

Supplementary Material on Financial Results for 1Q, FYE March 2019

RENOVA, Inc.



October 5, 2018

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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, FYE March 2019

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

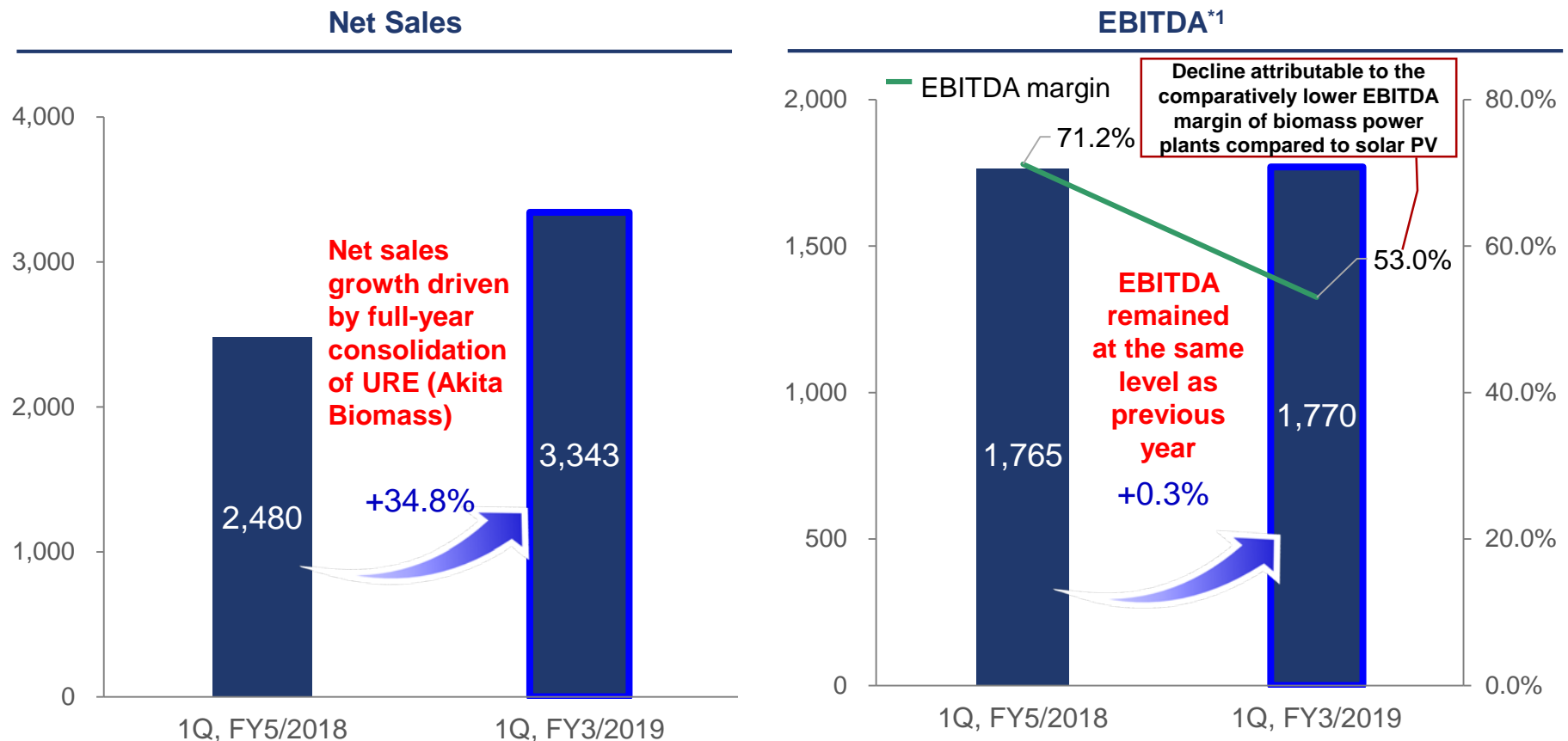
2 Full-year contribution of Akita Biomass Project (URE*1)

3 Reached financial close and commenced construction for the Kanda Biomass Project

Trend in Net Sales and EBITDA

(Million yen, %)

- Net sales for the first quarter of FYE 3/2019 grew from the same period of the previous year, driven by consolidation of URE (Akita Biomass) and steady power generation at our solar PV plants.
- In comparison, EBITDA growth was more muted due to the lower EBITDA margin of biomass power plants when compared with solar PV projects, and an increase in development expenses including personnel costs.



*1 EBITDA = Ordinary profit + Net interest expenses + Depreciation + Amortization of long-term prepaid expenses (Amortization of grid connection costs and amortization of deferred consumption tax) + Amortization of goodwill + Amortization of deferred assets (Amortization of business commencement expenses and amortization of 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.
- Recognized development fee revenue for Kanda Biomass during 1Q.
- Consolidation of Akita Biomass was a key driver of year on year growth for the quarter.

	FY5/2018 1Q YTD	FY3/2019 1Q YTD	FY3/2019 (Full-year plan)	Ratio to full-year plan
Net Sales	2,480	3,343	13,000	25.7%
EBITDA*1	1,765	1,770	6,500	27.2%
<i>EBITDA margin</i>	71.2%	53.0%	50.0%	-
Operating profit	1,163	1,072	3,700	29.0%
Ordinary profit	878	643	2,100	30.6%
Extraordinary income	—	—	-	-
Extraordinary losses	19	2	-	-
Profit	471	241	900	26.8%
EPS (yen)*2	6.41	3.25	12.12	-
LTM ROE*3	18.3%	7.6%	-	-
Number of power plants in operation*4	8(1)	8(0)	8(0)	-
Capacity (MW)*5	162.3	163.7	163.7	-

EBITDA growth was muted due to the comparatively lower EBITDA margin of biomass power plants, and an increase in development expenses

Continued aggressive investment for future growth

Profit attributable to non-controlling interests increased with the consolidation of Akita Biomass. (Profit attributable to owners of parent decreased in comparison.)

