Supplementary Material on Financial Results for 1Q, Fiscal Year Ending March 2020

RENOVA, Inc.

August 1, 2019

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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 down, totals in each column may not match.
In this document, current(quarterly) profit is listed as net(quarterly) income attributable to owners of the parent.

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Key Highlights of Financial Results for 1Q, FY3/2020 and Recent Updates

1. **Net sales and profit in line with the full-year plan**

2. **Nasukarasuyama and Karumai West Solar Projects reached COD in May and July 2019, and both became consolidated subsidiaries**

3. **On July 30th, The waters off of Yurihonjo City, Akita Prefecture were selected as a "Potential Zone"*1 by the authorities*2**

*1 Areas that are found to meet the criteria for promising areas as described in the Guidelines for Designating Areas for Promoting the Establishment of Ocean Renewable Energy Power Generation Facilities (https://www.enecho.meti.go.jp/category/saving_and_new/new/information/190611a/pdf/guideline.pdf)

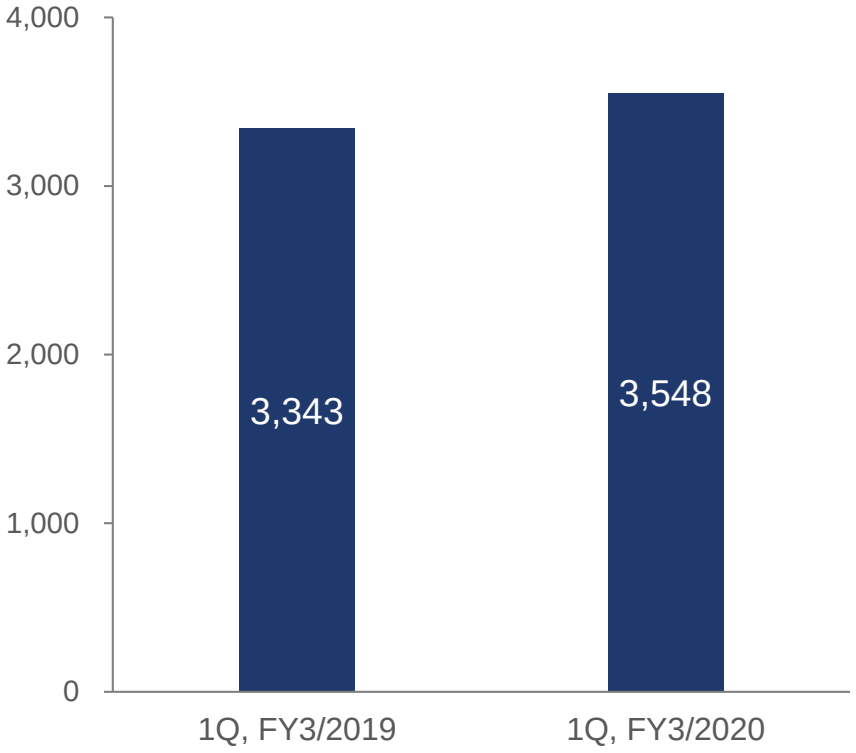
*2 News release by the Ministry of Economy, Trade and Industry (METI) on July 30, 2019 (https://www.meti.go.jp/press/2019/07/20190730001/20190730001.html)

Trend in Net Sales and EBITDA

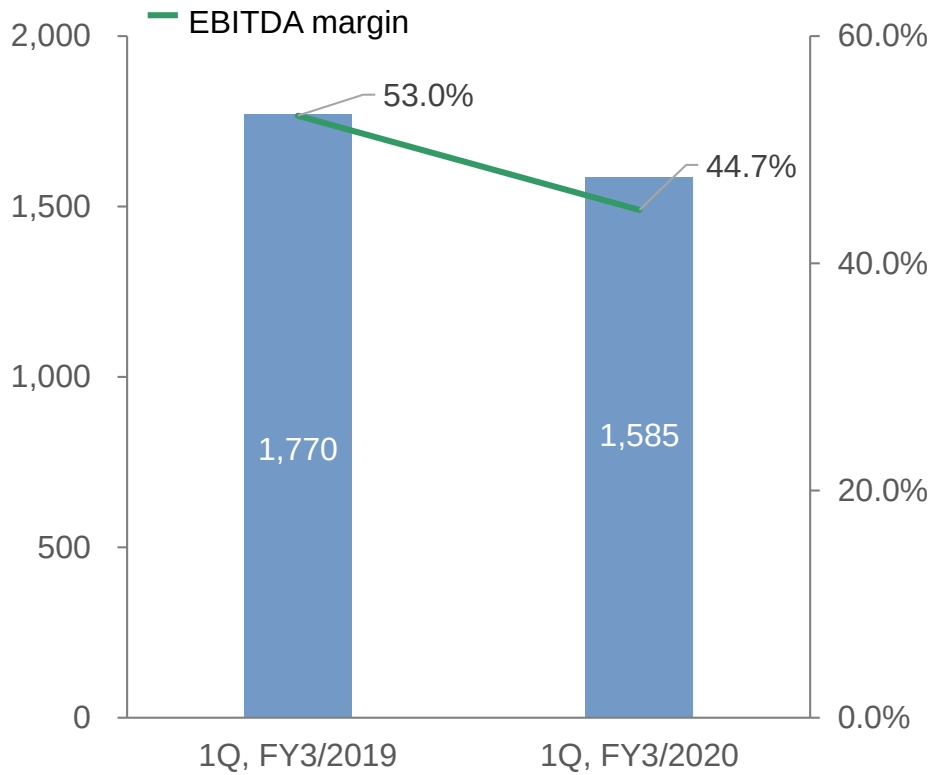
(Million yen)

- Net Sales grew compared to the previous 1Q due to the consolidation of the Yokkaichi Solar Project and favorable steady power generation.
- Although business development fees were recorded for the Kanda Biomass Project in 1Q 2019, no business development fees were recorded in 1Q 2020. As a result, EBITDA in 1Q 2020 decreased from the same period of the previous year (as planned).

Net Sales



EBITDA*1



*1 EBITDA = ordinary profit + net interest expenses + depreciation + amortization of long-term prepaid expenses (grid connection costs and deferred consumption tax) + amortization of goodwill + amortization of deferred assets (business commencement expenses and deferred organization expenses). EBITDA is neither subject to audit nor quarterly review.

Quarterly Financial Highlights

(Million yen)

- Financial results are in line with the full-year forecasts.
- Ratio to full-year plan in 1Q 2020 is low, as business development fees are expected to be recorded in the second half of FY3/2020.

	FY3/2019 1Q YTD	FY3/2020 1Q YTD	FY3/2020 (Full-year plan)	Ratio to full-year plan
Net Sales	**3,343**	**3,548**	**17,500**	20.3%
EBITDA*1	**1,770**	**1,585**	**9,400**	16.9%
EBITDA margin	***53.0%***	***44.7%***	***53.7%***	-
Operating profit	1,072	934	5,700	16.4%
Ordinary profit	**643**	**361**	**3,300**	10.9%
Extraordinary income	-	236	971	-
Extraordinary losses	2	-	-	-
Profit*2	**241**	**119**	**2,100**	5.7%
EPS (yen)*3	**3.25**	**1.59**	**27.83**	-
LTM ROE*4	**7.6%**	**17.6%**	**19.9%**	
Number of power plants in operation (The figures in parentheses ( ) represents the number of power plants to which equity method investment is applied.)	8(0)	10(0)	12(1)	
Capacity (MW)*5	163.7	204.5	333.3	-

Net Sales increase driven by consolidation of Yokkaichi Solar.

