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 First Quarter of the Fiscal Year Ending March 31, 2020 (Japanese GAAP, Non-Audited)

August 1, 2019

Company name: RENOVA, Inc.
Stock exchange listing: Tokyo
Securities code: 9519
URL: https://www.renovainc.com/
Representative: Yosuke Kiminami, Founding CEO
Contact: Aki Mori, CFO
Tel. +81-3-3516-6263
Scheduled date of quarterly securities report filing: August 1, 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 First Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 – June 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	
Three months	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
ended Jun. 30, 2019	3,548	6.1	1,585	(10.4)	934	(12.9)	361	(43.8)	119	(50.3)
ended Aug. 31, 2018	3,343	34.8	1,770	0.3	1,072	(7.9)	643	(26.7)	241	(48.8)

(Note) Comprehensive income:
Three months ended Jun. 30, 2019: 490 million yen, 10.3% Three months ended Aug. 31, 2018: 445 million yen, (27.9%)

	Earnings per share (basic)	Earnings per share (diluted)
Three months	Yen	Yen
ended Jun. 30, 2019	1.59	1.52
ended Aug. 31, 2018	3.25	3.06

* 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 first quarter for the previous fiscal year comprised of the financial results for the three months from June 1, 2018 to August 31, 2018, whereas the first quarter for the current fiscal year comprised of the financial results for the three months from April 1, 2019 to June 30, 2019. Accordingly, year-on-year changes for the three months ended June 30, 2019 are calculated by comparison to the results for the three months from June 1, 2018 to August 31, 2018.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio*	Net assets per share
As of	Million yen	Million yen	%	Yen
Jun. 30, 2019	89,654	13,251	10.7	127.43
Mar. 31, 2019	81,499	12,886	11.5	124.22

(Reference) Equity attributable to owner of parent: As of Jun. 30, 2019: 9,598 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	Yen	Yen	Yen	Yen	Yen
ended Mar. 2019	–	0.00	–	0.00	0.00
ending Mar. 2020	–				
ending Mar. 2020 (forecast)		0.00	–	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	17,500	24.1	9,400	19.1	5,700	13.4	3,300	(4.6)	2,100	26.6	27.83

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

(Note) 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: One company (Nasukarasuyama Solar T.K.)
Excluded: –

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

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

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

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

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

(i) Number of issued shares at end of period (including treasury shares)
As of Jun. 30, 2019: 75,673,200 shares As of Mar. 31, 2019: 75,470,000 shares

(ii) Number of treasury shares at end of period
As of Jun. 30, 2019: 393,600 shares As of Mar. 31, 2019: 393,600 shares

(iii) Average number of shares outstanding during the period
For the three months ended Jun. 30, 2019: 75,234,149 shares
For the three months ended Aug. 31, 2018: 74,281,547 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 Jun. 30, 2019
Assets		
Current assets		
Cash and deposits	21,249	21,034
Accounts receivable – trade	2,221	2,581
Work in process	3	26
Raw materials and supplies	156	198
Advances paid to subsidiaries and associates	3,307	2,169
Other	833	1,632
Allowance for doubtful accounts	(147)	(158)
Total current assets	27,623	27,484
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,318	12,523
Accumulated depreciation	(670)	(759)
Buildings and structures, net	8,647	11,763
Machinery, equipment and vehicles	43,543	46,068
Accumulated depreciation	(9,047)	(9,705)
Machinery, equipment and vehicles, net	34,495	36,362
Land	2,372	2,855
Other	243	418
Accumulated depreciation	(68)	(81)
Other, net	174	337
Total property, plant and equipment	45,690	51,318
Intangible assets		
Goodwill	553	545
Other	729	750
Total intangible assets	1,283	1,295
Investments and other assets		
Shares of subsidiaries and associates	2,390	4,657
Investments in other securities of subsidiaries and associates	1,005	984
Other	2,621	2,711
Allowance for investment loss	(13)	(13)
Total investments and other assets	6,004	8,339
Total non-current assets	52,977	60,953
Deferred assets	898	1,215
Total assets	81,499	89,654

(Million yen)

	As of Mar. 31, 2019	As of Jun. 30, 2019
Liabilities		
Current liabilities		
Accounts payable – trade	279	219
Current portion of long-term loans payable	4,225	4,790
Income taxes payable	637	285
Provision for bonuses	174	107
Provision for special repairs	108	50
Other	1,011	3,246
Total current liabilities	6,437	8,699
Non-current liabilities		
Long-term loans payable	57,490	62,498
Asset retirement obligations	2,968	3,451
Provision for stocks payment	8	14
Provision for special repairs	227	252
Other	1,480	1,486
Total non-current liabilities	62,175	67,703
Total liabilities	68,613	76,402
Net assets		
Shareholders' equity		
Capital stock	2,080	2,092
Deposit for subscriptions to shares	11	6
Capital surplus	2,067	2,080
Retained earnings	5,369	5,475
Treasury shares	(504)	(504)
Total shareholders' equity	9,025	9,151
Accumulated other comprehensive income		
Deferred gains or losses on hedges	312	447
Total accumulated other comprehensive income	312	447
Share options	9	12
Non-controlling interests	3,539	3,640
Total net assets	12,886	13,251
Total liabilities and net assets	81,499	89,654

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statement of Income (Non-Audited)

(Million yen)