*1 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). EBITDA is neither subject to audit nor quarterly review.

*2 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 May 1 and September 1, 2018, had taken place at the beginning of the previous fiscal year.

*3 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. *4 The figures in parentheses () represents the number of power plants to which equity method investment is applied. *5 The capacity figures represent gross generation capacity.

Quarterly Results by Segment (Continuing Operations)*1

(Million yen)

- Consolidation of Akita Biomass and recognition of a development fee from the Kanda Biomass project contributed to year-on-year growth for the quarter.
- Increase in development expenses compared to the same period of the previous year is in line with the full-year plan.

		FY5/2018 1Q YTD	FY3/2019 1Q YTD	FY3/2019 (Full-year plan)	Ratio to full-year plan
Renewable Energy Power Generation Business (A)	Net sales	2,056	3,003	11,300	26.6%
	EBITDA	1,768	2,020	6,900	29.3%
	Ordinary profit	895	928	2,600	35.7%
Renewable Energy Development and Operation Business + Elimination (B)*1	Net sales	423	339	1,700	20.0%
	EBITDA	▲3	▲249	▲400	NM
	Ordinary profit	▲16	▲285	▲500	NM
Total of Continuing Operations (A + B)	Net sales	2,480	3,343	13,000	25.7%
	EBITDA	1,765	1,770	6,500	27.2%
	Ordinary profit	878	643	2,100	30.6%

Net sales and EBITDA growth were driven by consolidation of URE and steady power generation at our solar PV plants.

Development fees recorded in the 1st quarter were less than those in the previous year.

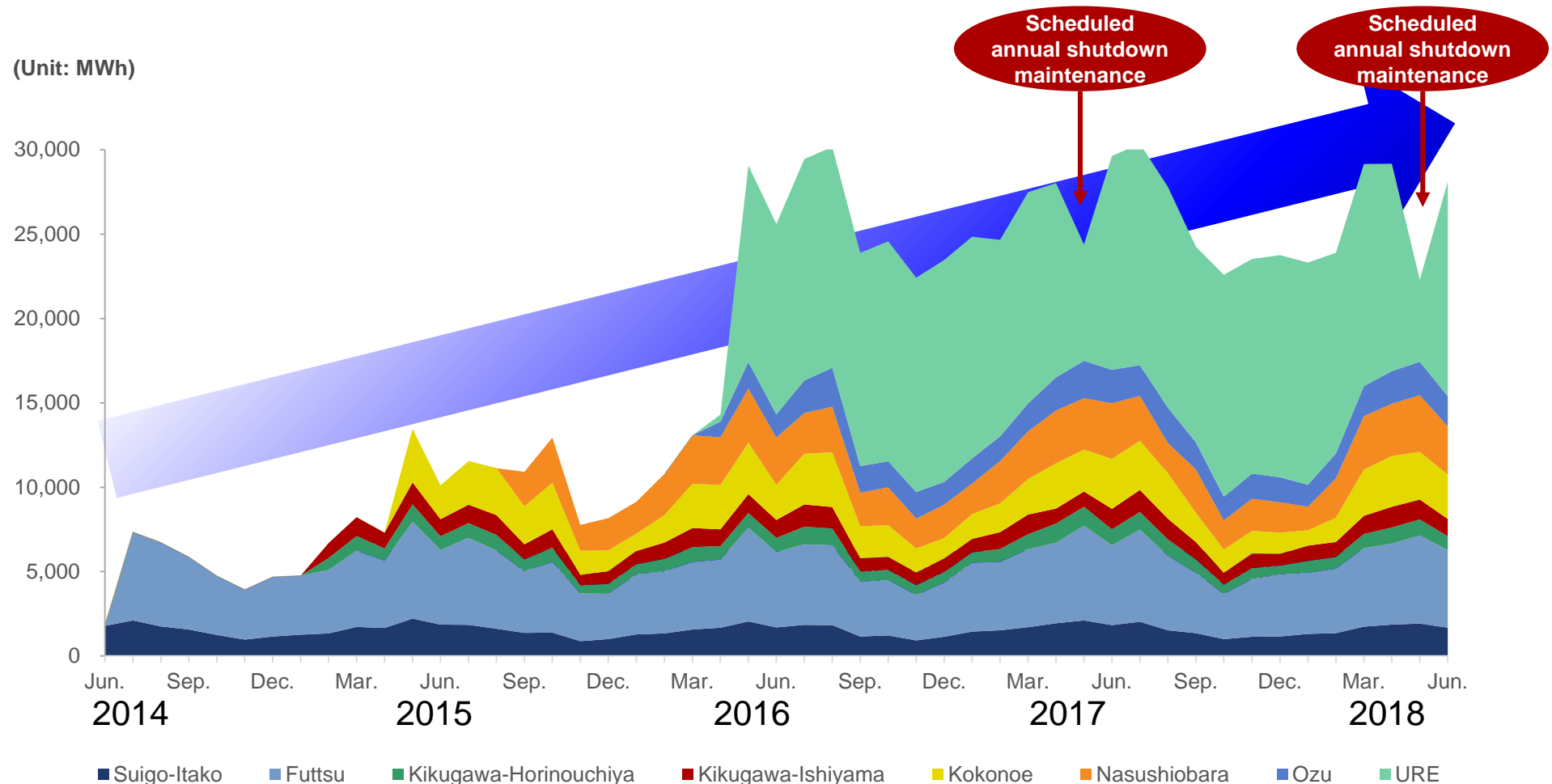
Active investment for development, including personnel expenses

*1 Compensation from business development that corresponds to RENOVA's stake in subsidiaries and affiliated companies is regarded as transactions within the consolidated group and eliminated in consolidated operating results.

