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## Consolidated Financial Results for the Fiscal Year Ended May 31, 2018 (Japanese GAAP, Non-Audited)

July 5, 2018

Company name:	RENOVA, Inc.	Stock exchange listing:	Tokyo
Securities code:	9519	URL:	http://www.renovainc.jp/
Representative:	Yosuke Kiminami, Founding CEO		
Contact:	Aki Mori, CFO		Tel. +81-3-3516-6263
Scheduled date of annual shareholders meeting:		August 29, 2018	
Scheduled date of commencement of dividend payment:		–	
Scheduled date of annual securities report filing:		August 29, 2018	
Supplementary documents for financial results:		Yes	
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 Fiscal Year Ended May 31, 2018 (June 1, 2017 – May 31, 2018)

(1) Consolidated Results from Operations (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	%
FY ended May 2018	11,740	42.0	6,312	24.4	3,679	31.7	2,055	11.4	800	(60.4)
FY ended May 2017	8,265	(3.4)	5,072	24.4	2,794	32.7	1,845	41.1	2,023	562.0

(Note) Comprehensive income: FY ended May 2018: 1,769 million yen, (31.5%) FY ended May 2017: 2,581 million yen, 308.5%

	Earnings per share (basic)		Earnings per share (diluted)		Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	%	Yen	%	%	%	%
FY ended May 2018	21.73		20.62		11.1	3.4	31.3
FY ended May 2017	57.02		53.94		37.9	3.5	33.8

(Reference) Share of profit (loss) of entities accounted for using equity method: FY ended May 2018: 23 million yen FY ended May 2017: 248 million yen

\* 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)

(Notes) 1. RENOVA, Inc. ("RENOVA") conducted a 4-for-1 share split of its common shares with an effective date of December 16, 2016, and a 2-for-1 share split of its common shares with an effective date of May 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 2017.

2. RENOVA listed on the Tokyo Stock Exchange Mothers Section on February 23, 2017. Accordingly, earnings per share (diluted) for the fiscal year ended May 2017 are calculated using average share price between February 23, 2017 and May 31, 2017. RENOVA changed its listing section from the Tokyo Stock Exchange Mothers Section to the Tokyo Stock Exchange First Section on February 23, 2018.

### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio*	Net assets per share
	Million yen	%	Million yen	%	%	Yen
FY ended May 2018	65,713		10,870		11.6	205.96
FY ended May 2017	53,915		7,484		12.5	182.60

(Reference) Equity attributable to owner of parent: As of May 31, 2018: 7,648 million yen As of May 31, 2017: 6,713 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 May 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 2017.

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY ended May 2018	3,941	(4,026)	(1,673)	6,009
FY ended May 2017	5,042	230	(2,724)	7,768

## 2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
Fiscal year ended May 2017	–	0.00	–	0.00	0.00	–	–	–
ended May 2018	–	0.00	–	0.00	0.00	–	–	–
ending March 2019 (forecast)	–	0.00	–	0.00	0.00	–	–	–

(Note) Subject to approval at its annual shareholders meeting on August 29, 2018, RENOVA plans to change its fiscal period from the twelve month period ending May 31 to the twelve month period ending March 31, effective from the current fiscal year ending March 2019. As such, the current fiscal year will comprise of a period of ten months. The above dividends forecast is presented on the assumption that the dividend record date will also be approved at the annual shareholders meeting.

## 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	13,000	–	6,500	–	3,700	–	2,100	–	900	–	24.24

(Note) Subject to approval at its annual shareholders meeting on August 29, 2018, RENOVA plans to change its fiscal period from the twelve month period ending May 31 to the twelve month period ending March 31, effective from the current fiscal year ending March 2019. Accordingly, year-on-year change is not presented as the relevant period does not exist.

\* 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 (United Renewable Energy Co., Ltd.)  
Excluded: –

(2) 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: Yes

(iv) Restatements: None

(Note) Please see page 11, "Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Estimates)" for details.

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

(i) Number of issued shares at end of period (including treasury shares)

As of May 31, 2018: 37,134,200 shares      As of May 31, 2017: 36,766,200 shares

(ii) Number of treasury shares at end of period

As of May 31, 2018: – shares      As of May 31, 2017: – shares

(iii) Average number of shares outstanding during the period

FY ended May 2018: 36,840,223 shares      FY ended May 2017: 35,492,963 shares

(Note) RENOVA conducted a 4-for-1 share split of its common shares with an effective date of December 16, 2016, and a 2-for-1 share split of its common shares with an effective date of May 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 2017.

