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

October 5, 2018

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:		October 5, 2018	
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, 2019 (June 1, 2018 – August 31, 2018)

(1) Consolidated Results from Operations (cumulative) (Percentages show year-on-year changes)

	Net sales		EBITDA*		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Aug. 31, 2018	3,343	34.8	1,770	0.3	1,072	(7.9)	643	(26.7)	241	(48.8)
ended Aug. 31, 2017	2,480	–	1,765	–	1,163	–	878	–	471	–

(Note) Comprehensive income:

Three months ended Aug. 31, 2018: 445 million yen, (27.9%)    Three months ended Aug. 31, 2017: 617 million yen, –%

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen	Yen	Yen	Yen
Three months ended Aug. 31, 2018	3.25	3.06	3.06	3.06
ended Aug. 31, 2017	6.41	6.13	6.13	6.13

\* 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. Year-on-year changes for the three months ended Aug. 31, 2017 are not presented because RENOVA, Inc. ("RENOVA") began disclosing its financial results for the first quarter from the fiscal year ended Mar 31, 2018.

2. 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	
	Million yen	Million yen	Million yen	Million yen	%	Yen	Yen	
As of Aug. 31, 2018	69,123	11,174	11.4	106.17				
May 31, 2018	65,713	10,870	11.6	102.98				

(Reference) Equity attributable to owner of parent: As of Aug. 31, 2018: 7,887 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 ended May 2018	–	0.00	–	0.00	0.00
ending March 2019	–	–	–	–	–
ending March 2019 (forecast)	–	0.00	–	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	13,000	–	6,500	–	3,700	–	2,100	–	900	–	12.12

(Note) Revisions to the consolidated 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, 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 & others)” for details.

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

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

As of Aug. 31, 2018: 74,290,800 shares      As of May 31, 2018: 74,268,400 shares

(ii) Number of treasury shares at end of period

As of Aug. 31, 2018: – shares      As of May 31, 2018: – shares

(iii) Average number of shares outstanding during the period

For the three months ended Aug. 31, 2018: 74,281,547 shares

For the three months ended Aug. 31, 2017: 73,532,400 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 Aug. 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,118	13,915
Accounts receivable – trade	1,665	1,853
Work in process	45	26
Raw materials and supplies	162	153
Advances paid to subsidiaries and associates	3,043	5,093
Other	393	796
Allowance for doubtful accounts	(243)	(273)
Total current assets	19,185	21,564
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,732	5,862
Accumulated depreciation	(500)	(567)
Buildings and structures, net	5,232	5,294
Machinery, equipment and vehicles	40,209	40,411
Accumulated depreciation	(6,632)	(7,232)
Machinery, equipment and vehicles, net	33,577	33,179
Land	1,738	1,738
Other	208	125
Accumulated depreciation	(72)	(77)
Other, net	135	47
Total property, plant and equipment	40,684	40,259
Intangible assets		
Goodwill	564	556
Other	724	715
Total intangible assets	1,289	1,271
Investments and other assets		
Shares of subsidiaries and associates	358	1,916
Investments in other securities of subsidiaries and associates	1,077	1,054
Other	2,297	2,330
Allowance for investment loss	(9)	(10)
Total investments and other assets	3,723	5,291
Total non-current assets	45,697	46,822
Deferred assets	830	736
Total assets	65,713	69,123

(Million yen)

	As of May 31, 2018	As of Aug. 31, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	111	278
Current portion of long-term loans payable	3,945	3,952
Income taxes payable	551	208
Provision for bonuses	136	82
Other	665	855
Total current liabilities	5,410	5,377
Non-current liabilities		
Long-term loans payable	45,196	48,289
Asset retirement obligations	2,445	2,451
Provision for special repairs	222	242
Other	1,569	1,587
Total non-current liabilities	49,433	52,571
Total liabilities	54,843	57,949
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,986	1,987
Capital surplus	1,973	1,974
Retained earnings	3,713	3,954
Total shareholders' equity	7,673	7,916
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(4)	(8)
Foreign currency translation adjustment	(20)	(20)
Total accumulated other comprehensive income	(25)	(29)
Share options	5	3
Non-controlling interests	3,216	3,284
Total net assets	10,870	11,174
Total liabilities and net assets	65,713	69,123

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

(Million yen)

