NOTICE: For the convenience of capital market participants, RENOVA, Inc. makes efforts to provide English translations of the information disclosed in Japanese. However, in the event that any discrepancy is found between the documents, the Japanese original shall prevail over its English translation.

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (Japanese GAAP, Non-Audited)

April 4, 2019

Company name:	RENOVA, Inc.	Stock exchange listing:	Tokyo
Securities code:	9519	URL:	http://www.renovainc.com/
Representative:	Yosuke Kiminami, Founding CEO		
Contact:	Aki Mori, CFO		Tel. +81-3-3516-6263

Scheduled date of quarterly securities report filing: April 4, 2019
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, 2019 (June 1, 2018 – February 28, 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	
Nine months	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
ended Feb. 28, 2019	10,522	20.6	5,534	11.1	3,395	13.3	2,169	17.3	837	37.1
ended Feb. 28, 2018	8,727	28.8	4,983	15.3	2,996	18.8	1,849	(0.5)	610	(69.5)

(Note) Comprehensive income:
Nine months ended Feb. 28, 2019: 1,585 million yen, 24.7% Nine months ended Feb. 28, 2018: 1,271 million yen, (44.6%)

	Earnings per share (basic)	Earnings per share (diluted)
Nine months	Yen	Yen
ended Feb. 28, 2019	11.24	10.63
ended Feb. 28, 2018	8.30	7.92

* 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) RENOVA conducted a 2-for-1 share split of its common shares with an effective date of May 1, 2018, and 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 both share splits were conducted at the beginning of the fiscal year ended May 2018.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio*	Net assets per share
As of	Million yen	Million yen	%	Yen
Feb. 28, 2019	71,498	11,476	11.5	109.17
May 31, 2018	65,713	10,870	11.6	102.98

(Reference) Equity attributable to owner of parent: As of Feb. 28, 2019: 8,195 million yen As of May 31, 2018: 7,648 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	Yen	Yen	Yen	Yen	Yen
ended May 2018	–	0.00	–	0.00	0.00
ending March 2019	–	0.00	–		
ending March 2019 (forecast)				0.00	0.00

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

(Note) As stated in the "Notice Regarding Change in Fiscal Year End (Last Day of Fiscal Year)" announced on July 5, 2018, RENOVA changed its fiscal year end (last day of fiscal year) from May 31 to March 31. Accordingly, the current fiscal year will comprise the financial results for the 10 months from June 1, 2018 to March 31, 2019, and the record date for the year-end dividend has changed to March 31, 2019. Therefore, the above dividend forecast corresponds to the 10 months period ending March 31, 2019.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2019 (June 1, 2018 – March 31, 2019)

(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	14,000	–	7,800	–	5,000	–	3,400	–	1,650	–	22.13

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

(Notes) 1. Consolidated Forecasts for the fiscal year ending March 31, 2019, which were released on January 9, 2019, have been revised upward. For further information, please refer to "Notice of Revision to Full Year Consolidated Forecasts" announced on April 4, 2019.
2. As stated in the "Notice Regarding Change in Fiscal Year End (Last Day of Fiscal Year)" announced on July 5, 2018, the current fiscal year will comprise the financial results for the 10 months from June 1, 2018 to March 31, 2019. Accordingly, year-on-year changes are not presented in the table above, as the relevant comparable period and corresponding figures are unavailable.

* 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): None
Newly added: –
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):	Yes
(iii)	Changes in accounting estimates:	Yes
(iv)	Restatements:	None

(Note) From the first quarter of the fiscal year ending March 31, 2019, RENOVA changed its accounting policy concerning the depreciation method of fixed assets. This change qualifies as a “change of accounting policy that cannot be distinguished from a change in accounting estimates”. Please see page 7, “Consolidated Quarterly Financial Statements and Key Notes (3) Notes to Consolidated Quarterly Financial Statements (Changes in Accounting Policies and others)” for details.

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

(i) Number of issued shares at end of period (including treasury shares)
As of Feb. 28, 2019: 75,447,600 shares As of May 31, 2018: 74,268,400 shares

(ii) Number of treasury shares at end of period
As of Feb. 28, 2019: 393,600 shares As of May 31, 2018: – shares

(iii) Average number of shares outstanding during the period
For the nine months ended Feb. 28, 2019: 74,500,620 shares
For the nine months ended Feb. 28, 2018: 73,540,312 shares

(Note) RENOVA conducted a 2-for-1 share split of its common shares with an effective date of May 1, 2018, and 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 both share splits were conducted at the beginning of the fiscal year ended May 2018.