\* 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. RENOVA plans to hold a briefing session for institutional investors and analysts on July 6, 2018. The materials for the briefing session to be used on the day will be published on RENOVA's website.

Consolidated Financial Statements and Key Notes  
(1) Consolidated Balance Sheet (Non-Audited)

(Million yen)

	FY ended May 2017	FY ended May 2018
<b>Assets</b>		
Current assets		
Cash and deposits	12,896	14,118
Accounts receivable - trade	911	1,665
Work in process	24	45
Raw materials and supplies	0	162
Advances paid to subsidiaries and associates	664	3,043
Deferred tax assets	173	197
Other	328	393
Allowance for doubtful accounts	(210)	(243)
Total current assets	14,788	19,382
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,946	5,732
Accumulated depreciation	(192)	(500)
Buildings and structures, net	3,753	5,232
Machinery, equipment and vehicles	32,633	40,209
Accumulated depreciation	(3,922)	(6,632)
Machinery, equipment and vehicles, net	28,710	33,577
Land	1,450	1,738
Construction in progress	-	87
Other	96	120
Accumulated depreciation	(40)	(72)
Other, net	55	48
Total property, plant and equipment	33,970	40,684
Intangible assets		
Goodwill	546	564
Other	782	724
Total intangible assets	1,328	1,289
Investments and other assets		
Shares of subsidiaries and associates	674	358
Investments in other securities of subsidiaries and associates	753	1,077
Deferred tax assets	501	947
Other	913	1,152
Allowance for investment loss	(35)	(9)
Total investments and other assets	2,807	3,526
Total non-current assets	38,107	45,500
Deferred assets		
Deferred organization expenses	-	0
Business commencement expenses	1,019	830
Total deferred assets	1,019	830
Total assets	53,915	65,713

(Million yen)

	FY ended May 2017	FY ended May 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	–	111
Short-term loans payable	300	–
Current portion of long-term loans payable	1,375	1,924
Current portion of long-term non-recourse loans payable	2,010	2,020
Income taxes payable	997	551
Provision for bonuses	87	136
Other	696	665
Total current liabilities	5,466	5,410
Non-current liabilities		
Long-term loans payable	4,231	14,730
Long-term non-recourse loans payable	32,486	30,465
Deferred tax liabilities	173	71
Asset retirement obligations	2,618	2,445
Provision for special repairs	147	222
Other	1,304	1,497
Total non-current liabilities	40,964	49,433
Total liabilities	46,430	54,843
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,953	1,986
Capital surplus	1,940	1,973
Retained earnings	2,912	3,713
Total shareholders' equity	6,807	7,673
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(77)	(4)
Foreign currency translation adjustment	(15)	(20)
Total accumulated other comprehensive income	(93)	(25)
Share options	–	5
Non-controlling interests	770	3,216
Total net assets	7,484	10,870
Total liabilities and net assets	53,915	65,713

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

(Million yen)

	FY ended May 2017	FY ended May 2018
Net sales	8,265	11,740
Cost of sales	3,670	5,780
Gross profit	4,594	5,959
Selling, general and administrative expenses	1,800	2,279
Operating profit	2,794	3,679
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	248	23
Insurance income	–	15
Subsidy income	–	26
Foreign exchange gains	63	4
Other	13	11
Total non-operating income	325	80
Non-operating expenses		
Interest expenses	1,001	1,265
Commission fee	15	61
Amortization of business commencement expenses	256	363
Other	0	14
Total non-operating expenses	1,274	1,705
Ordinary profit	1,845	2,055
Extraordinary income		
Gain on extinguishment of debt	–	86
Gain on sales of shares of subsidiaries and associates	2,350	–
Gain on step acquisitions	208	–
Total extraordinary income	2,559	86
Extraordinary losses		
Bad debts written off	148	–
Loss on retirement of non-current assets	4	1
Loss on valuation of investment securities	544	–
Loss on liquidation of business	271	–
Restructuring loss	64	–
Loss on step acquisitions	–	19
Total extraordinary losses	1,033	20
Profit before income taxes	3,371	2,120
Income taxes - current	1,285	1,064
Income taxes - deferred	(358)	(577)
Total income taxes	927	487
Profit	2,443	1,633
Profit attributable to non-controlling interests	420	832
Profit attributable to owners of parent	2,023	800