EBITDA in 1Q 2020 was relatively lower because business development fees for the Kanda Biomass Project were recorded in 1Q 2019.

Continuing aggressive up-front investment, including personnel expenses.

Gain on step acquisitions due to consolidation of Yokkaichi Solar.

Expecting to record business development fees in the second half of FY3/2020.

*1 EBITDA = ordinary profit + net interest expenses + depreciation + amortization of long-term prepaid expenses (grid connection costs and deferred consumption tax) + amortization of goodwill + amortization of deferred assets (business commencement expenses and deferred organization expenses). EBITDA is neither subject to audit nor quarterly review. EBITDA is neither subject to audit nor quarterly review. *2 Profit attributable to owners of parent

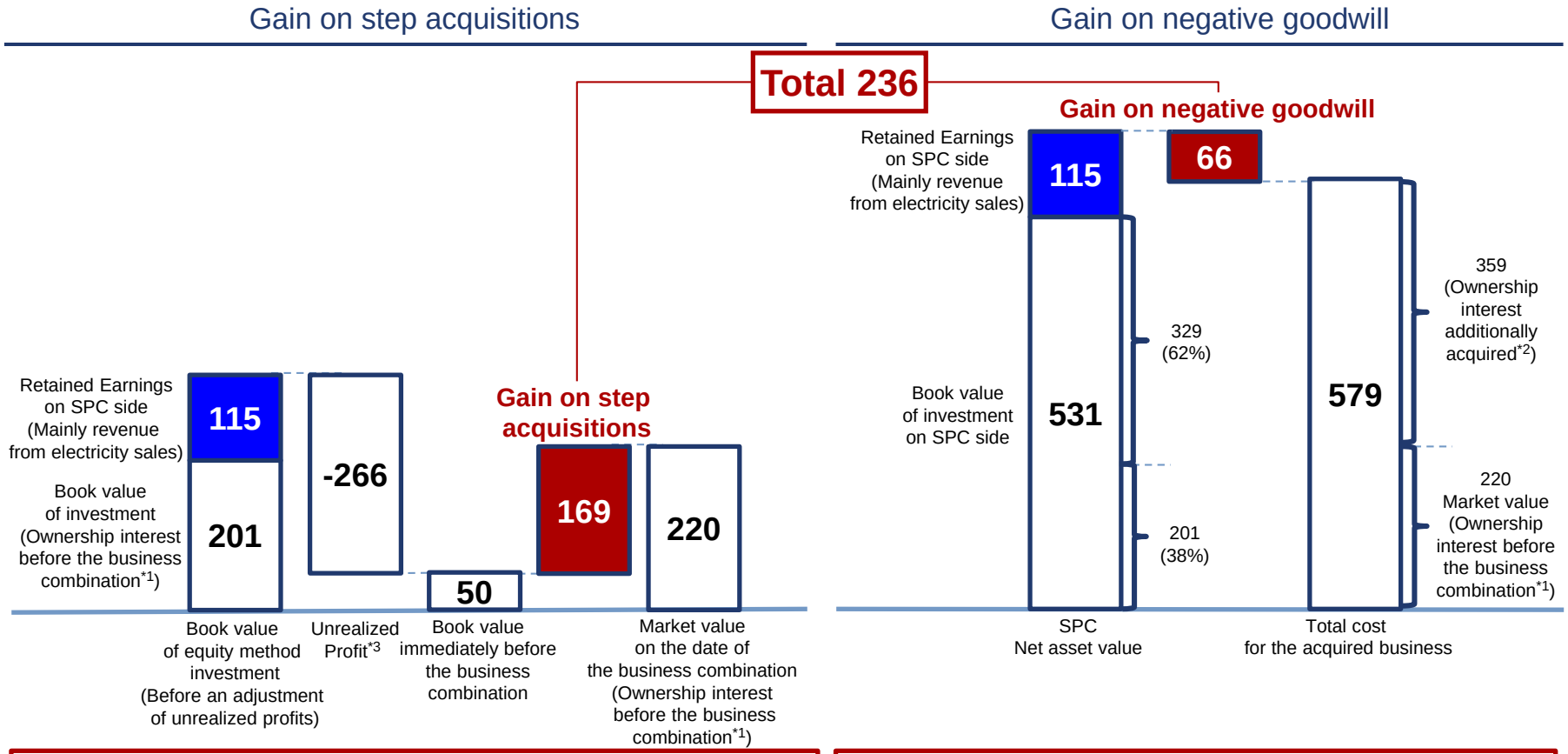
*3 The EPS value does not consider adjustment for dilutive shares. This value has been calculated from the average number of shares after share splits on the assumption that share splits effective on September 1, 2018, had taken place at the beginning of the previous fiscal year .

*4 For the purpose of calculating LTM 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. *5 The capacity figures represent gross generation capacity.

(Reference) Gain on step acquisitions and Gain on negative goodwill

(Million yen)

- In the business combination of Nasukarasuyama Solar T.K. (referred to as “SPC”), gain on negative goodwill was recognized, mainly due to profit from sales of electricity generated during the COD to the date of the business combination (May 1, 2019 to June 30, 2019), other than the recognition of gain on step acquisitions.



- Gain on step acquisitions
  = Market value of existing equity on the date of business combination less Book value immediately before the business combination

- Gain on negative goodwill
  = SPC Net asset value on the date of the business combination less Total cost for the acquired business

*1 Ownership interest before the business combination = 38%, * 2 Ownership interest additionally acquired = 62%
*3 38% of gain from business development fees and construction support service fees which RENOVA received from Nasukarasuyama Solar T.K..

Quarterly Results by Segment[*1]

(Million yen)

- Net sales grew compared to 1Q 2019 due to consolidation of the Yokkaichi Solar Project and steady power generation business.
- Although business development fees were recorded for the Kanda Biomass Project in 1Q 2019, no business development fees were recorded in 1Q 2020. As a result, EBITDA in 1Q 2020 decreased from the same period of the previous year (as planned). Large business development fees are expected to be recorded in the second half of FY3/2020.

		FY3/2019 1Q YTD	FY3/2020 1Q YTD	FY3/2020 (Full-year plan)	Ratio to full-year plan
Renewable Energy Power Generation Business (A)	Net sales	3,003	3,460	13,300	26.0%
	EBITDA	2,020	2,404	8,500	28.3%
	Ordinary profit	928	1,214	2,700	45.0%
Renewable Energy Development and Operation Business + Elimination (B)[*1]	Net sales	339	88	4,200	2.1%
	EBITDA	-249	-818	900	NM
	Ordinary profit	-285	-852	600	NM
Total[*1] (A + B)	Net sales	3,343	3,548	17,500	20.3%
	EBITDA	1,770	1,585	9,400	16.9%
	Ordinary profit	643	361	3,300	10.9%

Net Sales increase from consolidation of Yokkaichi Solar. Renewable Energy Power Generation Business is performing well.