	Three months ended Aug. 2018	Three months ended Jun. 2019
Net sales	3,343	3,548
Cost of sales	1,553	1,660
Gross profit	1,790	1,888
Selling, general and administrative expenses	717	954
Operating profit	1,072	934
Non-operating income		
Interest income	0	0
Other	1	1
Total non-operating income	1	2
Non-operating expenses		
Interest expenses	325	338
Share of loss of entities accounted for using equity method	–	124
Commission fee	8	2
Amortization of business commencement expenses	93	108
Other	2	1
Total non-operating expenses	430	574
Ordinary profit	643	361
Extraordinary income		
Gain on step acquisitions	–	169
Gain of negative goodwill	–	66
Total extraordinary income	–	236
Extraordinary losses		
Loss on retirement of non-current assets	2	–
Total extraordinary losses	2	–
Profit before income taxes	641	598
Income taxes	188	219
Profit	453	379
Profit attributable to non-controlling interests	211	259
Profit attributable to owners of parent	241	119

Consolidated Quarterly Statement of Comprehensive Income (Non-Audited)

(Million yen)

	Three months ended Aug. 31, 2018	Three months ended Jun. 30, 2019
Profit	453	379
Other comprehensive income		
Deferred gains or losses on hedges	(7)	(49)
Foreign currency translation adjustment	(0)	–
Share of other comprehensive income of entities accounted for using equity method	–	160
Total other comprehensive income	(8)	111
Comprehensive income	445	490
Comprehensive income attributable to		
Owners of parent	237	255
Non-controlling interests	207	235

(3) Notes to Consolidated Quarterly Financial Statements

Notes Relating to Going Concern Assumptions

Not applicable

Notes on Significant Changes in the Amount of Shareholders' Equity

Not applicable

Simplified Accounting Procedure to Consolidated Quarterly Financial Statements

(Calculation of tax expenses)

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

Segment Information

Three months ended Aug. 31, 2018 (June 1, 2018 – August 31, 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	3,003	339	3,343	–	3,343
Sales and transfer – inter-segment	–	630	630	(630)	–
Total	3,003	970	3,974	(630)	3,343
Segment profit (Note 2)	2,020	464	2,484	(1,841)	643

(Notes) 1. The adjustment of (1,841) million yen to the segment profits includes interest expenses of (325) million yen, interest expenses on asset retirement obligations of (6) million yen, interest income of 0 million yen, depreciation of (687) million yen, amortization of long-term prepaid expenses of (6) million yen, amortization of goodwill of (8) million yen, amortization of deferred assets of (93) million yen, and elimination of intersegment transactions of (713) 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 643 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.

Three months ended Jun. 30, 2019 (April 1, 2019 – June 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	3,460	88	3,548	–	3,548
Sales and transfer – inter-segment	–	608	608	(608)	–
Total	3,460	697	4,157	(608)	3,548
Segment profit (Note 2)	2,404	(111)	2,292	(1,930)	361

(Notes) 1. The adjustment of (1,930) million yen to the segment profits includes interest expenses of (338) million yen, interest expenses on asset retirement obligations of (7) million yen, interest income of 0 million yen, depreciation of (755) million yen, amortization of long-term prepaid expenses of (7) million yen, amortization of goodwill of (8) million yen, amortization of deferred assets of (108) million yen, and elimination of intersegment transactions of (706) 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 361 million yen corresponds to Ordinary Profit on RENOVA's consolidated financial statements.

2. Information regarding impairment loss on non-current assets and goodwill for each reportable segment. (Gain on negative goodwill)

RENOVA acquired an additional ownership interest of Nasukarasuyama T.K. in the three months ended June 30, 2019. As a result of the acquisition, Nasukarasuyama T.K., which previously was an equity method affiliate of RENOVA, became a consolidated subsidiary of RENOVA. As a result, a 66 million yen gain on negative goodwill was recognized in Renewable Energy Development and Operation 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.

Business combination

(Business Combination through Acquisition)

On June 28, 2019 RENOVA acquired an additional 62% of ownership interest of Nasukarasuyama Solar T.K.. The Nasukarasuyama Solar Power Plant commenced operations on May 1, 2019. As a result of the acquisition, RENOVA's ownership interest of Nasukarasuyama Solar T.K., which previously was an equity method affiliate of RENOVA, increased to 100%. As a result, Nasukarasuyama 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: Nasukarasuyama 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
   Date of completion of business combination: June 28, 2019
   Date of inclusion in consolidated
   financial statements as a consolidated subsidiary: June 30, 2019
   (4) Legal form of business combination
   Acquisition of ownership interest with cash
   (5) Name of acquired company after business combination
   Nasukarasuyama Solar T.K.
   (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 Nasukarasuyama Solar T.K. to 100% in an all-cash transaction.
2. Results of the acquired company that are included in the consolidated quarterly statement of income for the three months ended June 30, 2019.
   Nasukarasuyama Solar T.K. was deemed acquired on June 30, 2019. Therefore, Nasukarasuyama Solar T.K.'s results are not included in the consolidated quarterly statement of income for the three months ended June 30, 2019.
3. Total cost for the acquired business

Market value of RENOVA's ownership interest in Nasukarasuyama Solar T.K. immediately before the business combination:	220 million yen
Price of additional investment on June 28, 2019:	cash 359 million yen
Total cost for the acquired business:	579 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.
   169 million yen gain on step acquisitions
5. Main costs associated with the acquisition
   None
6. Amount and cause of gain on negative goodwill
   (1) Amount of gain on negative goodwill
   66 million yen
   (2) Cause of gain on negative goodwill
   Nasukarasuyama Solar Power Plant commenced operations two months earlier than the business combination. As a result of two-month profit that was gained before the business combination, Nasukarasuyama Solar T.K.'s fair value amount (total assets minus total liabilities) exceeded the total cost paid by RENOVA for the acquired business.

Significant Subsequent Events

(Business Combination through Acquisition)

On July 1, 2019 RENOVA acquired an additional 13% of ownership interest of 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. 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

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