* This report is not subject to 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 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 May 31, 2018	As of Feb. 28, 2019
Assets		
Current assets		
Cash and deposits	14,118	14,180
Accounts receivable – trade	1,665	3,105
Work in process	45	2
Raw materials and supplies	162	181
Advances paid to subsidiaries and associates	3,043	6,472
Other	393	566
Allowance for doubtful accounts	(243)	(199)
Total current assets	19,185	24,310
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,732	6,088
Accumulated depreciation	(500)	(610)
Buildings and structures, net	5,232	5,477
Machinery, equipment and vehicles	40,209	40,428
Accumulated depreciation	(6,632)	(8,432)
Machinery, equipment and vehicles, net	33,577	31,995
Land	1,738	1,738
Other	208	162
Accumulated depreciation	(72)	(69)
Other, net	135	93
Total property, plant and equipment	40,684	39,305
Intangible assets		
Goodwill	564	540
Other	724	696
Total intangible assets	1,289	1,236
Investments and other assets		
Shares of subsidiaries and associates	358	2,544
Investments in other securities of subsidiaries and associates	1,077	1,011
Other	2,297	2,554
Allowance for investment loss	(9)	(13)
Total investments and other assets	3,723	6,096
Total non-current assets	45,697	46,639
Deferred assets	830	548
Total assets	65,713	71,498

(Million yen)

	As of May 31, 2018	As of Feb. 28, 2019
Liabilities		
Current liabilities		
Accounts payable – trade	111	264
Current portion of long-term loans payable	3,945	4,058
Income taxes payable	551	357
Provision for bonuses	136	94
Other	665	1,288
Total current liabilities	5,410	6,063
Non-current liabilities		
Long-term loans payable	45,196	49,583
Asset retirement obligations	2,445	2,511
Provision for stocks payment	–	7
Provision for special repairs	222	272
Other	1,569	1,582
Total non-current liabilities	49,433	53,957
Total liabilities	54,843	60,021
Net assets		
Shareholders' equity		
Capital stock	1,986	2,078
Deposit for subscriptions to shares	–	2
Capital surplus	1,973	2,066
Retained earnings	3,713	4,547
Treasury shares	–	(504)
Total shareholders' equity	7,673	8,190
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(4)	4
Foreign currency translation adjustment	(20)	–
Total accumulated other comprehensive income	(25)	4
Share options	5	7
Non-controlling interests	3,216	3,273
Total net assets	10,870	11,476
Total liabilities and net assets	65,713	71,498

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statement of Income (Non-Audited)

(Million yen)

	Nine months ended Feb. 28, 2018	Nine months ended Feb. 28, 2019
Net sales	8,727	10,522
Cost of sales	4,183	4,912
Gross profit	4,544	5,610
Selling, general and administrative expenses	1,547	2,214
Operating profit	2,996	3,395
Non-operating income		
Interest income	0	2
Share of profit of entities accounted for using equity method	23	–
Foreign exchange gains	6	–
Subsidy income	26	–
Insurance income	12	5
Reversal of allowance for doubtful accounts	–	88
Other	9	8
Total non-operating income	77	104
Non-operating expenses		
Interest expenses	939	981
Commission fee	10	37
Amortization of business commencement expenses	269	281
Foreign exchange losses	–	20
Other	4	9
Total non-operating expenses	1,224	1,330
Ordinary profit	1,849	2,169
Extraordinary losses		
Loss on retirement of non-current assets	–	5
Loss on step acquisitions	19	–
Total extraordinary losses	19	5
Profit before income taxes	1,830	2,163
Income taxes	611	616
Profit	1,219	1,547
Profit attributable to non-controlling interests	608	710
Profit attributable to owners of parent	610	837

Consolidated Quarterly Statement of Comprehensive Income (Non-Audited)

(Million yen)

	Nine months ended Feb. 28, 2018	Nine months ended Feb. 28, 2019
Profit	1,219	1,547
Other comprehensive income		
Deferred gains or losses on hedges	55	17
Foreign currency translation adjustment	(8)	20
Share of other comprehensive income of entities accounted for using equity method	5	–
Total other comprehensive income	52	37
Comprehensive income	1,271	1,585
Comprehensive income attributable to		
Owners of parent	635	866
Non-controlling interests	636	718

(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

In accordance with the resolution of the annual shareholders meeting held on August 29, 2018, RENOVA introduced a share-based compensation plan (hereinafter referred to as the "Plan". Please see page 11, "Additional Information (Share-based Compensation Plan)" for details) for its directors (including external directors) and executive officers. As part of the Plan, in the second quarter RENOVA purchased shares totaling 513 million yen through a trustee bank, which have been recorded as treasury shares in the "Net assets" section on the balance sheet and resulted in a corresponding decrease in our consolidated shareholders' equity. As of February 28, 2019, the total number of treasury shares held by the trustee bank are 393,600 shares with a book value of 504 million yen.

