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## Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 (Japanese GAAP, Non-Audited)

November 1, 2019

Company name: RENOVA, Inc. Stock exchange listing: Tokyo  
 Securities code: 9519 URL: <https://www.renovainc.com/>  
 Representative: Yosuke Kiminami, Founding CEO  
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 Scheduled date of quarterly securities report filing: November 1, 2019  
 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 down to the nearest million yen)

### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 – September 30, 2019)

(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	%
Six months ended Sep. 30, 2019	8,860	33.1	4,938	44.5	3,258	67.8	2,072	77.7	1,475	357.4
ended Nov. 30, 2018	6,656	10.7	3,418	(10.6)	1,941	(23.4)	1,166	(35.6)	322	(64.2)

(Note) Comprehensive income:

Six months ended Sep. 30, 2019: 3,680 million yen, 281.0% Six months ended Nov. 30, 2018: 966 million yen, (31.0%)

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen		Yen	
Six months ended Sep. 30, 2019	19.59		18.79	
ended Nov. 30, 2018	4.34		4.09	

\* 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 deferred organization expenses)

(Note) 1. RENOVA, Inc. ("RENOVA") conducted a 2-for-1 share split of its common shares with an effective date of Sep. 1, 2018. Accordingly, earnings per share are calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended Mar. 2019.  
 2. RENOVA changed its fiscal year end date from May 31 to March 31 for the fiscal year ended March 31, 2019. As a result of the change, the second quarter for the previous fiscal year comprised of the financial results for the six months from June 1, 2018 to November 30, 2018, whereas the second quarter for the current fiscal year comprised of the financial results for the six months from April 1, 2019 to September 30, 2019. Accordingly, year-on-year changes for the six months ended September 30, 2019 are calculated by comparison to the results for the six months from June 1, 2018 to November 30, 2018.

### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio*	Net assets per share
As of	Million yen		Million yen		%	Yen
Sep. 30, 2019	112,796		17,271		11.0	164.36
Mar. 31, 2019	81,499		12,886		11.5	124.22

(Reference) Equity attributable to owner of parent: As of Sep. 30, 2019: 12,406 million yen As of Mar. 31, 2019: 9,337 million yen

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

(Note) RENOVA conducted a 2-for-1 share split of its common shares with an effective date of Sep. 1, 2018. Accordingly, net assets per share are calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended May 2018.

### 2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal year ended Mar. 2019	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
ending Mar. 2020	–	0.00			
ending Mar. 2020 (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, 2020 (April 1, 2019 – March 31, 2020)

(Percentages show year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	19,200	36.2	10,800	36.8	6,700	33.3	4,100	18.5	3,300	98.9	43.77

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

2. Consolidated Forecasts for the fiscal year ending March 31, 2020, which were released on May 10, 2019, have been revised upward. For further information, please refer to "Notice of Revision to Full Year Consolidated Forecasts" announced on November 1, 2019.

3. RENOVA changed its fiscal year end date from May 31 to March 31 for the fiscal year ended March 31, 2019. As a result of the change, the previous fiscal year is the ten-month period from June 1, 2018 to March 31, 2019. Accordingly, year-on-year changes of consolidated forecasts for the current fiscal year (twelve-month period) are calculated by comparison to the financial results for the above-mentioned period.

\* 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: Two companies (Nasukarasuyama Solar T.K., Karumai West Solar T.K.)

Excluded: –

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

(Note) Please see page 9, “Consolidated Quarterly Financial Statements and Key Notes (4) 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 Sep. 30, 2019: 75,852,400 shares As of Mar. 31, 2019: 75,470,000 shares

(ii) Number of treasury shares at end of period

As of Sep. 30, 2019: 387,700 shares As of Mar. 31, 2019: 393,600 shares

(iii) Average number of shares outstanding during the period

For the six months ended Sep. 30, 2019: 75,312,052 shares

For the six months ended Nov. 30, 2018: 74,368,077 shares

(Note) RENOVA conducted a 2-for-1 share split of its common shares with an effective date of September 1, 2018. Accordingly, the number of issued shares (common shares) are calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended Mar. 2019.