No business development fees were recorded in 1Q 2020.

Continuing aggressive up-front investment, including personnel expenses.

*1 When receiving development fees from affiliated companies, RENOVA records such development fees in its consolidated financial results after deducting amounts that correspond to RENOVA's ownership stake in those affiliated companies.

Consolidated Subsidiaries of the Renewable Energy Power Generation Business

(Million yen)

■ Almost all projects observed steady power generation. Operations at the Akita Biomass Project[*1] have been steady.

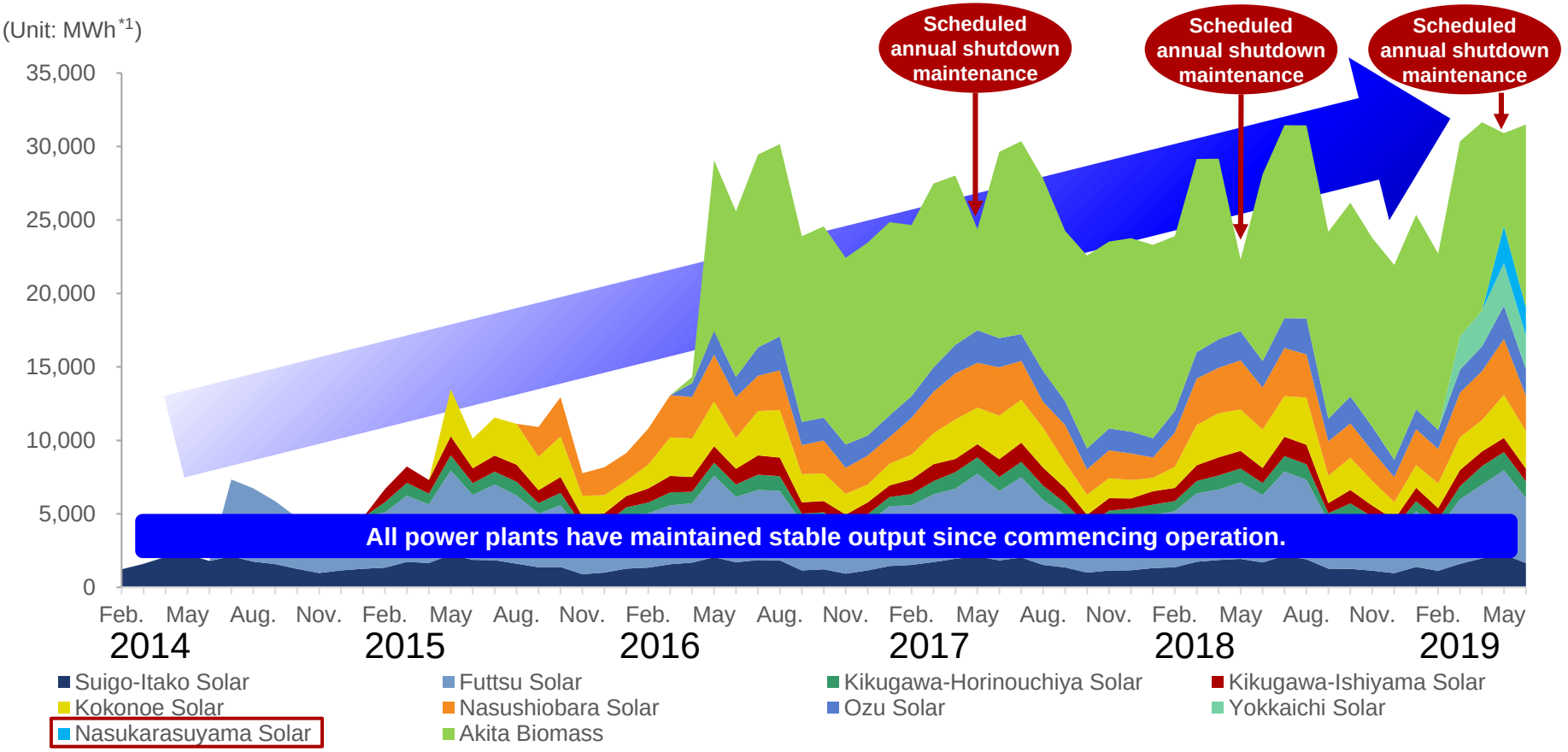
		Net Sales	EBITDA	EBITDA margin	Ordinary Income	Profit	Ownership Interest
Suigo-Itako Solar[*2]	FY3/2020 1Q	240	191	79.8%	120	87	68.0%
	FY3/2019 1Q	226	180	79.8%	100	72	68.0%
Futtsu Solar[*2]	FY3/2020 1Q	622	541	87.0%	324	233	51.0%
	FY3/2019 1Q	603	517	85.9%	297	214	51.0%
Kikugawa-Ishiyama Solar[*2]	FY3/2020 1Q	148	116	78.3%	59	43	63.0%
	FY3/2019 1Q	141	114	80.6%	56	41	63.0%
Kikugawa-Horinouchiya Solar[*2]	FY3/2020 1Q	116	89	76.2%	43	31	61.0%
	FY3/2019 1Q	111	87	78.2%	41	30	61.0%
Kokonoe Solar[*3 *4]	FY3/2020 1Q	308	241	78.3%	78	78	100.0%
	FY3/2019 1Q	343	278	81.3%	112	112	100.0%
Nasushiobara Solar[*3 *4]	FY3/2020 1Q	388	325	83.9%	168	168	100.0%
	FY3/2019 1Q	381	334	87.6%	174	174	100.0%
Ozu Solar[*3 *4]	FY3/2020 1Q	211	159	75.3%	38	38	100.0%
	FY3/2019 1Q	209	159	76.1%	36	36	100.0%
Yokkaichi Solar[*3 *4 *5 *6]	FY3/2020 1Q	274	219	80.1%	94	94	100.0%
	FY3/2019 1Q	-	-	-	-	-	-
Akita Biomass[*1]	FY3/2020 1Q	1,033	405	39.2%	180	130	35.3%
	FY3/2019 1Q	986	345	35.0%	114	80	35.3%

*1 United Renewable Energy Co., Ltd. *2 K.K. (Corporation) *3 T.K. (Anonymous Partnership)
*4 Taxable income from a T.K. belongs to the T.K. investors in proportion to their investment ratios, resulting in no taxation at the T.K. level.
*5 COD and consolidation occurred on March 1, 2019.
*6 Figures for Yokkaichi Solar in 1Q FY3/2019 are not included in the table, as it was an equity method affiliate during the previous consolidated fiscal year (FY3/2019). The business has been recorded as a consolidated subsidiary since April 2019.

Trend in Monthly Electricity Sales Volume by Power Plant

As of June 30, 2019

- The Nasukarasuyama Solar Project reached COD in May 2019.
- Output from solar PV plants is seasonal and is relatively larger from spring to fall due to favorable weather.
- Solar PV plants in Kyushu have experienced several instances of output curtailment since October 2018. However, the impact on business results was minimal.
- Biomass power plants maintain stable output except during scheduled annual shutdown maintenance in May of every year.