Trend in Monthly Electricity Sales Volume by Power Plant*1

(MWh*2)

- Output from solar PV plants is seasonal and is relatively larger from spring to fall due to favorable weather.
- Biomass power plants maintain stable output except during scheduled annual shutdown maintenance in every year May.



*1 Fiscal year-end for each power plant is March 31, and RENOVA's consolidated fiscal year-end is May 31. The figures of each power plant recorded from April to March the following year are recorded in RENOVA's consolidated financial statements. RENOVA changed its fiscal period from the twelve month period ending May of 31 to the twelve month period ending March 31 effective from the current fiscal year.

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

Composition of EBITDA

(Million yen)

■ While EBITDA increased due to consolidation of Akita Biomass, results were generally unchanged as a result of increased development costs, including personnel expenses.

	FY5/2018 1Q YTD	FY3/2019 1Q YTD	Change	
Ordinary profit	878	643	△234	Increase in development expenses including personnel expenses
Net interest expense(+)	277	331	53	Increase due to consolidation of URE
Interest income	0	0	0	
Interest expense +interest on asset retirement obligations	277	332	54	
Depreciations (+)	515	687	171	Increase due to consolidation of URE
Amortization of long-term prepaid expenses*1 (+)	4	6	2	
Amortization of goodwill(+)	7	8	0	
Amortization of deferred assets*2 (+)	82	93	11	
EBITDA	1,765	1,770	5	

*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 as a result of increased borrowings to fund development costs and investments.
- Shareholders' equity increased due to an increase in retained earnings.

	As of FY5/2018	End of 1Q of FY3/2019	Change	Major Factors of Increase/Decrease
Current assets	19,185	21,564	2,378	Increase in development cost advances paid for projects
Non-current assets	45,697	46,822	1,125	
Property, plant and equipment	40,684	40,259	▲424	
Intangible assets	1,289	1,271	▲17	
Investments and other assets	3,723	5,291	1,567	Increase in Funding for development of new biomass power plants and increased investment for off-shore wind power development
Deferred assets	830	736	▲93	
Total assets	65,713			
Interest-bearing debt*1	49,189	52,286	3,096	Increase in borrowings to fund development costs and investments
Other liabilities	5,653	5,662	9	
Total liabilities	54,843	57,949	3,105	
Shareholders' equity	7,673	7,916	243	Increase in retained earnings
Accumulated other comprehensive income	▲25	▲29	▲3	
Subscription rights to shares	5	3	▲2	Exercise of share options
Non-controlling interests	3,216	3,284	67	
Total net assets	10,870	11,174	304	

*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)

■ Key credit metrics are largely unaffected despite an increase in borrowings to fund development costs and investments.

		As of FY 5/2018	End of 1Q of FY 3/2019	Change	Major Factors of Increase/Decrease
Key balance sheet items	Total assets	65,713	69,123	3,410	
	Net assets	10,870	11,174	304	Increase in retained earnings
	Shareholders' equity	7,648	7,887	239	Increase in retained earnings
	Net interest-bearing debt*1	35,070	38,370	3,299	
	Cash and deposits	14,118	13,915	▲203	
	Interest-bearing debt*1	49,189	52,286	3,096	Increase in Borrowings to fund development projects
Financial health indicators	Equity ratio	11.6%	11.4%	▲0.2%	
	Net asset ratio	16.5%	16.2%	▲0.3%	
	Net D/E ratio*1*2	3.2x	3.4x	0.2x	
	Net Debt / LTM EBITDA*2*3	5.6x	6.1x	0.5x	

*1 Net D/E ratio = Net interest-bearing debt / net assets *2 EBITDA amounted to 6,012 million yen for 1-3E May 2018 and to 6,070 million yen for 1Q 1-3E March 2019.

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

List of plants in operation, under construction and pipeline projects*¹ (as of October 5, 2018)

- Currently constructing a total of 210MW of solar PV capacity at 5 separate sites. Expecting sequential COD in 2019.
- Total generation capacity of over 350MW in operation or under construction.

Energy Source	Project Name	Location	Power Generating Capacity (MW)	Purchase Price ² (/kWh)	Current Status	Ownership Interest	EIA Status	COD (Target)
Solar	Suigo-Itako	Ibaraki	15.3	¥40	In operation	68.0%	-	2014
	Futtsu	Chiba	40.4	¥40	In operation	51.0%	-	2014
	Kikugawa-Ishiyama	Shizuoka	9.4	¥40	In operation	63.0%	-	2015
	Kikugawa-Horinouchiya	Shizuoka	7.5	¥40	In operation	61.0%	-	2015
	Kokonoe	Oita	25.4	¥40	In operation	100%	-	2015
	Nasu-Shiobara	Tochigi	26.2 ³	¥40	In operation	100%	-	2015
	Ozu	Kumamoto	19.0	¥36	In operation	100%	-	2016
	Karumai West	Iwate	48.0	¥36	Under construction	38.0% ⁴	-	2019
	Karumai East	Iwate	80.8	¥36	Under construction	38.5% ⁴	-	2019
	Yokkaichi	Mie	21.6	¥36	Under construction	38.0% ⁴	Underway (commencement of construction approved)	2019
	Nasu-Karasuyama	Tochigi	19.2	¥36	Under construction	38.0% ⁴	-	2019
	Karumai Sonbou	Iwate	40.8	¥36	Under construction	46.0% ⁵	-	2021
	Project A	Kyushu	Appx.20	¥36	Under assessment (Grid-related bidding)	-	-	Around 2022

*1 Projects may be altered, postponed or cancelled in the course of development.