Consolidated Statement of Comprehensive Income (Non-Audited)

(Million yen)

	FY ended May 2017	FY ended May 2018
Profit	2,443	1,633
Other comprehensive income		
Deferred gains or losses on hedges	132	134
Foreign currency translation adjustment	(52)	(4)
Share of other comprehensive income of entities accounted for using equity method	57	5
Total other comprehensive income	137	135
Comprehensive income	2,581	1,769
Comprehensive income attributable to		
Owners of parent	2,105	868
Non-controlling interests	475	900

(3) Consolidated Statement of Changes in Equity (Non-Audited)  
 FY ended May 2017 (June 1, 2016 – May 31, 2017)

(Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	1,660	1,638	853	4,152
Changes of items during the period				
Issuance of new shares	293	293		586
Change in ownership interest of parent due to transactions with non-controlling interests		8		8
Change of scope of equity method			35	35
Profit attributable to owners of parent			2,023	2,023
Net changes of items other than shareholders' equity				
Total changes of items during the period	293	301	2,059	2,654
Balance at the end of the period	1,953	1,940	2,912	6,807

	Accumulated other comprehensive income			Share options	Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	(198)	23	(175)	–	1,157	5,134
Changes of items during the period						
Issuance of new shares						586
Change in ownership interest of parent due to transactions with non-controlling interests						8
Change of scope of equity method						35
Profit attributable to owners of parent						2,023
Net changes of items other than shareholders' equity	120	(39)	81	–	(386)	(305)
Total changes of items during the period	120	(39)	81	–	(386)	2,349
Balance at the end of the period	(77)	(15)	(93)	–	770	7,484

FY ended May 2018 (June 1, 2017 – May 31, 2018)

(Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of the period	1,953	1,940	2,912	6,807
Changes of items during the period				
Issuance of new shares	32	32		65
Profit attributable to owners of parent			800	800
Net changes of items other than shareholders' equity				
Total changes of items during the period	32	32	800	866
Balance at the end of the period	1,986	1,973	3,713	7,673

	Accumulated other comprehensive income			Share options	Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	(77)	(15)	(93)	–	770	7,484
Changes of items during the period						
Issuance of new shares						65
Profit attributable to owners of parent						800
Net changes of items other than shareholders' equity	73	(4)	68	5	2,445	2,519
Total changes of items during the period	73	(4)	68	5	2,445	3,385
Balance at the end of the period	(4)	(20)	(25)	5	3,216	10,870



## (4) Consolidated Statement of Cash Flows (Non-Audited)

(Million yen)

	FY ended May 2017	FY ended May 2018
Cash flows from operating activities		
Profit before income taxes	3,371	2,120
Depreciation	1,878	2,542
Amortization of goodwill	44	31
Amortization of business commencement expenses	256	363
Increase (decrease) in allowance for doubtful accounts	155	32
Increase (decrease) in allowance for investment loss	35	(25)
Increase (decrease) in provision for bonuses	24	41
Increase (decrease) in provision for special repairs	58	74
Interest and dividend income	(0)	(0)
Interest expenses	1,001	1,265
Commission fee	15	61
Share of (profit) loss of entities accounted for using equity method	(248)	(23)
Subsidy income	–	(26)
Insurance income	–	(15)
Gain on extinguishment of debt	–	(86)
Loss on retirement of non-current assets	4	1
Loss (gain) on sales of shares of subsidiaries and associates	(2,350)	–
Loss (gain) on valuation of investment securities	544	–
Loss (gain) on step acquisitions	(208)	19
Decrease (increase) in accounts receivable - trade	592	(296)
Decrease (increase) in inventories	118	39
Increase (decrease) in accounts payable - trade	15	(138)
Decrease/increase in consumption taxes receivable/payable	912	(87)
Other, net	582	984
Subtotal	6,802	6,880
Interest and dividend income received	0	0
Interest expenses paid	(977)	(1,227)
Income taxes paid	(866)	(1,753)
Income taxes refund	84	–
Proceeds from subsidy income	–	26
Proceeds from insurance income	–	15
Net cash provided by (used in) operating activities	5,042	3,941
Cash flows from investing activities		
Payments for construction advances	–	(2,994)
Collection of construction advances	–	536
Purchase of property, plant and equipment	(476)	(114)
Purchase of investment securities	(1,125)	(1,328)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(636)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	60
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,525	–
Other, net	(57)	(185)
Net cash provided by (used in) investing activities	230	(4,026)