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.

Changes in Accounting Policies and Others

(Changes in Accounting Policies that Cannot Be Distinguished from Changes in Accounting Estimates)

(Change in the depreciation method of non-current assets)

RENOVA and its subsidiaries and affiliates have generally adopted the straight-line method when accounting for non-current assets. The "Renewable Energy Development and Operation Business" segment, however, had previously adopted the declining-balance method. Beginning from the first quarter of the current consolidated fiscal year, the segment also adopted the straight-line method to unify the accounting policies of RENOVA with those of its subsidiaries and affiliates.

This change in accounting policy is timed to coincide with RENOVA's head office relocation, which resulted in a significant replacement of depreciable assets within the "Renewable Energy Development and Operation Business" segment.

The impact of this change on the profit and loss for the third quarter of the consolidated fiscal year ending March 31, 2019 is minor.

Additional Information

(Adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.”)

Effective from the beginning of the first quarter of the fiscal year ending March 31, 2019, RENOVA has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Statement No. 28, February 16, 2018) and other standards, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under long-term liabilities.

(Change in Presentation Method)

In the previous consolidated fiscal year, RENOVA’s consolidated subsidiaries’ long-term non-recourse loans payable had been presented as “Current portion of long-term non-recourse loans payable” and “Long-term non-recourse loans payable”. This is because these loans are non-recourse to RENOVA as the parent company. However, as these subsidiaries comprise a part of the consolidated RENOVA Group, the subsidiaries’ loans would not be considered non-recourse for RENOVA Group as a whole. Therefore, beginning from the first quarter of current fiscal year ending March 31, 2019, RENOVA presents these subsidiaries’ loans as a part of “Current portion of long-term loans payable” and “Long-term loans payable”. Figures for the previous consolidated fiscal year are reclassified to reflect this change in presentation method.

As a result, 2,020 million yen presented in “Current portion of long-term non-recourse loans payable” under “Current liabilities”, and 30,465 million yen presented in “Long-term non-recourse loans payable” under “Non-current liabilities” in the consolidated balance sheet of the previous consolidated fiscal year has been reclassified as “Current portion of long-term loans payable” under “Current liabilities” and “Long-term loans payable” under “Non-current liabilities” respectively.

(Change in Fiscal Year End)

RENOVA resolved to change its fiscal year end (last day of fiscal year) from May 31 to March 31at the meeting of the Board of Directors held on July 5, 2018 and the 19th Annual General Meeting of Shareholders held on August 29, 2018.

1. Details of the Change

Previous fiscal period twelve-month period ending May 31 of each year

Current fiscal period twelve-month period ending March 31 of each year

As a result of this change, current fiscal year is the ten-month period from June 1, 2018 to March 31, 2019. Renova Asset Management, Inc., a 100% consolidated subsidiary of RENOVA in the “Renewable Energy Development and Operation Business” segment, also changed its fiscal year from the twelve- month period ending May 31 to the twelve-month period ending March 31 of each year.

2. Reasons for the Change

RENOVA’s subsidiaries and affiliates, which own renewable energy power plants, have fiscal years ending on March 31, whereas RENOVA had a fiscal year ending on May 31. Aligning RENOVA’s fiscal year end with those of its subsidiaries and affiliates eliminates a two-month time lag for incorporating its subsidiaries and affiliates’ business results in RENOVA’s consolidated financial results. This change aims to ensure timely disclosure and to provide easy-to-understand information concerning RENOVA’s financial results.

(Share-based Compensation Plan)

In accordance with the resolution of the 19th annual shareholders meeting held on August 29, 2018, RENOVA introduced a share-based compensation plan (hereinafter referred to as the “Plan”) for directors (including external directors) and operating officers .The Plan aims to increase the commitment of our directors (including external directors) and executive officers to RENOVA’s medium to long-term business performance by creating an incentive structure for RENOVA’s directors (including external directors) and executive officers.