*1 Units express power generation volume (1 MWh = 1,000 kWh)

Composition of EBITDA

(Million yen)

- While EBITDA increased due to consolidation of the Yokkaichi Solar Project, results were restrained.
  Major factors of restraint are
  1. No business development fees recorded 1Q 2020.
  2. Increased development costs.

	FY3/2019 1Q YTD	FY3/2020 1Q YTD	Change
Ordinary profit	**643**	**361**	**-281**
Net interest expense(+)	331	344	13
Interest income	0	0	0
Interest expense +interest on asset retirement obligations	332	345	13
Depreciations (+)	687	755	68
Amortization of long-term prepaid expenses*1 (+)	6	7	0
Amortization of goodwill(+)	8	8	0
Amortization of deferred assets*2 (+)	93	108	14
EBITDA	**1,770**	**1,585**	**-184**

- EBITDA in 1Q 2020 was comparatively lower because the business development fee for Kanda Biomass was recorded in 1Q 2019.
- Increase in development expenses including personnel expenses.

- Increase due to consolidation of Yokkaichi Solar.

*1 Amortization of long-term prepaid expenses = Amortization of grid connection costs + Amortization of deferred consumption taxes..
*2 Amortization of deferred assets = Amortization of business commencement expenses + Amortization of deferred organization expenses.

Balance Sheet

(Million yen)

- Total assets increased due to consolidation of the Nasukarasuyama Solar Project.
- Investments and other assets increased due to increase in funding for development of biomass power plants and increased investment in developing off-shore wind power project.

	As of FY3/2019	End of 1Q of FY3/2020	Change	Major Factors of Increase/Decrease
Current assets	27,623	27,484	-138	
Non-current assets	52,977	60,953	7,975	
Property, plant and equipment	45,690	51,318	5,627	Increase due to consolidation of Nasukarasuyama Solar
Intangible assets	1,283	1,295	12	
Investments and other assets	6,004	8,339	2,335	Additional equity injections to SPCs to fund development of biomass power plants and increased investment in offshore wind projects
Deferred assets	898	1,215	317	
Total assets	81,499	89,654	8,154	
Interest-bearing debt*1	61,778	67,367	5,589	Increase due to consolidation of Nasukarasuyama Solar
Other liabilities	6,835	8,894	2,059	
Total liabilities	68,613	76,402	7,788	
Shareholders' equity	9,025	9,151	125	Increase in retained earnings
Accumulated other comprehensive income	312	447	135	
Subscription rights to shares	9	12	3	
Non-controlling interests	3,539	3,640	100	
Total net assets	12,886	13,251	365	

*1 Interest-bearing debt = short-term loans payable + current portion of long-term loans payable + long-term loans payable + lease obligations

Key Balance Sheet Items and Credit Metrics

(Million yen)

- Due to an increase in total assets resulting from the consolidation of the Nasukarasuyama Solar Project, coupled with a comparatively lower 1Q EBITDA, credit metrics have temporarily deteriorated.

		As of FY 3/2019	End of 1Q of FY 3/2020	Change	Major Factors of Increase/Decrease
Key balance sheet items	Total assets	81,499	89,654	8,154	
	Net assets	12,886	13,251	365	Increase in retained earnings, non-controlling interests and deferred gains or losses on hedges
	Equity Capital*1	9,337	9,598	261	Increase in retained earnings, non-controlling interests and deferred gains or losses on hedges
	Net interest-bearing debt	40,529	46,333	5,804	Consolidation of Nasukarasuyama Solar
	Cash and deposits	21,249	21,034	-214	
	Interest-bearing debt*2	61,788	67,367	5,589	Consolidation of Nasukarasuyama Solar and increase in borrowings to fund development projects
Credit metrics	Equity ratio	*11.5%*	*10.7%*	*-0.8%*	
	Net asset ratio	*15.8%*	*14.8%*	*-1.0%*	
	Net D/E ratio*3	*3.1x*	*3.5x*	*0.4x*	
	Net Debt / EBITDA*4	*5.1x*	*6.0x*	*0.9x*	

*1 Equity Capital = Shareholders' Equity + AOCI（Accumulated Other Comprehensive Income)
*2 Interest-bearing debt = Short-term loans payable + current portion of long-term loans payable + long-term loans payable + lease obligations
*3 Net D/E ratio = Net interest-bearing debt / net assets
*4 EBITDA amounted to 7,893 million yen for FYE March 2019 and to 7,708 million yen for 1Q YTD of FYE March 2020

RENOVA's Generation Portfolio and Pipeline (1/2)

List of plants in operation, under construction and pipeline projects*1 (as of August 1, 2019)

- The Nasukarasuyama and Karumai West Solar Projects reached COD in May and July 2019 respectively, and subsequently both became consolidated subsidiaries.
- The Karumai East Solar Project is expected to reach COD in December 2019.
- Total generation capacity of over 350MW are either in operation or under construction.

Energy Source	Project Name	Location	Power Generating Capacity (MW)	Purchase Price*2 (/kWh)	Current Status	Ownership Ratio	EIA Status	COD (Target)*3	FIT end Year
Solar	Suigo-Itako	Ibaraki	15.3	¥40	In operation	68.0%	-	2014	2034
	Futtsu	Chiba	40.4	¥40	In operation	51.0%	-	2014	2034
	Kikugawa -Ishiyama	Shizuoka	9.4	¥40	In operation	63.0%	-	2015	2035
	Kikugawa -Horinouchiya	Shizuoka	7.5	¥40	In operation	61.0%	-	2015	2035
	Kokonoe	Oita	25.4	¥40	In operation	100%	-	2015	2035
	Nasushiobara	Tochigi	26.2	¥40	In operation	100%	-	2015	2035
	Ozu	Kumamoto	19.0	¥36	In operation	100%	-	2016	2036
	Yokkaichi	Mie	21.6	¥36	In operation	100%	-	2019	2039
	Nasukarasuyama	Tochigi	19.2	¥36	In operation	100.0%	-	2019	2039
	Karumai West	Iwate	48.0	¥36	In operation	51.0%*4	-	2019	2039
	Karumai East	Iwate	80.8	¥36	Under construction	38.5%*4	-	(Appx. 2019)	(Appx. 2039)
	Karumai Sonbou	Iwate	40.8	¥36	Under construction	46.0%*5	-	(Appx. 2021)	(Appx. 2041)
	Hitoyoshi	Kumamoto	20.8	¥36	Development	-	-	(Appx. 2022)	-

*1 Pipeline projects may be altered, delayed or cancelled. Projects for which work has commenced in accordance with the EPC contract are shown as "under construction".
*2 Purchase price is not the actual contractual price agreed to with the party that purchases the electricity, but the fixed purchase price (displayed without consumption tax) applied based on the FIT Scheme for each power generation facility.
*3 Expected COD of the business under development may be subject to change.
*4 RENOVA holds the right to gradually acquire all equity in the anonymous partnership currently owned by co-sponsors, after the COD date of the power plant.
*5 RENOVA holds the right to additionally acquire 9% equity in the anonymous partnership currently owned by a co-sponsor, on or after the date of completion of the power plant.