(Million yen)

	FY ended May 2017	FY ended May 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,349)	(300)
Proceeds from long-term loans payable	3,693	3,933
Repayments of long-term loans payable	(2,743)	(2,307)
Repayments of long-term non-recourse loans payable	(2,687)	(2,010)
Proceeds from issuance of common shares	586	65
Dividends paid to non-controlling interests	(369)	(577)
Repayments of lease obligations	(4)	(17)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(338)	-
Net decrease (increase) in restricted deposits	489	(458)
Other, net	-	(1)
Net cash provided by (used in) financing activities	(2,724)	(1,673)
Effect of exchange rate change on cash and cash equivalents	(23)	(0)
Net increase (decrease) in cash and cash equivalents	2,524	(1,758)
Cash and cash equivalents at beginning of period	5,243	7,768
Cash and cash equivalents at end of period	7,768	6,009

(5) Notes to Consolidated Financial Statements

**Notes Relating to Going Concern Assumptions**

Not applicable.

**Changes in Accounting Estimates**

(Change in the useful life of certain non-current assets)

RENOVA shortened the useful life of non-current assets located at its head office, due to a decrease in the estimated tenancy period of its current head office location.

The impact of this change on profit or loss for the fiscal year is not material.

(Changes in estimates for asset retirement obligations)

RENOVA decreased its asset retirement obligations by 202 million yen following an update the estimated restoration costs for its solar power generation sites.

This change has no impact of on profit or loss for the fiscal year ended May 31, 2018, as the update was conducted on the last day of the fiscal year.

## Segment Information

### 1. Overview of Reportable Segments

RENOVA's reportable segments are comprised of its business units that have separate reportable financial information available. They are subject to periodic examinations by the Board of Directors and Management Committee, to determine the optimal allocation of management resources and performance evaluation.

The Renewable Energy Power Generation Business is involved in the generation and sale of electricity from renewable energy power plants that RENOVA owns and operates. The Renewable Energy Development and Operation Business is involved in the development of, and assists in the operation of RENOVA's renewable energy power plants. The Plastic Recycling Business, which was divested in August 2016, is involved in the recycling of household plastic waste and sale of recycled products.

### 2. Basis for Calculating Results by Reportable Segment

The accounting treatment for the reported business segments is the same as that used for the preparation of consolidated financial statements.

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)).

Inter-segment sales and transfers are based on current market prices.

### 3. Results by Reportable Segment

FY ended May 2017 (June 1, 2016 – May 31, 2017)

(Million yen)

	Reportable segments				Adjustments (Note 1)	Amount on consolidated financial statements
	Renewable Energy Power Generation Business	Renewable Energy Development and Operation Business	Plastic Recycling Business	Subtotal		
Net sales						
Sales – outside customers	5,880	1,244	1,140	8,265	–	8,265
Sales and transfer – inter-segment	–	1,356	–	1,356	(1,356)	–
Total	5,880	2,600	1,140	9,621	(1,356)	8,265
Segment profit (Note 2)	4,952	1,418	246	6,616	(4,771)	1,845
Segment assets	40,890	14,755	–	55,646	(1,731)	53,915
Other items						
Share of profit (loss) of entities accounted for using equity method	239	–	–	239	8	248
Investments in entities accounted for using equity method	–	1,386	–	1,386	–	1,386
Increase in property, plant and equipment, and intangible assets	6,278	48	(6,215)	111	(8)	102

(Notes) 1. The adjustment of (4,771) million yen to the segment profits includes interest expenses of (1,001) million yen, interest expenses on asset retirement obligations of (26) million yen, interest income of 0 million yen, depreciation of (1,878) million yen, amortization of long-term prepaid expenses of (18) million yen, amortization of goodwill of (44) million yen, amortization of deferred assets of (256) million yen, and elimination of intersegment transactions of (1,544) million yen. The adjustments to segment assets is due to the elimination of intersegment transactions.

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 1,845 million yen corresponds to Ordinary profit on RENOVA's consolidated financial statements.

