	3,641	(5,919)
Comprehensive income attributable to		
Owners of parent	2,760	(6,857)
Non-controlling interests	880	938

(3) Notes to Consolidated Quarterly Financial Statements

Notes Relating to Going Concern Assumptions

Not applicable

Notes on Significant Changes in the Amount of Shareholders' Equity

Not applicable

Simplified Accounting Procedure to Consolidated Quarterly Financial Statements

(Calculation of tax expenses)

Tax expenses were calculated by multiplying profit before income taxes by an estimated effective tax rate. The estimated effective tax rate was calculated by using the annual forecast figures, taking deferred tax factors into consideration.

Segment Information

Nine months ended Dec. 31, 2019 (April 1, 2019 – December 31, 2019)

1. Results by Reportable Segment

(Million yen)

	Reportable segments			Adjustments (Note 1)	Amount on consolidated statement of income
	Renewable Energy Power Generation Business	Renewable Energy Development and Operation Business	Subtotal		
Net sales					
Sales – outside customers	10,642	3,039	13,681	–	13,681
Sales and transfer – inter-segment	–	3,071	3,071	(3,071)	–
Total	10,642	6,110	16,752	(3,071)	13,681
Segment profit (Note 2)	7,176	3,530	10,706	(7,560)	3,145

- (Notes) 1. The adjustment of (7,560) million yen to the segment profits includes interest expenses of (1,179) million yen, interest expenses on asset retirement obligations of (23) million yen, interest income of 2 million yen, depreciation of (2,796) million yen, amortization of long-term prepaid expenses of (29) million yen, amortization of goodwill of (32) million yen, amortization of deferred assets of (442) million yen, and elimination of intersegment transactions of (3,058) million yen.
2. Segment profit represents EBITDA (Ordinary profit + Net interest expenses + Depreciation + Amortization of long-term prepaid expenses (amortization of grid connection costs and amortization of deferred consumption taxes) + Amortization of goodwill + Amortization of deferred assets (amortization of business commencement expenses)). The segment profit figure of 3,145 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.

2. Information regarding reportable segment assets

(Significant increase in assets due to business combination)

During the first quarter of the fiscal year, the amount of assets increased by 8,169 million yen in the Renewable Energy Power Generation Business segment due to the acquisition of Nasukarasuyama Solar T.K..

During the second quarter of the fiscal year, the amount of assets increased by 20,279 million yen in the Renewable Energy Power Generation Business segment due to the acquisition of Karumai West Solar T.K..

During the third quarter of the fiscal year, the amount of assets increased by 29,918 million yen in the Renewable Energy Power Generation Business segment due to the acquisition of Karumai East Solar T.K..

3. Information regarding impairment loss on non-current assets and goodwill for each reportable segment

(Gain on negative goodwill)

RENOVA acquired an additional ownership interest in Nasukarasuyama Solar T.K., an equity method affiliate of RENOVA, during the first quarter of the fiscal year. As a result of the acquisition, Nasukarasuyama Solar T.K. became a consolidated subsidiary of RENOVA. As a result, a 66 million yen gain on negative goodwill was recognized in the Renewable Energy Power Generation Business segment. The negative goodwill did not constitute segment profit in "Segment Information 1. Results by Reportable Segment" as it was an extraordinary income item.

(Significant changes in the amount of goodwill)

RENOVA acquired an additional ownership interest in Karumai West Solar T.K., an equity method affiliate of RENOVA, during the second quarter of the fiscal year. As a result of the acquisition, Karumai West Solar T.K. became a consolidated subsidiary of RENOVA, thereby increasing goodwill by 312 million yen in the Renewable Energy Power Generation Business segment.

RENOVA acquired an additional ownership interest in Karumai East Solar T.K., an equity method affiliate of RENOVA, during the third quarter of the fiscal year. As a result of the acquisition, Karumai East Solar T.K. became a consolidated subsidiary of RENOVA, thereby increasing goodwill by 384 million yen in the Renewable Energy Power Generation Business segment.

Nine months ended Dec. 31, 2020 (April 1, 2020 – December 31, 2020)

1. Results by Reportable Segment

(Million yen)

	Reportable segments			Adjustments (Note 1)	Amount on consolidated statement of income
	Renewable Energy Power Generation Business	Renewable Energy Development and Operation Business	Subtotal		
Net sales					
Sales – outside customers	13,473	2,870	16,343	–	16,343
Sales and transfer – inter-segment	–	2,313	2,313	(2,313)	–
Total	13,473	5,183	18,656	(2,313)	16,343
Segment profit (Note 2)	9,032	2,010	11,042	(8,522)	2,520

- (Notes) 1. The adjustment of (8,522) million yen to the segment profits includes interest expenses of (1,515) million yen, bond interest of (54) million yen, interest expenses on asset retirement obligations of (29) million yen, interest income of 4 million yen, depreciation of (3,921) million yen, amortization of long-term prepaid expenses of (51) million yen, amortization of goodwill of (51) million yen, amortization of deferred assets of (612) million yen, and elimination of intersegment transactions of (2,289) million yen.
2. Segment profit represents EBITDA (Ordinary profit + Net interest expenses + Depreciation + Amortization of long-term prepaid expenses (amortization of grid connection costs and amortization of deferred consumption taxes) + Amortization of goodwill + Amortization of deferred assets (amortization of business commencement expenses and amortization of bond issuance costs)). The segment profit figure of 2,520 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.