*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 The capacity increased from 24.8MW to 26.2MW because additional panels came into operation in April 2018.

*4 RENOVA holds the right to additionally acquire whole equity in the anonymous partnership currently owned by a co-sponsor on or after the date of completion 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 October 5, 2018)

- Successfully developing a portfolio of renewable energy projects across multiple energy types, including the start of construction for the Kanda Biomass Project.

Energy Source	Project Name	Location	Generating Capacity (MW)	Purchase Price ² (/kWh)	Current Status	Ownership Interest	EIA Status	COD (Target)
Biomass	URE	Akita	20.5	¥32/¥24	In operation	35.3% ⁵	-	2016
	Kanda ³	Fukuoka	Appx. 75	¥24/¥32	Under Construction	43.1%	-	2021
	Tokushima	Tokushima	Appx. 75	¥24/¥32	Under development	-	-	Around 2022
	Omaezaki	Shizuoka	Appx. 75	¥24/¥32	Under assessment	-	Underway	Around 2022
	Ishinomaki	Miyagi	Appx. 75	¥24/¥32	Under assessment	-	Underway	Around 2023
	Sendai	Miyagi	Appx. 75	¥24/¥32	Under assessment	-	Underway	Around 2023
Offshore Wind	Yurihonjo	Akita	Appx. 560	TBD	Under assessment (Grid tendering)	-	Underway	Successively from 2024
Onshore Wind	Abukuma	Fukushima	Appx. 150	¥22	Under assessment (Joint) ⁴	-	Underway	Around 2022
	Project B	Kyushu	Appx. 50	¥21	Upfront investment	-	Underway	Around 2024
Geothermal	Minami Aso	Kumamoto	TBD	TBD	Upfront investment (Joint) ⁴	-	-	Around 2021
	Esan	Hokkaido	TBD	TBD	Upfront investment	-	-	TBD

*1 Development projects may be altered, delayed or cancelled due to development status, progress and comments reflecting environmental impact assessments.

*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.

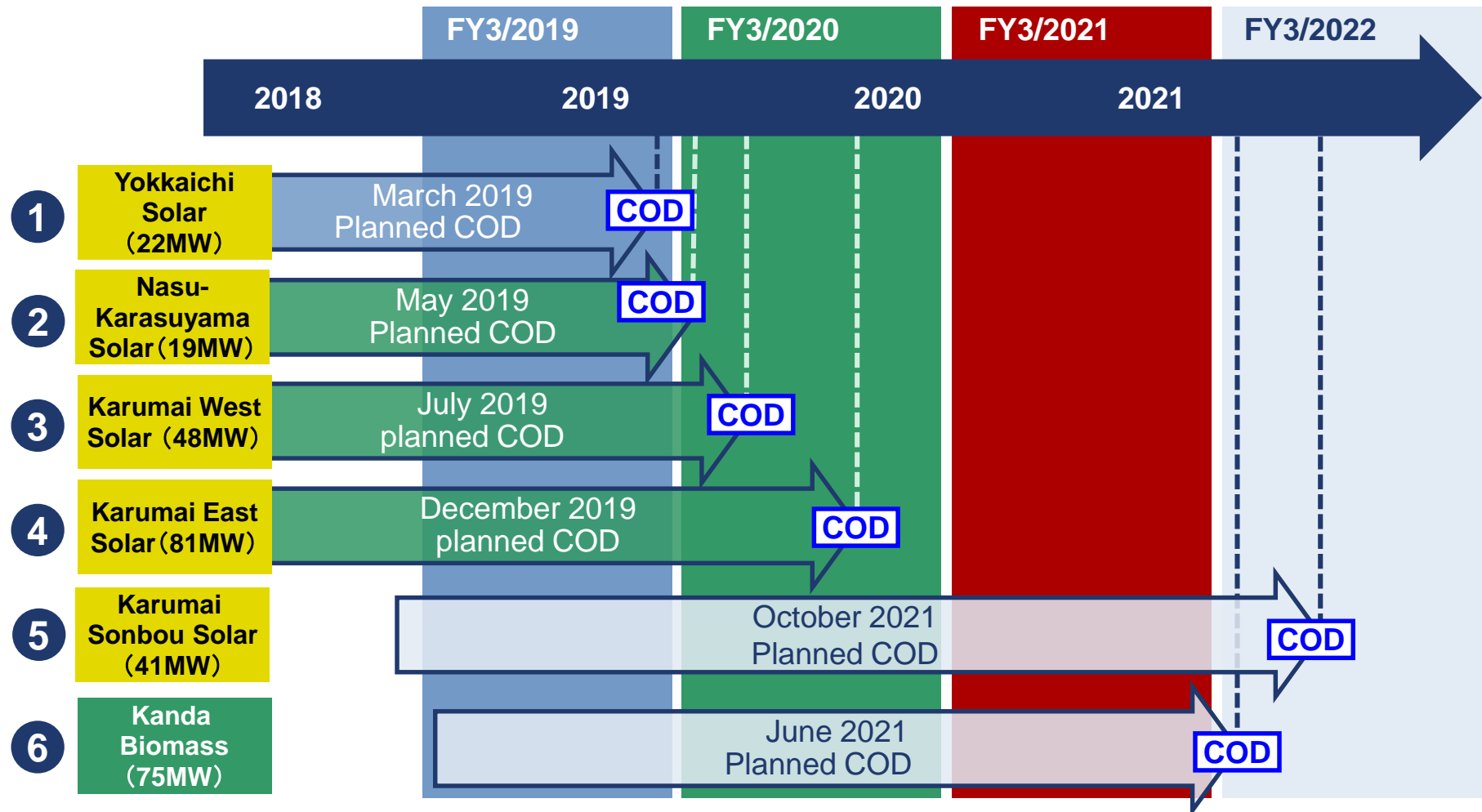
*3 Kanda is joint developed project in led by RENOVA, which holds 43.1% of the shares of the SPC as the largest shareholder. Note: we do not have the right to acquire additional equity in the SPC, which is held by four joint investors.