\* 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, 2019	As of Sep. 30, 2019
Assets		
Current assets		
Cash and deposits	21,249	23,034
Accounts receivable – trade	2,221	3,347
Work in process	3	49
Raw materials and supplies	156	88
Advances paid to subsidiaries and associates	3,307	2,283
Other	833	2,148
Allowance for doubtful accounts	(147)	(171)
Total current assets	27,623	30,781
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,318	19,826
Accumulated depreciation	(670)	(932)
Buildings and structures, net	8,647	18,893
Machinery, equipment and vehicles	43,543	54,849
Accumulated depreciation	(9,047)	(10,506)
Machinery, equipment and vehicles, net	34,495	44,342
Land	2,372	2,855
Other	243	454
Accumulated depreciation	(68)	(100)
Other, net	174	354
Total property, plant and equipment	45,690	66,445
Intangible assets		
Cost incurred for leased land, net	708	1,219
Goodwill	553	846
Other	20	31
Total intangible assets	1,283	2,097
Investments and other assets		
Shares of subsidiaries and associates	2,390	7,902
Investments in other securities of subsidiaries and associates	1,005	686
Other	2,621	2,942
Allowance for investment loss	(13)	(26)
Total investments and other assets	6,004	11,505
Total non-current assets	52,977	80,049
Deferred assets	898	1,966
Total assets	81,499	112,796

(Million yen)

	As of Mar. 31, 2019	As of Sep. 30, 2019
Liabilities		
Current liabilities		
Accounts payable – trade	279	122
Current portion of long-term loans payable	4,225	7,574
Income taxes payable	637	635
Provision for bonuses	174	184
Provision for special repairs	108	140
Other	1,011	3,849
Total current liabilities	6,437	12,505
Non-current liabilities		
Long-term loans payable	57,490	76,428
Asset retirement obligations	2,968	4,929
Provision for stocks payment	8	20
Provision for special repairs	227	244
Other	1,480	1,397
Total non-current liabilities	62,175	83,019
Total liabilities	68,613	95,525
Net assets		
Shareholders' equity		
Capital stock	2,080	2,105
Deposit for subscriptions to shares	11	3
Capital surplus	2,067	2,092
Retained earnings	5,369	6,830
Treasury shares	(504)	(496)
Total shareholders' equity	9,025	10,535
Accumulated other comprehensive income		
Deferred gains or losses on hedges	312	1,871
Total accumulated other comprehensive income	312	1,871
Share options	9	16
Non-controlling interests	3,539	4,847
Total net assets	12,886	17,271
Total liabilities and net assets	81,499	112,796

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

(Million yen)

	Six months ended Nov. 2018	Six months ended Sep. 2019
Net sales	6,656	8,860
Cost of sales	3,219	3,775
Gross profit	3,436	5,084
Selling, general and administrative expenses	1,495	1,826
Operating profit	1,941	3,258
Non-operating income		
Interest income	1	1
Reversal of allowance for doubtful accounts	88	—
Other	4	5
Total non-operating income	94	6
Non-operating expenses		
Interest expenses	657	762
Share of loss of entities accounted for using equity method	—	129
Commission fee	14	9
Amortization of business commencement expenses	187	277
Other	8	14
Total non-operating expenses	868	1,192
Ordinary profit	1,166	2,072
Extraordinary income		
Gain on step acquisitions	—	852
Gain of negative goodwill	—	66
Total extraordinary income	—	919
Extraordinary losses		
Loss on retirement of non-current assets	5	—
Total extraordinary losses	5	—
Profit before income taxes	1,160	2,991
Income taxes	326	878
Profit	834	2,113
Profit attributable to non-controlling interests	512	638
Profit attributable to owners of parent	322	1,475

## Consolidated Quarterly Statement of Comprehensive Income (Non-Audited)

(Million yen)

	Six months ended Nov. 30, 2018	Six months ended Sep. 30, 2019
Profit	834	2,113
Other comprehensive income		
Deferred gains or losses on hedges	131	16
Foreign currency translation adjustment	0	–
Share of other comprehensive income of entities accounted for using equity method	–	1,550
Total other comprehensive income	131	1,566
Comprehensive income	966	3,680
Comprehensive income attributable to		
Owners of parent	389	3,033
Non-controlling interests	576	646