RENOVA's Generation Portfolio and Pipeline (2/2)

List of plants in operation, under construction and pipeline projects[*1] (as of August 1, 2019)

- Construction of the Omaezaki Biomass Project is scheduled to begin in the fiscal year ending March 2020.
- On July 30th, The waters off of Yurihonjo City, Akita Prefecture were selected as a "Potential Zone"[*2] by the authorities. RENOVA intends to continue developing the Yurihonjo Offshore Wind Project, taking into account the future selection of Promotion Zones and the subsequent developer selection process.

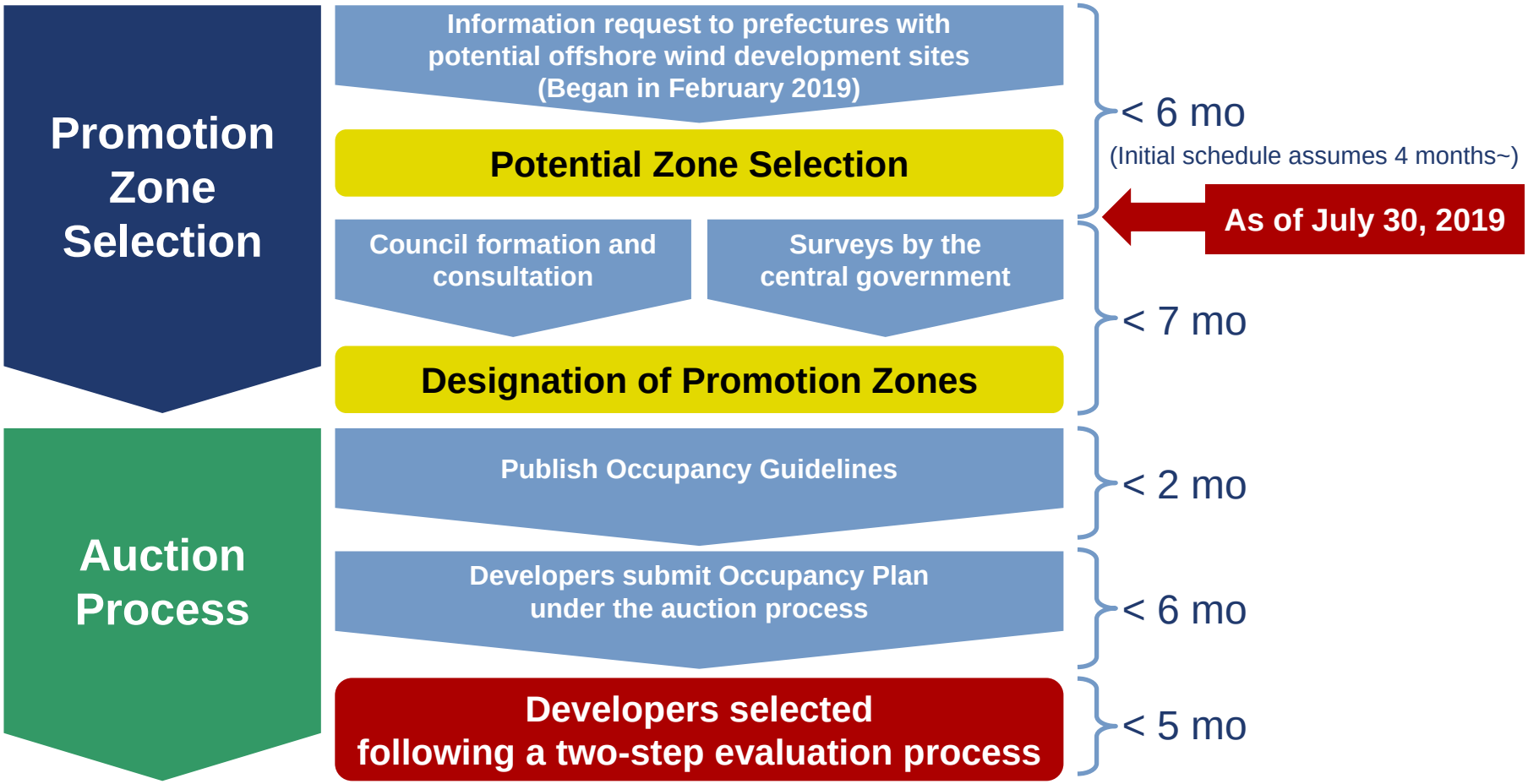
Energy Source	Project Name	Location	Power Generating Capacity (MW)	Purchase Price[*3] (/kWh)	Current Status	Ownership Interest	EIA Status	COD (Target)[*4]	FIT end Year
Biomass	URE	Akita	20.5	¥32/¥24	In operation	35.3%[*5]	-	2016	2036
	Kanda	Fukuoka	75.0	¥24/¥32	Under Construction	43.1%[*6]	-	(Appx. 2021)	(Appx. 2041)
	Tokushima-Tsuda	Tokushima	74.8	¥24/¥32	Under development	41.8%[*7] [*8]	-	(Appx. 2023)	(Appx. 2043)
	Omaezaki	Shizuoka	Appx. 75	¥24/¥32	Development	-	Underway	(Appx. 2023)	-
	Ishinomaki	Miyagi	Appx. 75	¥24/¥32	Under assessment	-	Underway	(Appx. 2023)	-
	Sendai	Miyagi	Appx. 75	¥24/¥32	Under assessment	-	Underway	(Appx. 2023)	-
Offshore Wind	Yurihonjo[*9]	Akita	Appx. [700]	TBD	Under assessment (Grid tendering /Developer selection process)	-	Underway	TBD	-
Onshore Wind	Abukuma[*10]	Fukushima	Appx. 150	¥22	Under assessment (Joint)[*11]	-	Underway	TBD	-
	Project B	Kyushu	Appx. 50	¥21	Upfront investment	-	Underway	(Appx. 2024)	-
Geothermal	Minami Aso	Kumamoto	TBD	TBD	Upfront investment (Joint)[*11]	-	-	(Appx. 2021)	-
	Esan	Hokkaido	TBD	TBD	Upfront investment	-	-	TBD	-

*1 Pipeline projects may be altered, delayed or cancelled. Projects for which work has commenced in accordance with the EPC contract are shown as "under construction".
*2 Areas that are found to meet the criteria for promising areas as described in the Guidelines for Designating Areas for Promoting the Establishment of Ocean Renewable Energy Power Generation Facilities (https://www.enecho.meti.go.jp/category/saving_and_new/new/information/190611a/pdf/guideline.pdf)
*3 Purchase price is not the actual contractual price agreed to with the party that purchases the electricity, but the fixed purchase price (displayed without consumption tax) applied based on the FIT Scheme for each power generation facility.
*4 Expected COD of businesses under development may be subject to change. *5 RENOVA has invested in the Akita Biomass Project through Sensyu Holdings Co., Ltd., a subsidiary of RENOVA. RENOVA's ownership interest in the Akita Biomass Project , calculated as the product of RENOVA's ownership interest in Sensyu holdings Co., Ltd., and Sensyu holdings Co., Ltd.'s ownership in the Akita Biomass Project, is 35.3%. *6 The Kanda Biomass Project is a joint developed project that is led by RENOVA, which holds 43.1% of the shares of the SPC and is the largest shareholder. Note: We do not have the right to acquire additional equity in the SPC, which is held by four joint investors.
*7 RENOVA holds the right to additionally acquire a 24.7% stake (economic interest: 28.6%) at COD from the project's co-sponsors. Following the acquisition, RENOVA's economic interest in the project will be 70.4% (RENOVA's investment ratio will be 60.8%). *8 The figure indicates RENOVA's economic interest in the project. RENOVA's investment ratio is 36.1%. *9 The expected generation capacity for the Yurihonjo Offshore Wind Project is shown as a tentative figure, due to the upcoming promotion zone and subsequent developer selection processes. Furthermore, as promotion zones have not yet been selected, the project schedule is shown as "TBD".
*10 RENOVA participates in the project as a minority investor. RENOVA's ownership in the project is less than 10%. *11 (Joint) indicates a jointly developed project where another company leads the project's development.