*4 (Joint) indicates a jointly developed project where another company leads development and promotion.

*5 RENOVA has invested in URE through Sensyu Holdings Co., Ltd., a subsidiary of RENOVA. RENOVA's ownership interest in URE, calculated as the product of RENOVA's ownership interest in Sensyu Holdings Co., Ltd., and Sensyu Holdings Co., Ltd.'s ownership in URE, is 35.3%.

List of Projects Under Construction*1

■ Projects under construction are expected to achieve COD from March 2019 onwards.



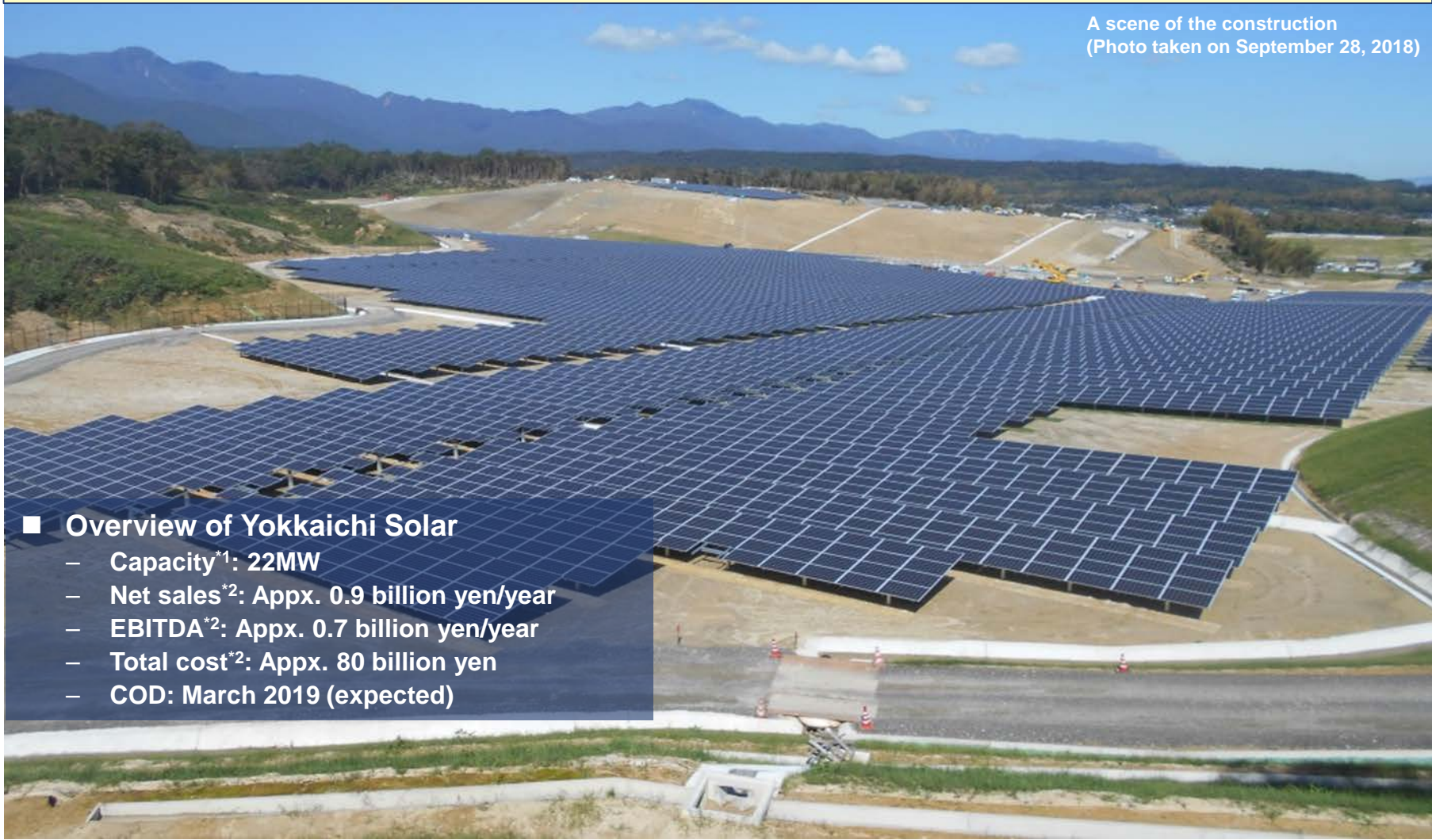
*1 Development projects may be altered, delayed or cancelled due to development status and progress.

Construction Progress of Yokkaichi Solar (Expected COD March 2019)

(Yokkaichi, Mie Prefecture)

- Yokkaichi Solar is the first large-scale PV plant in Mie Prefecture that underwent a full environmental impact assessment.