(1) Overview

The Plan is a share-based compensation plan whereby RENOVA delivers and grants shares that are acquired through the share delivery trust and money equivalent to the converted value of RENOVA’s shares (hereinafter referred to as the “Shares and Cash”) to its directors (excluding external directors) and executive officers, in accordance with their official positions and degree of achievement of their

performance targets. RENOVA will also deliver and grant certain fixed amounts of Shares and Cash to its external directors to ensure appropriate management supervision functions of RENOVA's businesses.

(2) Acquired shares

The book value of the Shares held by the trustee bank are recorded as treasury shares in the "Net assets" section on RENOVA's balance sheet. As of February 28, 2019, the book value and total number of treasury shares held by the trustee bank are 504 million yen and 393,600 shares respectively.

Segment Information

Nine months ended Feb. 28, 2018 (June 1, 2017 – February 28, 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	7,678	1,048	8,727	–	8,727
Sales and transfer – inter-segment	–	1,223	1,223	(1,223)	–
Total	7,678	2,271	9,950	(1,223)	8,727
Segment profit (Note 2)	5,140	1,377	6,518	(4,668)	1,849

(Notes) 1. The adjustment of (4,668) million yen to the segment profits includes interest expenses of (939) million yen, interest expenses on asset retirement obligations of (21) million yen, interest income of 0 million yen, depreciation of (1,860) million yen, amortization of long-term prepaid expenses of (18) million yen, amortization of goodwill of (23) million yen, amortization of deferred assets of (269) million yen, and elimination of intersegment transactions of (1,534) million yen.

2. Segment profit represents EBITDA (Ordinary profit + Net interest expenses + Depreciation + Amortization of long-term prepaid expenses (amortization of grid connection costs) + Amortization of goodwill + Amortization of deferred assets (amortization of business commencement expenses)). The segment profit figure of 1,849 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.

2. Information on Impairment Loss on Non-current Assets and Goodwill by Reportable Segment

(Significant changes in the amount of goodwill)

The amount of goodwill increased by 50 million yen in the Renewable Energy Power Generation Business segment due to the inclusion of United Renewable Energy Co., Ltd. in the scope of consolidation.

Nine months ended Feb. 28, 2019 (June 1, 2018 – February 28, 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	8,849	1,672	10,522	–	10,522
Sales and transfer – inter-segment	–	1,936	1,936	(1,936)	–
Total	8,849	3,609	12,459	(1,936)	10,522
Segment profit (Note 2)	5,665	2,167	7,833	(5,663)	2,169

(Notes) 1. The adjustment of (5,663) million yen to the segment profits includes interest expenses of (981) million yen, interest expenses on asset retirement obligations of (19) million yen, interest income of 2 million yen, depreciation of (2,040) million yen, amortization of long-term prepaid expenses of (19) million yen, amortization of goodwill of (24) million yen, amortization of deferred assets of (281) million yen, and elimination of intersegment transactions of (2,298) 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 2,169 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.

Significant Subsequent Events

(Business Combination through Acquisition)

On March 1, 2019 Renova acquired an additional 62% of ownership interest of Yokkaichi Solar TK, concurrently with the commencement of operations at the Yokkaichi Solar Power Plant. As a result of the acquisition, Renova's ownership interest of Yokkaichi Solar TK, which previously was an equity method affiliate of Renova, increased to 100%. As a result, Yokkaichi Solar TK became a consolidated subsidiary of Renova.

1. Overview of the business combination
   (1) Company name and description of acquired business
   Company name: Yokkaichi Solar TK
   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
   Date of completion of business combination: March 1, 2019
   Date of inclusion in consolidated
   financial statements as a consolidated subsidiary: March 31, 2019
   (4) Legal form of business combination
   Acquisition of ownership interest with cash
   (5) Name of acquired company after business combination
   Yokkaichi Solar TK
   (6) Ownership interest
   Ownership interest held before business combination: 38%
   Ownership interest gained through the acquisition: 62%
   Ownership interest after the acquisition: 100%
   (7) Main rationale for determining the acquiring company
   Renova increased its ownership interest in Yokkaichi Solar TK to 100% in an all-cash transaction.
2. Total cost for the acquired business

Market value of Renova's ownership interest in Yokkaichi Solar TK immediately before the business combination:	250 million yen
Price of additional investment on March 1, 2019:	cash 408 million yen
Total cost for the acquired business:	658 million yen

3. Main costs associated with the acquisition
   To be determined
4. Amount of goodwill, reason for recording goodwill, depreciation method and period
   To be determined
5. Assets and liabilities accepted on the date of the business combination
   To be determined