Overview of Developer Selection Process under the Offshore Wind Promotion Law[*1]

As of June 30, 2019

- The developer selection process is generally progressing according to the initial schedule.
- The government will proceed to form councils and conduct site surveys in each of the “Potential Zones”[*2].
  The “Promotion Zones” are expected to be designated in around 7 months.



*1 Law on Promotion of Use of Territorial Waters for Offshore Renewable Energy Generation Facilities (December 7, 2018).
*2 Areas that are found to meet the criteria for promising areas as described in the Guidelines for Designating Areas for Promoting the Establishment of Ocean Renewable Energy Power Generation Facilities (https://www.enecho.meti.go.jp/category/saving_and_new/new/information/190611a/pdf/guideline.pdf)

Source: Interim report published by the joint committee between Agency for Natural Resources and Energy (METI) and Ports and Harbors Bureau (MLIT) on April 22, 2019

Key points for release on July 30, 2019[*1] for the selection of "Potential Zones"[*2]

Announcement from the METI[*3] and the MLIT[*4]

■ 11 areas were deemed to have made a certain amount of progress by the authorities, based on information provided by prefectures.

■ **4 of the above 11 areas were selected as "Potential Zones" where councils will be formed and preparations will immediately be undertaken by the government.**

- The waters off of Noshiro City, Mitane Town and Oga City, Akita Prefecture
- The waters off of Yurihonjo City (North and South), Akita Prefecture
- The waters off of Choshi City, Chiba Prefecture
- The waters off of Goto City, Nagasaki Prefecture

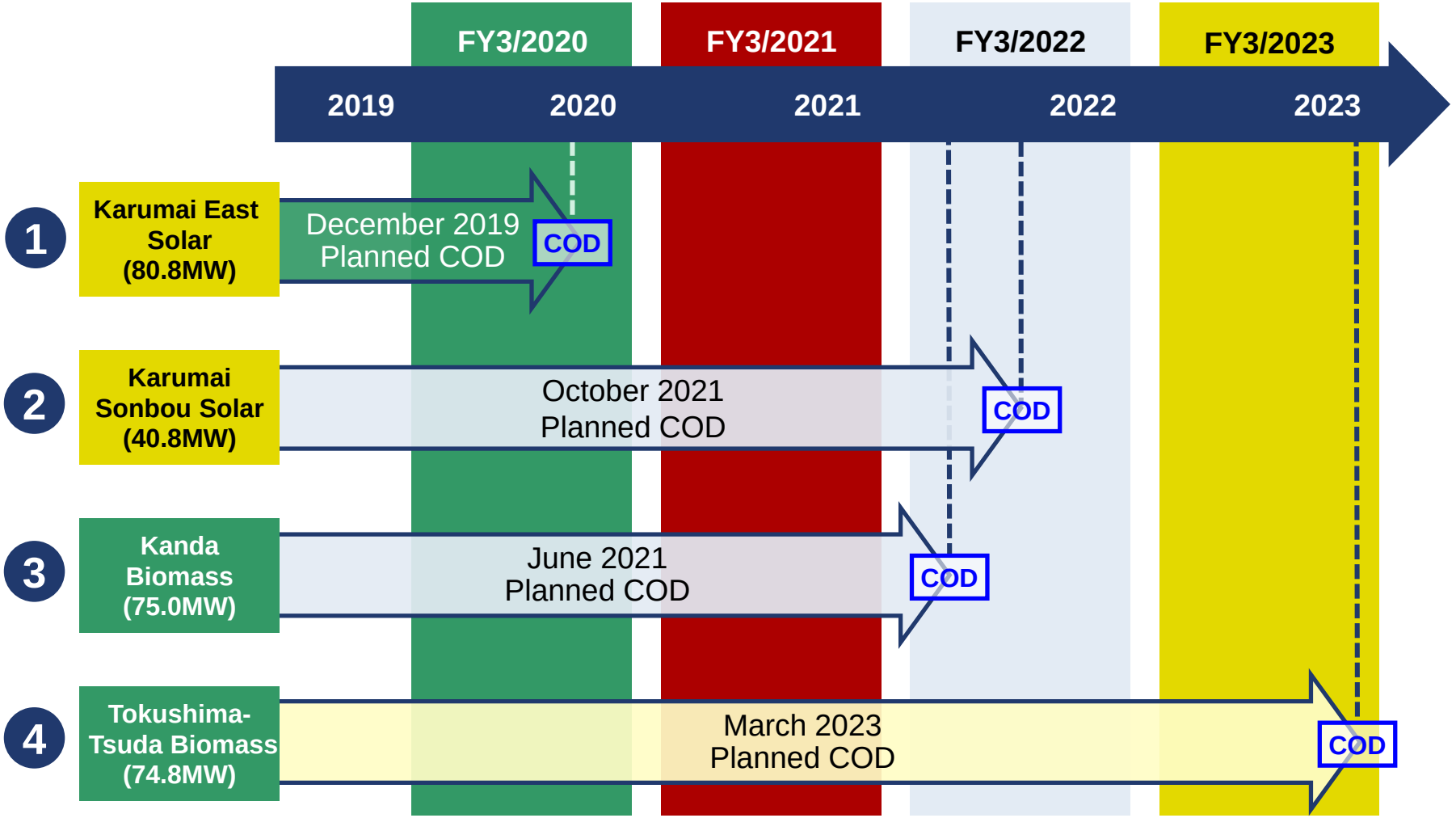
The waters off of Yurihonjo City, Akita Prefecture were selected as a "Potential Zone" where the government will immediately begin preparatory work

*1 News on the Ministry of Economy, Trade and Industry (METI) website on July 30, 2019 (https://www.meti.go.jp/press/2019/07/20190730001/20190730001.html) *2 Areas that are found to meet the criteria for promising areas as described in the Guidelines for Designating Areas for Promoting the Establishment of Ocean Renewable Energy Power Generation Facilities（https://www.enecho.meti.go.jp/category/saving_and_new/new/information/190611a/pdf/guideline.pdf）
*3 Ministry of Economy, Trade and Industry *4 Ministry of Land, Infrastructure, Transport and Tourism

List of Projects Under Construction*1

As of August 1, 2019

- Power generation projects under construction are progressing as planned.