FY ended May 2018 (June 1, 2017 – May 31, 2018)

(Million yen)

	Reportable segments			Adjustments (Note 1)	Amount on consolidated financial statements
	Renewable Energy Power Generation Business	Renewable Energy Development and Operation Business	Subtotal		
Net sales					
Sales – outside customers	10,448	1,291	11,740	–	11,740
Sales and transfer – inter-segment	–	1,536	1,536	(1,536)	–
Total	10,448	2,828	13,276	(1,536)	11,740
Segment profit (Note 2)	6,847	1,238	8,085	(6,030)	2,055
Segment assets	51,132	17,190	68,323	(2,610)	65,713
Other items					
Share of profit (loss) of entities accounted for using equity method	23	–	23	–	23
Investments in entities accounted for using equity method	–	1,007	1,007	–	1,007
Increase in property, plant and equipment, and intangible assets	9,772	(6)	9,766	5	9,772

(Notes) 1. The adjustment of (6,030) million yen to the segment profits includes interest expenses of (1,265) million yen, interest expenses on asset retirement obligations of (28) million yen, interest income of 0 million yen, depreciation of (2,542) million yen, amortization of long-term prepaid expenses of (24) million yen, amortization of goodwill of (31) million yen, amortization of deferred assets of (363) million yen, and elimination of intersegment transactions of (1,773) million yen. The adjustments to segment assets is due to the elimination of intersegment transactions.

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 2,055 million yen corresponds to Ordinary profit on RENOVA's consolidated financial statements.

## Per Share Information

(Yen)

	FY ended May 2017	FY ended May 2018
Net assets per share	182.60	205.96
Basic earnings per share	57.02	21.73
Diluted earnings per share	53.94	20.62

(Notes) 1. RENOVA conducted a 4-for-1 share split of its common shares with an effective date of December 16, 2016, and a 2-for-1 share split of its common shares with an effective date of May 1, 2018. Accordingly, net assets per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the both share splits were conducted at the beginning of the fiscal year ended May 2017.

2. The basis for calculating basic earnings per share and diluted earnings per share are as follows.

	FY ended May 2017	FY ended May 2018
Basic earnings per share		
Profit attributable to owners of parent (million yen)	2,023	800
Amount not allocable to common shareholders (million yen)	—	—
Profit attributable to owners of parent available for common shares (million yen)	2,023	800
Weighted average number of common shares outstanding during each period (thousand shares)	35,492	36,840
Diluted earnings per share		
Adjustment to the profit attributable to owners of parent (million yen)	—	—
Number of common shares increased (thousand shares)	2,025	1,976
(of which, share options (thousand shares))	(2,025)	(1,976)
An overview of diluted shares not included in the calculation of diluted earnings per share due to the absence of the dilutive effect.	—	—

## Significant Subsequent Events

### (Change in Fiscal Year End)

RENOVA resolved to change its fiscal period at the meeting of the Board of Directors held on July 5, 2018. The resolution is subject to approval at its annual shareholders meeting on August 29, 2018.

#### (1) Details of the Change

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

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

As a result of this change, current fiscal year will be 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, will also change its fiscal year from the twelve-month period ending May 31 to the twelve-month period ending March 31 of each year.

#### (2) Reason for the Change

RENOVA's subsidiaries and affiliates, which own renewable energy power plants, have fiscal years ending on March 31, whereas RENOVA has 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.

### (Introduction of Share-Based Compensation Plan)

RENOVA resolved to introduce a share-based compensation plan (hereinafter referred to as the "Plan") as a new incentive plan for its directors (including external directors) and executive officers at the meeting of the Board of Directors held on July 5, 2018. The resolution is subject to approval at its annual shareholders meeting on August 29, 2018.

#### (1) Purpose

The Plan aims to create an incentive structure that increases the commitment of our directors (including external directors) and executive officers to RENOVA's medium to long-term business performance.

#### (2) Overview

The Plan is a share-based compensation plan that uses a share delivery trust scheme and an incentive plan for the directors (including external directors) and executive officers. RENOVA will deliver and grant its shares 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.

(3) Overview of the trust

Type of trust:	Share Delivery Trust for directors and executive officers
Trustor:	RENOVA
Trustee:	Resona Bank, Ltd. (Re-trustee of trust: Japan Trustee Services Bank, Ltd.)
Beneficiaries:	Directors and executive officers who have met the beneficiary requirements
Trust administrator:	Third party with no interest with RENOVA
Date of trust agreement:	Mid-October 2018 (planned)
Date when money will be entrusted:	Mid-October 2018 (planned)
Trust period:	From mid-October 2018 (planned) to the termination of the trust (the trust will continue as long as the Plan continues)
Type of shares to be acquired	Common shares of RENOVA
Amount of money used for share acquisition	Maximum 580 million yen
Method of share acquisition	To be acquired from the stock market