A scene of the construction
(Photo taken on September 28, 2018)



■ Overview of Yokkaichi Solar

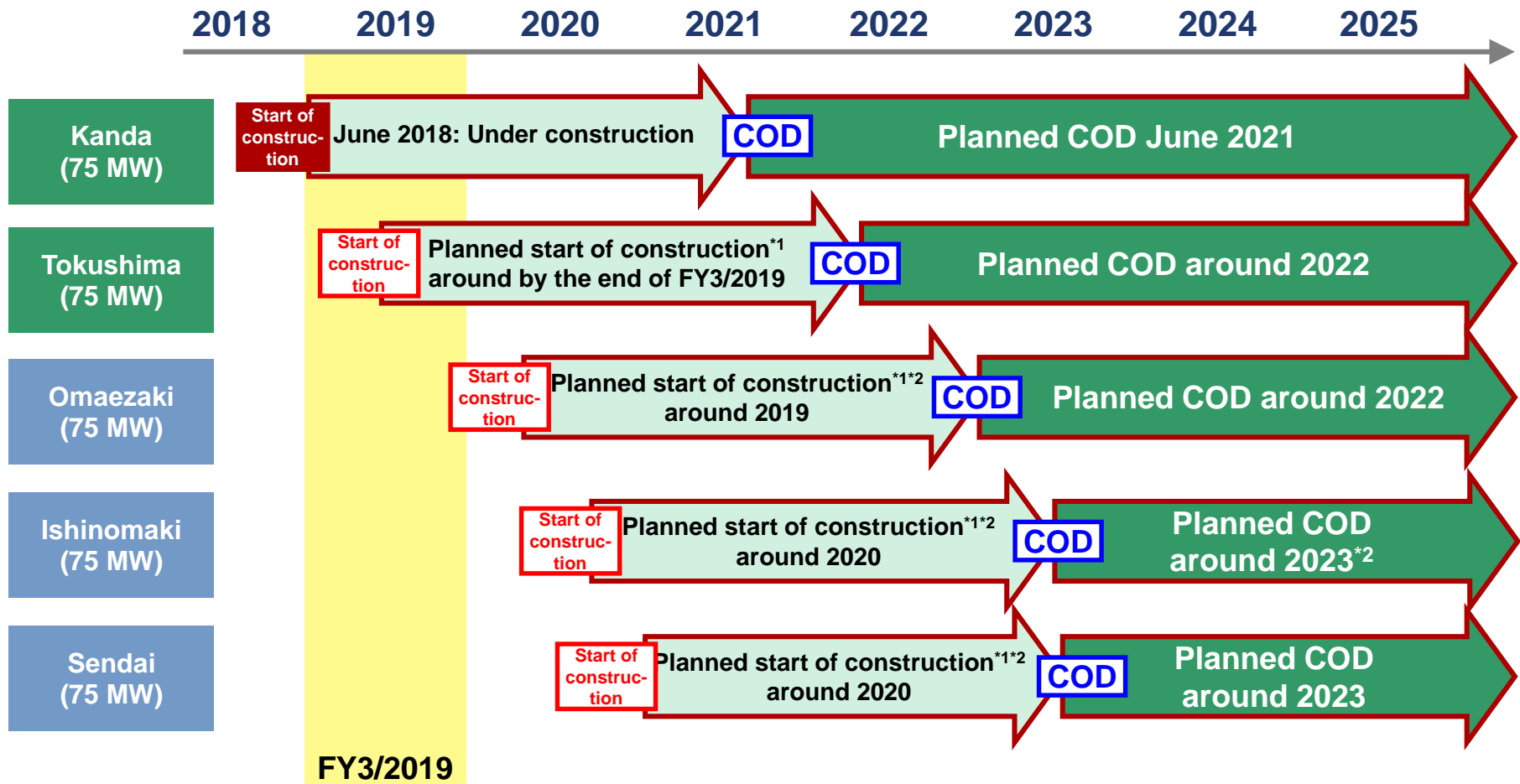
- Capacity^{*1}: 22MW
- Net sales^{*2}: Appx. 0.9 billion yen/year
- EBITDA^{*2}: Appx. 0.7 billion yen/year
- Total cost^{*2}: Appx. 80 billion yen
- COD: March 2019 (expected)

^{**1} The capacity is calculated based on module capacity.

^{**2} This figure includes expenses for facilities related to power generation, buildings, land, land development and financing (including reserves) as well as all expenses incurred before start of operation such as inauguration expenses and consumption taxes.

Development of Biomass Projects

- Construction to begin successively over the next 1-2 years.
- Targeting sequential COD from 2021 onwards.
- Including Akita Biomass (20MW), the total capacity will reach approximately 400 MW.



^{*1} 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.

^{*2} Construction commencement presented in accordance with RENOVA's expected schedule instead of construction commencement dates indicated in the preliminary environmental impact assessments materials.

(Reference) Steady Progress in the Development of Multiple Energy Sources

Overview of the Kanda Biomass Project

- Commenced construction on a large-scale biomass project in Kanda-machi, Miyako District, Fukuoka Prefecture in June 2018.
- Recorded a development fee in the first quarter of FY3/2019.
- The Kanda Biomass Project represents RENOVA's first joint development project with Sumitomo Forestry.

Kanda Biomass Project	
Generation Capacity	75 MW
Main Fuel	Wood pellets (co-fired with palm kernel shells (PKS) and domestic woodchips)
FIT Price	¥24/kWh (¥32/kWh for domestic wood biomass)
COD	June 2021 (expected)
Net Sales	Approx. ¥13 billion per year
Total Capex	Approx. ¥50 billion*1
LTC	90%
Main Sponsors	RENOVA, Inc. (ownership ratio of 43.1%*2) Sumitomo Forestry Co., Ltd. (ownership ratio of 41.5%)



Joint development project with Sumitomo Forestry as a part of the capital and business alliance with RENOVA