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

Two Solar PV Plants Commenced Operation

- Two new large-scale solar power plants started operation this year.
- Acquired additional equity shares in both projects, making both consolidated subsidiaries.
  Both projects are expected to contribute to net sales for the current fiscal year.

Nasukarasuyama Solar (COD *1: May 2019)



Capacity	19.2 MW*1
FIT price	¥36 / kWh
Net sales	Appx. ¥800 million/year*2
EBITDA	Appx. ¥600 million/year*2

Karumai West Solar (COD*1: July 2019)



Capacity	48.0 MW*1
FIT price	¥36 / kWh
Net sales	Appx. ¥1.8 billion/year*2
EBITDA	Appx. ¥1.4 billion/year*2

*1 The generation capacity is on a module capacity basis.
*2 Figures are as currently planned and may be subject to change.

Kanda Biomass Power Generation Project scheduled for COD June 2021
（Kanda-machi, MiyakoDistrict, Fukuoka Prefecture）

■ Construction is progressing as planned.

Construction of the silo（July 2019）



Pouring concrete for water treatment equipment（July 2019）



Rendering of completed facility



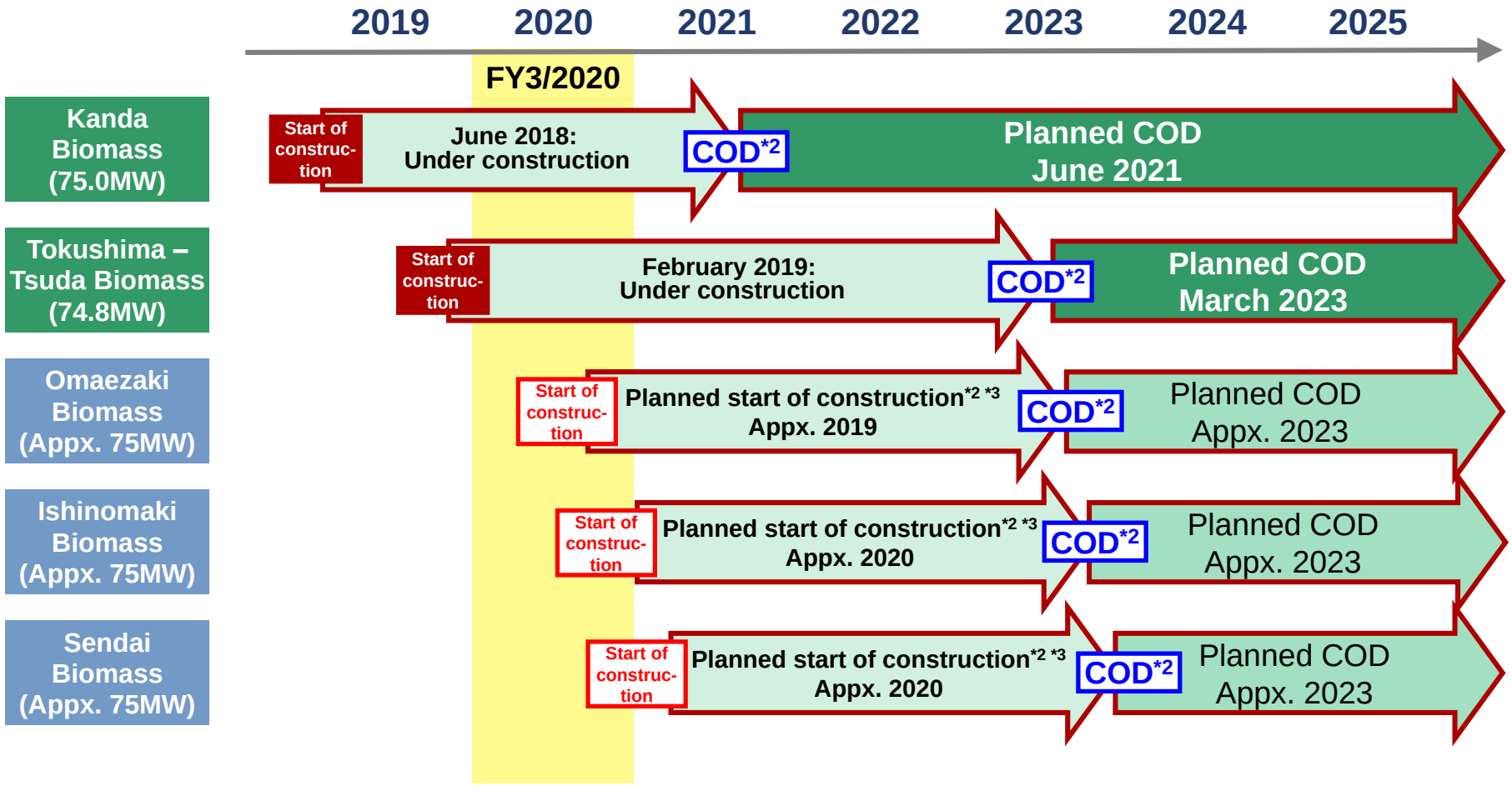
Capacity	75.0 MW[*1]
FIT price	¥24 / kWh (¥32/kWh for domestic wood biomass)
Net sales[*2]	Appx. ¥13 billion/year
COD[*2]	June 2021 (expected)

*1 The generation capacity for biomass power plants is based upon the gross capacity.
*2 Figures are as currently planned and may be subject to change.

Development of Biomass Projects

As of August 1, 2019

- Construction of the Omaezaki Biomass Project is scheduled to begin in the fiscal year ending March 2020.
- Expecting to start construction on both the Ishinomaki and Sendai Biomass Projects after 2020.
- Undertaking efforts to shorten the construction periods.



*1 Pipeline projects may be altered, delayed or cancelled. Projects for which work has commenced in accordance with the EPC contract are shown as “under construction”.
*2 Including the period of preparation for construction after the financing contract. Development projects may be altered, delayed or cancelled due to development status, progress and comments reflecting environmental impact assessments.
*3 Construction commencement presented in accordance with RENOVA’s expected schedule, and not construction commencement dates indicated in the preliminary environmental impact assessments materials.

Outlook for FY3/2020

(Million yen)

Forecasts for financial results remain unchanged

- Expecting growth in net sales, EBITDA, and EPS for FY3/2020.
- RENOVA intends to continue upfront investment strategy to expand its business, including increased personnel expenses.

	FY3/2019 (Actual)	FY3/2020 (Outlook)	Change
Net Sales	14,098	**17,500**	+24%
EBITDA	7,893	**9,400**	+19%
EBITDA margin	*56.0%*	***53.7%***	-
Operating profit	5,025	**5,700**	+13%
Ordinary profit	3,460	**3,300**	-5%
Profit	1,659	**2,100**	+27%
EPS (yen)*1	22.25	**27.83**	+25%
ROE*2	19.5%	**19.9%**	-

- Full-year contribution from Yokkaichi Solar.
- Partial contribution from Nasukarasuyama Solar, completed in 1Q 2020 and Karumai West Solar, newly started operation in 1Q 2020.
- Business development fees from large-scale biomass projects expected to exceed the previous year's results.