## (3) Consolidated Quarterly Statement of Cash Flows (Non-Audited)

(Million yen)

	Six months ended Nov. 30, 2018	Six months ended Sep. 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,160	2,991
Depreciation	1,365	1,773
Amortization of goodwill	16	20
Amortization of business commencement expenses	187	277
Increase (decrease) in allowance for doubtful accounts	(51)	24
Increase (decrease) in allowance for investment loss	3	12
Increase (decrease) in provision for bonuses	16	9
Increase (decrease) in provision for stocks payment	10	11
Increase (decrease) in provision for special repairs	31	49
Interest and dividend income	(1)	(1)
Interest expenses	657	762
Commission fee	14	9
Share of (profit) loss of entities accounted for using equity method	—	129
Loss on retirement of non-current assets	5	—
Loss (gain) on step acquisitions	—	(852)
Gain of negative goodwill	—	(66)
Decrease (increase) in accounts receivable - trade	46	(953)
Decrease (increase) in inventories	(16)	21
Increase (decrease) in accounts payable - trade	35	(157)
Other, net	(581)	(341)
Subtotal	2,900	3,719
Interest and dividend income received	0	0
Interest expenses paid	(618)	(803)
Income taxes paid	(582)	(713)
Net cash provided by (used in) operating activities	1,699	2,203
Cash flows from investing activities		
Payments for construction advances	(1,410)	(12)
Collection of construction advances	71	1,341
Purchase of property, plant and equipment	(534)	(3,817)
Purchase of investment securities	(2,027)	(2,307)
Payments of loans receivable	(154)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(685)
Other, net	46	(6)
Net cash provided by (used in) investing activities	(4,009)	(5,486)

(Million yen)

	Six months ended Nov. 30, 2018	Six months ended Sep. 30, 2019
Cash flows from financing activities		
Proceeds from long-term loans payable	6,362	6,921
Repayments of long-term loans payable	(2,471)	(3,542)
Proceeds from issuance of common shares	97	38
Purchase of treasury shares	(513)	—
Dividends paid to non-controlling interests	(375)	(278)
Repayments of lease obligations	(6)	(8)
Net decrease (increase) in restricted deposits	202	(2,119)
Other, net	13	3
Net cash provided by (used in) financing activities	3,308	1,015
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	999	(2,268)
Cash and cash equivalents at beginning of period	6,009	12,426
Cash and cash equivalents at end of period	7,009	10,158



(4) 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

Six months ended Nov. 30, 2018 (June 1, 2018 – November 30, 2018)

### 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	6,233	423	6,656	–	6,656
Sales and transfer – inter-segment	–	996	996	(996)	–
Total	6,233	1,419	7,653	(996)	6,656
Segment profit (Note 2)	4,143	365	4,508	(3,342)	1,166

- (Notes) 1. The adjustment of (3,342) million yen to the segment profits includes interest expenses of (657) million yen, interest expenses on asset retirement obligations of (13) million yen, interest income of 1 million yen, depreciation of (1,365) million yen, amortization of long-term prepaid expenses of (13) million yen, amortization of goodwill of (16) million yen, amortization of deferred assets of (187) million yen, and elimination of intersegment transactions of (1,089) 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 deferred organization expenses)). The segment profit figure of 1,166 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.

Six months ended Sep. 30, 2019 (April 1, 2019 – September 30, 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	7,504	1,355	8,860	–	8,860
Sales and transfer – inter-segment	–	1,145	1,145	(1,145)	–
Total	7,504	2,501	10,005	(1,145)	8,860
Segment profit (Note 2)	5,207	875	6,083	(4,010)	2,072

- (Notes) 1. The adjustment of (4,010) million yen to the segment profits includes interest expenses of (762) million yen, interest expenses on asset retirement obligations of (15) million yen, interest income of 1 million yen, depreciation of (1,773) million yen, amortization of long-term prepaid expenses of (18) million yen, amortization of goodwill of (20) million yen, amortization of deferred assets of (277) million yen, and elimination of intersegment transactions of (1,144) 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 2,072 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 current 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 current 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..