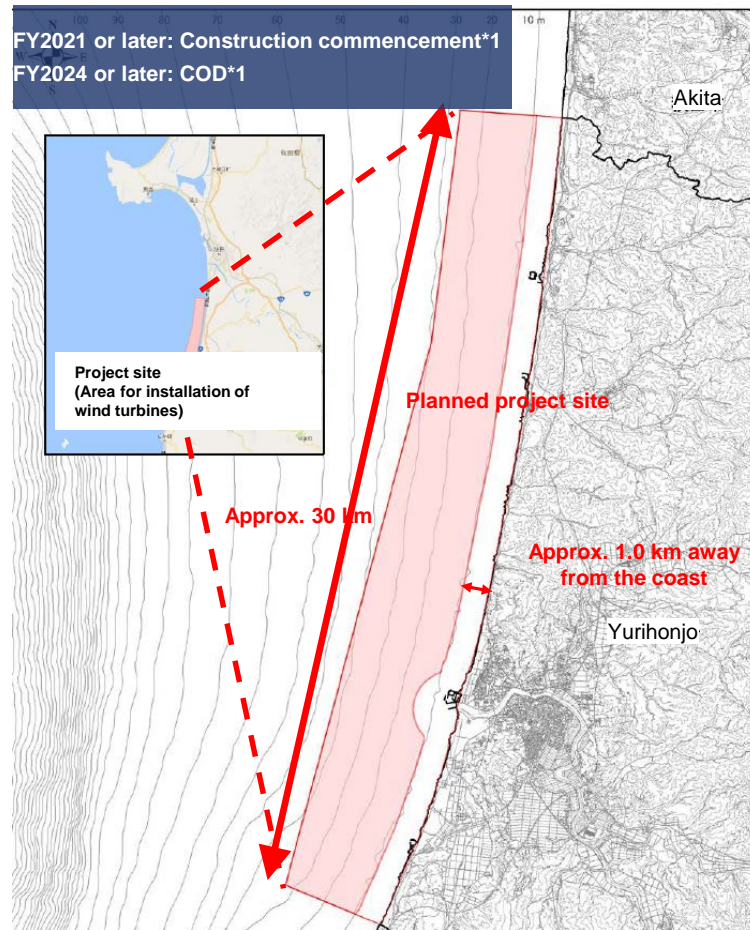
*1 This figure includes expenses for facilities related to power generation, buildings, land, land development and financing (including reserves) as well as all expenses incurred before start of operation such as inauguration expenses and consumption taxes.

*2 RENOVA does not possess a call option to acquire additional equity in the SPC, which is held by the four other joint investors.

(Reference) Progress of Yurihonjo Large-Scale Offshore Wind Project

Progress of the project

- Project proceeding according to schedule. Completed the second seabed survey and installed an additional wind measurement tower.
- Participated in Tohoku Electric's grid connection tender at the end of August. Results are expected to be announced by the end of this year.