- Continuing aggressive up-front investment, including personnel expenses.
- Ordinary profit is expected to decrease slightly, due to large initial depreciation and amortization expenses of solar PV plants that newly reach COD.
- Includes allowances for output curtailment for solar PV plants, adverse weather conditions, unexpected operational suspension of a biomass power plant, etc.

*1 EPS figures represents basic EPS. EPS for FY3/2020 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 FY3/2019.
*2 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.

Outlook for Renewable Energy Business by Segment

(Million yen)

Forecasts for financial results remain unchanged

- Continued growth is expected in the Renewable Energy Power Generation Business due to new power plants commencing operation and being consolidated.
- Ordinary profit is expected to decrease slightly, due to large initial depreciation and amortization expenses of solar PV plants that newly reach COD.
- Increased business development fees for the Renewable Energy Development and Operation Business are expected to offset increased development expenses, including hiring of new personnel.

		FY3/2019 (Actual)	FY3/2020 (Outlook)	Change
Renewable Energy Power Generation Business (A)	Net sales	11,622	13,300	+14.4%
	EBITDA	7,484	8,500	+13.6%
	Ordinary profit	3,154	2,700	-14.4%
Renewable Energy Development and Operation Business + Elimination (B)*1	Net sales	2,476	4,200	+69.6%
	EBITDA	409	900	+120.0%
	Ordinary profit	306	600	+96.1%
Total*1 (A + B)	Net sales	14,098	17,500	+24.1%
	EBITDA	7,893	9,400	+19.1%
	Ordinary profit	3,460	3,300	-4.6%

- Full-year contribution from the Yokkaichi Solar Project.
- Partial year contribution from Nasukarasuyama Solar, completed in 1Q 2020 and Karumai West Solar, newly started operation in 1Q 2020.
- Ordinary profit is expected to decrease slightly, due to large initial depreciation and amortization expenses of solar PV plants that newly reach COD.

- Business development fees from large-scale biomass projects expected to exceed previous year results.
- Continuing aggressive up-front investment, including personnel expenses.

*1 When receiving development fees from affiliated companies, RENOVA records such development fees in its consolidated financial results after deducting amounts that correspond to RENOVA's ownership stake in those affiliated companies.

Major Assumptions in the FY3/2020 Outlook

Forecasts for financial results remain unchanged

	FY3/2019 (Actual)	FY3/2020 (Outlook)
Renewable Energy Power Generation Business	**Consolidated Subsidiaries** ■ 7 Solar PV plants 143.2MW ■ 1 Biomass power plant 20.5MW	**Consolidated Subsidiaries** ■ 10 Solar PV plants 232.0MW – 12 month contribution from the Yokkaichi Solar – 9 month contribution from the Nasukarasuyama Solar – 6 month contribution from the Karumai West Solar – Forecasts for some existing solar PV plants incorporate additional output curtailment ■ 1 Biomass power plant – Includes allowance for unplanned operational downtime
Renewable Energy Development and Operation Business + Elimination	**Profit from distribution of the silent partnership** ■ 1 Solar PV plant – 1 month of results from the Yokkaichi Solar **Business Development Fees** ■ Total 2.2 bn yen*1 – 2 Biomass projects (the Kanda Biomass Project and the Tokushima-Tsuda Biomass Project)	**Profit from distribution of the silent partnership** ■ Solar PV plants – 2 months of results from the Nasukarasuyama Solar – 3 months of results from the Karumai West Solar – 4 months of results from the Karumai East Solar **Business Development Fees** ■ Approx. 4.0 bn yen*1 – 1 Solar PV project (the Hitoyoshi Solar Project) – 2 Biomass projects (the Tokushima-Tsuda Biomass Project*2 and the Omaezaki Biomass Project)

*1 Figures for business development fees are after elimination of intra-company transactions.
*2 Additional business development fee is expected from one of the project's co-sponsors, upon achieving a previously agreed upon development milestone.

Status of Share Options etc. with Dilutive Effects

As of June 30, 2019

Name	Strike price	Number of shares corresponding to the remaining number of share options*1 (shares)	Capital incorporation (thousand yen)
16th Share options	78 yen	67,200	2,620
18th Share options	78 yen	177,600	6,926
19th Share options	78 yen	60,800	2,371
20th Share options	97 yen	113,600	5,509
21st Share options	97 yen	174,400	8,458
22nd Share options	97 yen	172,800	8,380
23rd Share options	97 yen	201,600	9,777
24th Share options	97 yen	88,000	4,268
25th Share options	97 yen	696,000	33,756
26th Share options	188 yen	1,084,800	101,971
27th Share options	188 yen	992,000	93,248
1st Share remuneration-type Share options	293 yen	60,000	8,790
2nd Share remuneration-type Share options	987 yen	48,500	23,934
Subtotal	-	3,937,300	310,008
Share-based compensation plan (Treasury shares)	-	393,600	-
Total	-	4,330,900	-
Dilution ratio*2	-	5.8%	-

*1 The total number of shares issued shows the number of shares reflecting the share split implemented on September 1, 2018.
*2 Based on the total number of shares issued, net of treasury shares, which were 75,279,600 shares as of June 30, 2019.

(Reference) Corporate Overview

As of June 30, 2019

Corporate Information

Name:	RENOVA, Inc.
Location of Head Office	2-2-1 Kyobashi Chuo-ku, Tokyo
Representatives	Sachio Semmoto, Executive Chairman & Representative Director Yosuke Kiminami, Founding CEO
Established	May 2000
Capital Stock	2,092 million yen
Stock Exchange	First section of Tokyo Stock Exchange
Securities code	9519
Business	Renewable energy business
Employees (consolidated)	175

Corporate Governance

Board of Directors	8 directors, including 5 external directors
Audit & Supervisory Board	4 auditors, including 3 external auditors

Status of Shares (As of March 31, 2019)

Total Number of Authorized Shares	280,800,000
Total Number of Shares Issued	75,470,000
Number of Shareholders	9,582

Key History (As of August 1, 2019)

May 2000	Established Recycle One, Inc. (currently RENOVA, Inc.)
October 2012	Entered renewable energy business
December 2013	Company renamed RENOVA, Inc.
February 2014	COD for Suigo-Itako Solar Co., Ltd.
July 2014	COD for Futtsu Solar Co., Ltd.
February 2015	COD for Kikugawa-Ishiyama Solar Co., Ltd. and Kikugawa-Horinouchiya Solar Co., Ltd.
May 2015	COD for Kokonoe Solar GK
September 2015	COD for Nasushiobara Solar GK
April 2016	COD for Ozu Solar GK
May 2016	Entered the biomass power generation business (United Renewable Energy Co., Ltd.(Akita Biomass Project: URE) reaches COD)
August 2016	Divestment of plastic recycling business
February 2017	Listed on the Tokyo Stock Exchange Mothers Section
July 2017	Consolidated United Renewable Energy Co., Ltd. (Akita Biomass Project: URE)
February 2018	Changed listing venue to the First Section of the Tokyo Stock Exchange
March 2019	COD for Yokkaichi Solar GK
May 2019	COD for Nasukarasuyama Solar GK
July 2019	COD for Karumai West Solar GK