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Tokyo Stock Exchange 1st)
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RENOVA Acquires a New Subsidiary (Change in Scope of Consolidation) by Acquiring Equity Interest

RENOVA, Inc. (hereinafter "RENOVA") announces that it decided and implemented the acquisition of an additional equity interest, as of December 2, in the proprietor of the business under Karumai East T.K. (hereinafter "Karumai East Solar"), an equity-method affiliate operating Karumai East Solar Power Plant (Karumai-machi, Kunohe-gun, Iwate Prefecture; generation capacity of 80.8 MW) . RENOVA's equity ownership in Karumai East Solar will increase to 69.25% with the acquisition, and Karumai East Solar will become a consolidated subsidiary of RENOVA.

1. Reason for the acquisition of equity interest

With a mission of creating green and sustainable energy systems for a better world, RENOVA operates its power generation business based on locally entrenched renewable energy resources such as solar, biomass, wind, and geothermal power.

Karumai East Solar has received approval from Karumai-machi for a facility construction plan for forestry land development based on the Act on Promoting Generation of Electricity from Renewable Energy Sources Harmonized with Sound Development of Agriculture, Forestry and Fisheries (the Ministry of Agriculture, Forestry and Fisheries) and proceeded with the construction/facilities plan in consideration of the surrounding environment, while contributing to the revitalization and economy of the region. RENOVA has the right to acquire all of the equity interest held by the co-investor after the operation start date of Karumai East Solar and after one year has passed since the operation start date under the "Memorandum on the transfer of equity interests, etc. in the silent partnership regarding Karumai East Solar GK" concluded between the co-investor and RENOVA. Given the above, RENOVA intends to acquire a part of the equity interest held by the co-investor.

Through the earlier consolidation of Karumai East Solar, RENOVA is eager to expand the scale of earnings and, as a power producer, continue the development along with the communities.

2. Overview of subsidiary subject to share transfer (as of March 31, 2019)

(1) Title	Karumai East Solar T.K.
(2) Location	Operator: 26, Aza Shimoaraida, Dai 32-chiwari, Sannai, Karumai-machi, Kunohe-gun, Iwate Prefecture Silent partner: 2-2-1 Kyobashi, Chuo-ku, Tokyo, Japan
(3) Title and name of operator	Operator: Karumai East Solar GK Masakazu Hongo, Executor Silent partner: RENOVA, Inc. Yosuke Kiminami, Founding CEO
(4) Business	Solar PV business
(5) Total capital contribution	2,833 million yen

(6)	Date of establishment	October 21, 2016	
(7)	Investment ratios	RENOVA, Inc. 38.50% NEC Capital Solutions Limited. 20.50% Fuyo General Lease Co., Ltd. 20.50% Sumitomo Mitsui Finance and Leasing Company, Limited. 20.50%	
(8)	Relationships between the listed company and the silent partnership business	Capital relationship	RENOVA has invested 1,090 million yen (38.50%) in the silent partnership business.
		Personal relationship	There is no personal relationship that is required to be stated between RENOVA and the silent partnership business. In addition, no related parties or affiliates of RENOVA have any significant relationships with any related parties or affiliates of the silent partnership.
		Business relationship	There is no business relationship that is required to be stated between RENOVA and the silent partnership business. Renova Asset Management, Inc., a subsidiary of RENOVA, and Karumai East Solar GK, the operator of the silent partnership business, have signed an agreement for operational support and outsourcing.
(9)	Business results and financial position of silent partnership business over the last three years		
	Fiscal Year	FY Ended March 2017	FY Ended March 2018
	Net assets	-0 million yen	0 million yen
	Total assets	5,125 million yen	11,621 million yen
	Net sales	- million yen	- million yen
	Operating profit	-0 million yen	-0 million yen
	Ordinary profit	-0 million yen	0 million yen
	Profit	-0 million yen	-0 million yen

3. Outline of party from which equity interest is acquired (as of March 31, 2019)

NEC Capital Solutions Limited.

(1)	Title	NEC Capital Solutions Limited.	
(2)	Location	Shinagawa Intercity C building, 2-15-3 Konan, Minato-ku, Tokyo, Japan	
(3)	Title and name of representative	Tomoo Imazeki, President	
(4)	Business	Leasing, etc. of information and communication equipment, office equipment, industrial machinery, other devices and facilities, etc.	
(5)	Capital stock	3,776 million yen	
(6)	Date of establishment	November 30, 1978	
(7)	Net assets	105,999 million yen	
(8)	Total assets	895,683 million yen	
(9)	Major shareholders and shareholding ratios	NEC Corporation 37.66% Sumitomo Mitsui Finance and Leasing Company, Limited. 25.03%	
(10)	Relationships between the listed company and the relevant company	Capital relationship	There is no capital relationship that is required to be stated between RENOVA and NEC Capital Solutions. (hereinafter "NECAP"). In addition, no related parties or affiliates of RENOVA have any significant relationships with any related parties or affiliates of NECAP.
		Personal relationship	There is no personal relationship that is required to be stated between RENOVA and NECAP. In addition, no related parties or affiliates of RENOVA have any significant relationships with any related parties or affiliates of NECAP.
		Business relationship	The two Companies jointly set up and operate Karumai East Solar T.K. and Karumai Sonbou Solar

		T.K.. In addition, Tokushima Tsuda Biomass Energy Co., Ltd., an affiliate of RENOVA, is jointly invested by the two Companies.
	Status as related party	NECAP is not considered to be a related party of RENOVA. In addition, no related parties or affiliates of NECAP are considered to be related parties of RENOVA.