	Three months ended Aug. 31, 2017	Three months ended Aug. 31, 2018
Net sales	2,480	3,343
Cost of sales	801	1,553
Gross profit	1,678	1,790
Selling, general and administrative expenses	514	717
Operating profit	1,163	1,072
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	23	–
Foreign exchange gains	4	0
Subsidy income	26	–
Other	17	1
Total non-operating income	72	1
Non-operating expenses		
Interest expenses	270	325
Commission fee	1	8
Amortization of business commencement expenses	82	93
Other	3	2
Total non-operating expenses	357	430
Ordinary profit	878	643
Extraordinary losses		
Loss on retirement of non-current assets	–	2
Loss on step acquisitions	19	–
Total extraordinary losses	19	2
Profit before income taxes	859	641
Income taxes	220	188
Profit	639	453
Profit attributable to non-controlling interests	167	211
Profit attributable to owners of parent	471	241

Consolidated Quarterly Statement of Comprehensive Income (Non-Audited)

(Million yen)

	Three months ended Aug. 31, 2017	Three months ended Aug. 31, 2018
Profit	639	453
Other comprehensive income		
Deferred gains or losses on hedges	(22)	(7)
Foreign currency translation adjustment	(4)	(0)
Share of other comprehensive income of entities accounted for using equity method	5	-
Total other comprehensive income	(21)	(8)
Comprehensive income	617	445
Comprehensive income attributable to		
Owners of parent	459	237
Non-controlling interests	157	207

(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.

**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 first 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 Fiscal Year End)

RENOVA resolved to change its fiscal year end (last day of fiscal year) from May 31 to March 31 at 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.

(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.



## Segment Information

Three months ended Aug. 31, 2017 (June 1, 2017 – August 31, 2017)

### 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	2,056	423	2,480	–	2,480
Sales and transfer – inter-segment	–	662	662	(662)	–
Total	2,056	1,085	3,142	(662)	2,480
Segment profit (Note 2)	1,768	771	2,539	(1,661)	878

(Notes) 1. The adjustment of (1,661) million yen to the segment profits includes interest expenses of (270) million yen, interest expenses on asset retirement obligations of (7) million yen, interest income of 0 million yen, depreciation of (515) million yen, amortization of long-term prepaid expenses of (4) million yen, amortization of goodwill of (7) million yen, amortization of deferred assets of (82) million yen, and elimination of intersegment transactions of (774) 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 878 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.

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.

### Significant Subsequent Events

(Share Split and Partial Amendment to Articles of Incorporation)

RENOVA conducted a 2-for-1 share split of its common shares and an amendment to its Articles of Incorporation with an effective date of September 1, 2018, pursuant to the resolution of the meeting of the Board of Directors held on July 23, 2018.

#### (1) Purpose

The share split aimed to increase the liquidity of the RENOVA's shares and to expand the investor base by reducing the per unit price of its shares.

#### (2) Overview of the Share Split

##### (i) Method of the share split

Record date: Friday, August 31, 2018

Each shareholder in the final shareholder registry as of the effective record date received 2 shares for every 1 share of common stock held.

##### (ii) Increase in the number of shares resulting from the share split

Total number of issued shares before the share split	37,145,400 shares
Increase in the number of shares resulting from the share split	37,145,400 shares
Total number of issued shares after the share split	74,290,800 shares
Total number of authorized shares after the share split	280,800,000 shares

##### (iii) Schedule

Date of resolution by Board of Directors	July 23, 2018
Date of public notice of the record date	August 10, 2018
Record date	August 31, 2018
Effective date	September 1, 2018

##### (iv) Others

There has been no change in the amount of capital stock.

##### (v) Adjustment of the exercise price of share options

As a result of the share split, the exercise price of share options has been adjusted as follows. The new exercise price will be effective from September 1, 2018.

Name	Before	After
16th Series of Share Options	155 yen	78 yen
18th Series of Share Options	155 yen	78 yen
19th Series of Share Options	155 yen	78 yen
20th Series of Share Options	194 yen	97 yen
21st Series of Share Options	194 yen	97 yen
22nd Series of Share Options	194 yen	97 yen
23rd Series of Share Options	194 yen	97 yen
24th Series of Share Options	194 yen	97 yen
25th Series of Share Options	194 yen	97 yen
26th Series of Share Options	375 yen	188 yen
27th Series of Share Options	375 yen	188 yen

#### (3) Impact on Per Share Information

The impact on per share information can be found in the relevant sections of this report.

(4) Partial Amendment to the Articles of Incorporation in associated with the share split

(i) Reason

In conjunction with the share split, RENOVA increased the total number of authorized shares pursuant to Article 6 of its Articles of Incorporation, effective from September 1, 2018, by means of a Board of Directors' resolution pursuant to Article 184, Paragraph 2 of the Companies Act.

(ii) Description

(Changes are underlined)

Current	Amended
(Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>one hundred forty million, four hundred thousand (140,400,000)</u> .	(Total number of authorized shares) Article 6 The total number of authorized shares of the Company shall be <u>two hundred eighty million, eight hundred thousand (280,800,000)</u> .