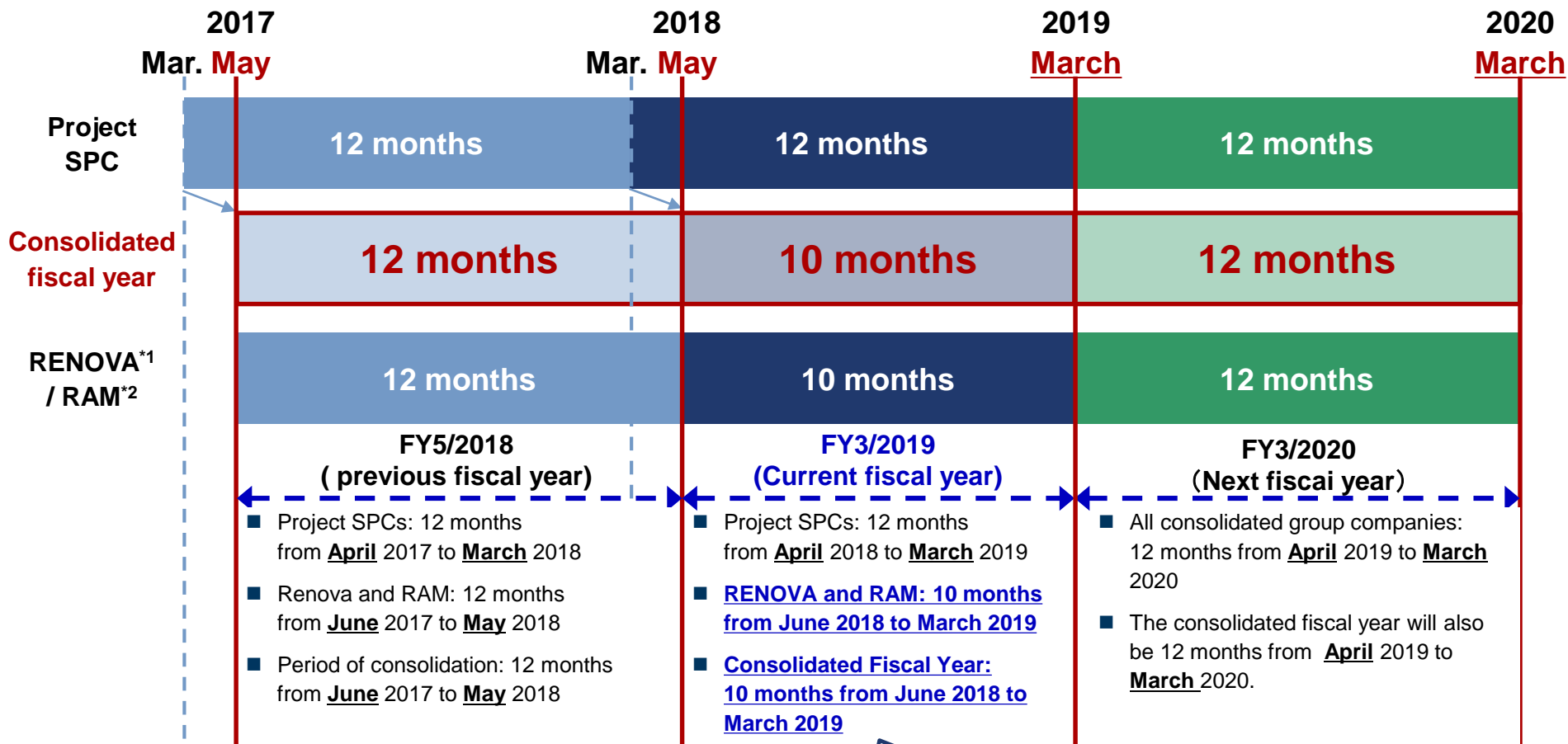
Project development progress

- Completed the second seabed survey. Proceeding with wind turbine selection, layout, and preliminary engineering.
- Completed the installation of third and fourth wind measurement towers.
- Completed spring and summer field surveys for EIA.
- Participated in Tohoku Electric's grid connection tender at the end of August. Results are expected to be announced by the end of this year.



*1. Development projects may be altered, delayed or cancelled due to development status, progress and comments reflecting environmental impact assessments.

Change of Fiscal Year End and Resulting Consolidated Fiscal Years



4Q results for project SPCs:
Results for **3 months**
4Q results of Renova and RAM:
Results for **1 month**

*1 Refers to RENOVA as a non-consolidated entity here.
*2 RAM stands for RENOVA Asset Management.

Outlook for FYE March 2019

(Million yen, %)

Forecasts for financial results
Remain unchanged

- Expecting growth in net sales and each profit item.
- RENOVA intends to continue upfront investment strategy to expand its business.

	FY5/2018 (Actual)	FY3/2019 (Outlook)	% change	
Net Sales	11,740	13,000	10.7%	<ul style="list-style-type: none"> ■ Full-year consolidation of URE for FYE 3/2019.
EBITDA*1	6,312	6,500	3.0%	
<i>EBITDA margin</i>	53.8%	50.0%	-	
Operating profit	3,679	3,700	0.6%	<ul style="list-style-type: none"> ■ Continue upfront investment strategy to fortify pipeline projects and development personnel. ■ Profit figures are expected to remain at levels near those of FYE 5/2018
Ordinary profit	2,055	2,100	2.2%	
Profit	800	900	12.4%	
EPS (yen)*1	10.8	12.1	11.6%	
ROE*2	11.1%	11.0%	-	

*1 EPS figures represents basic EPS. EPS for FYE 3/2019 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 FYE May 2018.

*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.

(Reference) Implementation of Share Splits

- The two share splits are intended to improve share liquidity and expand the investor base through reduction of the price per share.

	Split ratio	Total number of shares issued
As of March 31, 2018	-	18,482,700 shares
As of May 1, 2018^{*1}	2 shares for 1	36,965,400 shares
As of September 1, 2018	2 shares for 1	74,290,800 shares

^{*1} The total number of shares issued shows the number of shares after a 2-for-1 share split based on the total number of shares issued as of March 31, 2018.

(Reference) Status of Share Options

As of September 1, 2018

Name	Strike price	Number of shares corresponding to the remaining number of share options*1 (shares)	Capital incorporation (thousand yen)
16 th Share options	78 yen	97,600	3,806
18 th Share options	78 yen	254,400	9,921
19 th Share options	78 yen	60,800	2,371
20 th Share options	97 yen	169,600	8,225
21 st Share options	97 yen	228,800	11,096
22 nd Share options	97 yen	198,400	9,622
23 rd Share options	97yen	380,800	18,468
24 th Share options	97 yen	107,200	5,199
25 th Share options	97 yen	768,000	37,248
26 th Share options	188 yen	1,633,600	153,558
27 th Share options	188 yen	1,321,600	124,230
1 st Share remuneration-type Share options	1 yen	60,000	30
Total	-	5,280,800	383,774
Dilution*1	-	7.1%	-

*1 The total number of shares issued shows the number of shares reflecting the share split implemented on September 1, 2018.

(Reference) Corporate Overview

As of August 31, 2018 (If there is any note, the date stated in the note applies.)

Corporate Information		Key History	
Name:	RENOVA, Inc.	May 2000	Established Recycle One, Inc. (currently RENOVA, Inc.)
Location of Head Office	2-2-1 Kyobashi Chuo-ku, Tokyo*1	May 2006	Entered plastic recycling business
Representatives	Sachio Semmoto, Executive Chairman & Representative Director Yosuke Kiminami, Founding CEO	October 2012	Entered renewable energy business
Established	May 2000	December 2013	Company renamed RENOVA, Inc.
Capital Stock	1,986 million yen	February 2014	COD for Suigo-Itako Solar
Stock Exchange	First section of Tokyo Stock Exchange	July 2014	COD for Futtsu Solar
Securities code	9519	February 2015	COD for Kikugawa-Horinouchiya Solar and Kikugawa-Ishiyama Solar
Business	Renewable energy business	May 2015	COD for Kokonoe Solar
Employees (consolidated)	134	September 2015	COD for Nasu-Shiobara Solar
Corporate Governance		April 2016	COD for Ozu Solar
Board of Directors	8 directors, including 6 external directors	May 2016	Entered the biomass power generation business (United Renewable Energy Co., Ltd. (URE) reaches COD)
Audit & Supervisory Board	4 auditors, including 3 external auditors	August 2016	Divestment of plastic recycling business
Status of Shares		February 2017	Listed on the Tokyo Stock Exchange Mothers Section
Total Number of Authorized Shares	280,800,000(As of September 1)	July 2017	Consolidated URE
Total Number of Issued Shares	74,290,800(As of September 1)	February 2018	Changed listing venue to the First Section of the Tokyo Stock Exchange
Number of Shareholders	8,508(As of August 31)		

*1 on October 1, 2018.