Fuyo General Lease Co. Ltd.

(1)	Title	Fuyo General Lease Co., Ltd.
(2)	Location	3-3-23 Kanda Misakicho, Chiyoda-ku, Tokyo
(3)	Title and name of representative	Yasunori Tsujita, President & Chief Executive Officer
(4)	Business	Leases and installment sales, financing, other financial operations, real estate lease, consulting services and others
(5)	Capital stock	10,532 million yen
(6)	Date of establishment	May 1, 1969
(7)	Net assets	295,067 million yen
(8)	Total assets	2,592,206 million yen
(9)	Major shareholders and shareholding ratios	Hulic Co., Ltd. 13.94% Meiji Yasuda Life Insurance Company 7.48%
(10)	Relationships between the listed company and the relevant company	Capital relationship
		There is no capital relationship that is required to be stated between RENOVA and Fuyo General Lease Co., Ltd. (hereinafter "FGL"). In addition, no related parties or affiliates of RENOVA have any significant relationships with any related parties or affiliates of FGL.
		Personal relationship
		There is no personal relationship that is required to be stated between RENOVA and FGL. In addition, no related parties or affiliates of RENOVA have any significant relationships with any related parties or affiliates of FGL.
	Business relationship	The two companies have jointly set up and operate Karumai East Solar T.K..
	Status as related party	FGL is not considered to be a related party of RENOVA. In addition, no related parties or affiliates of FGL are considered to be related parties of RENOVA.

Sumitomo Mitsui Finance and Leasing Company, Limited

(1)	Title	Sumitomo Mitsui Finance and Leasing Company, Limited
(2)	Location	1-3-2 Marunouchi, Chiyoda-ku, Tokyo
(3)	Title and name of representative	Masaki Tachibana, President
(4)	Business	Leasing and installment sales of a variety of equipment and machinery. Loans and factoring. Other. Services relating to above-mentioned businesses
(5)	Capital stock	15,000 million yen
(6)	Date of establishment	February 4, 1963
(7)	Net assets	734,041 million yen
(8)	Total assets	5,812,698 million yen
(9)	Major shareholders and shareholding ratios	Sumitomo Mitsui Financial Group, Inc. 50.0% Sumitomo Corporation 50.0%
(10)	Relationships between the listed company and the relevant company	Capital relationship
		There is no capital relationship that is required to be stated between RENOVA and Sumitomo Mitsui Finance and Leasing Company, Limited (hereinafter "SMFL"). In addition, no related parties or affiliates of

		RENOVA have any significant relationships with any related parties or affiliates of SMFL.
	Personal relationship	There is no personal relationship that is required to be stated between RENOVA and SMFL. In addition, no related parties or affiliates of RENOVA have any significant relationships with any related parties or affiliates of SMFL.
	Business relationship	RENOVA is conducting equipment leasing transactions with SMFL. The two companies have jointly set up and operate Karumai West Solar T.K., a subsidiary of RENOVA and Karumai East Solar T.K., affiliates of RENOVA. Kanda Biomass Energy Co., Ltd., an affiliate of RENOVA, is arranging a mezzanine loan from SMFL.
	Status as related party	SMFL is not considered to be a related party of RENOVA. In addition, no related parties or affiliates of SMFL are considered to be related parties of RENOVA.

3. Status of equity interests before and after the transfer

(1) Ownership interest before transfer: 38.50%

(2) Equity interest to be acquired: 30.75%

(3) Ownership interest after transfer: 69.25%

(Note) The acquisition value is 1,020 million yen.

4. Schedule

December 2, 2019 Conclusion of an agreement on transfer of equity interest(scheduled)

December 2, 2019 Transfer of equity interest(scheduled)

5. Future outlook

The effects of the acquisition of equity interests on the results for the fiscal year ending March 31, 2020 are reflected in the consolidated forecasts in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (Japanese GAAP) announced on May 10, 2019 assumed that a gain on distribution of the silent partnership based on the initial equity interest in RENOVA (38.50%) would be recorded for 4 months after the start of the operation of the Karumai East Solar Power Plant.

As a result of the earlier acquisition, RENOVA forecast that a gain on distribution of silent partnership for one month and sales based on Revenue from electricity sales for three months will be recorded, and therefore, net sales and profit in stages are expected to increase relative to the consolidated forecast.

In addition, RENOVA expects to record gains on step acquisition of additional equity investments.

Please also refer to the "Notice of revised earnings forecast" published today.

[For inquiries about this release, please contact]

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