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 current 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 does not constitute segment profit in "Segment Information 1. Results by Reportable Segment" as it is 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 current 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.

## Business combination

(Business Combination through Acquisition)

On July 1, 2019 RENOVA acquired an additional 13% of ownership interest in Karumai West Solar T.K., concurrently with the commencement of operations at the Karumai West Solar Power Plant. As a result of the acquisition, RENOVA's ownership interest of Karumai West Solar T.K., which previously was an equity method affiliate of RENOVA, increased to 51%. As a result, Karumai West Solar T.K. became a consolidated subsidiary of RENOVA.

### 1. Overview of the business combination

#### (1) Company name and description of acquired business

Company name: Karumai West Solar T.K.

Description of acquired business: Solar power generation

#### (2) Main reason for the business combination

To increase RENOVA's business scale, while also increasing our commitment to the region's development as an independent power producer.

#### (3) Date of business combination

July 1, 2019

#### (4) Legal form of business combination

Acquisition of ownership interest with cash

#### (5) Name of acquired company after business combination

Karumai West Solar T.K.

#### (6) Ownership interest

Ownership interest held before business combination: 38%

Ownership interest gained through the acquisition: 13%

Ownership interest after the acquisition: 51%

#### (7) Main rationale for determining the acquiring company

RENOVA increased its ownership interest in Karumai West Solar T.K. to 51% in an all-cash transaction.

### 2. Results of the acquired company that are included in the consolidated quarterly statement of income for the six months ended September 30, 2019.

July 1, 2019 – September 30, 2019

### 3. Total cost for the acquired business

Market value of RENOVA's ownership interest in

Karumai West Solar T.K. immediately before the business combination: 963 million yen

Price of additional investment on July 1, 2019: cash 329 million yen

Total cost for the acquired business: 1,293 million yen

### 4. Difference between the acquisition cost for the acquired company and the total amount of acquisition costs for each step in the acquisition.

682 million yen gain on step acquisitions

### 5. Main costs associated with the acquisition

None

### 6. Amount of goodwill, principal component of goodwill recognized, depreciation method and period

#### (1) Amount of goodwill

312 million yen

#### (2) Principal component of goodwill recognized

Goodwill represents expected excess earning power attributable to future business activities.

#### (3) Depreciation method and period

Straight-line method over 20 years

## Significant Subsequent Events

(Business Combination through Acquisition)

On November 1, 2019 RENOVA decided to acquire an additional ownership interest in Karumai East Solar T.K. held by other co-investors on December 2, 2019 (the scheduled date) under the "Memorandum on the transfer of ownership interests, etc. in the silent partnership regarding Karumai East Solar GK" concluded between RENOVA and other co-investors.

Karumai East Solar T.K., which consists of the Karumai East Solar Power Plant, currently is an equity method affiliate of RENOVA. As a result of the acquisition, RENOVA's ownership interest of Karumai East Solar T.K. will increase to 69.25%. Consequently, Karumai East Solar T.K. will become a consolidated subsidiary of RENOVA.

### 1. Overview of the business combination

#### (1) Company name and description of acquired business

Company name: Karumai East Solar T.K.

Description of acquired business: Solar power generation

#### (2) Main reason for the business combination

To increase RENOVA's business scale, while also increasing our commitment to the region's development as an independent power producer.

#### (3) Date of business combination

Expected date of completion of business combination: December 2, 2019

Expected date of inclusion in consolidated financial statements as a consolidated subsidiary: December 31, 2019

#### (4) Legal form of business combination

Acquisition of ownership interest with cash

#### (5) Name of acquired company after business combination

Karumai East Solar T.K.

#### (6) Ownership interest

Ownership interest held before business combination: 38.50%

Ownership interest gained through the acquisition: 30.75%

Ownership interest after the acquisition: 69.25%

#### (7) Main rationale for determining the acquiring company

RENOVA increased its ownership interest in Karumai East Solar T.K. to 69.25% in an all-cash transaction.

### 2. Cost for the acquired business

Price of additional investment on December 2, 2019: cash 1,020 million yen

Total cost for the additionally acquired business: 1,020 million yen