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RENOVA Acquires New Subsidiaries (Change in Scope of Consolidation) by Acquiring Equity Interest in Two TK

RENOVA, Inc. (hereinafter "RENOVA") announces that it decided to implement the acquisition of an additional equity interest in the proprietor of the business under the Nasukarasuyama Solar T.K. (hereinafter "Nasukarasuyama Solar"), an equity-method affiliate operating Nasukarasuyama Solar Power Plant (Nasukarasuyama-shi, Tochigi Prefecture; generation capacity of 19.2 MW) and the acquisition of an additional partial equity interest in the proprietor of the business under Karumai West Solar T.K. (hereinafter "Karumai West Solar"), an equity-method affiliate operating Karumai West Solar Power Plant (Karumai-machi, Kunohe-gun, Iwate Prefecture; generation capacity of 48.0 MW).

RENOVA's equity ownership in Nasukarasuyama Solar will increase to 100% and that in Karumai West Solar will increase to 51% after each respective acquisition, and both Nasukarasuyama Solar and Karumai West Solar will become consolidated subsidiaries of RENOVA.

The impact of the acquisition of the equity interest on the financial results for the current fiscal year (fiscal year ending March 31, 2020) is already reflected in the consolidated results forecast described in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (Japanese GAAP)" published today.

1. Reason for the acquisition of equity interest

With a mission of creating green and sustainable energy systems for a better world, RENOVA operates its power generation business based on locally entrenched renewable energy resources such as solar, biomass, wind, and geothermal power.

Nasukarasuyama Solar Power Plant is the ninth large-scale solar power plant developed and maintained by RENOVA in Japan. It was developed by maximally leveraging the technologies that RENOVA accumulated for the construction of an approx. 6 km power transmission route from the power plant to the linked substation and for laying panels on complex terrain, RENOVA has the right, which it intends to execute, to acquire all of the equity interest held by the co-investor after the completion date of Nasukarasuyama Solar under the "Memorandum on the transfer of equity interests, etc. in the silent partnership regarding Nasukarasuyama Solar G.K." concluded between the co-investor and RENOVA.

Karumai West Solar has received approval from Karumai-machi for a facility construction plan for forestry land development based on the Act on Promoting Generation of Electricity from Renewable Energy Sources Harmonized with Sound Development of Agriculture, Forestry and Fisheries (the Ministry of Agriculture, Forestry and Fisheries) and proceeded with the construction/facilities plan in consideration of the surrounding environment, while contributing to the revitalization and economy of the region. RENOVA has the right to acquire all of the

equity interest held by the co-investor after the operation start date of Karumai West Solar and after one year has passed since the operation start date under the “Memorandum on the transfer of equity interests, etc. in the silent partnership regarding Karumai West Solar G.K.” concluded between the co-investor and RENOVA. Given the above, RENOVA intends to acquire a part of the equity interest held by the co-investor.

Through the consolidation of Nasukarasuyama Solar and Karumai West Solar, RENOVA is eager to expand the scale of earnings and, as a power producer, continue the development along with the communities.

2. Overview of subsidiaries subject to share transfer

Nasukarasuyama Solar T.K.

(1) Title	Nasukarasuyama Solar T.K.	
(2) Location	Operator:	814-1, Aza Hiroiri, Minamiowagu, Nasukarasuyama-shi, Tochigi Prefecture
	Silent partner:	2-2-1 Kyobashi, Chuo-ku, Tokyo, Japan
(3) Title and name of operator	Operator:	Nasukarasuyama Solar G.K. Masakazu Hongo, Executor
	Silent partner:	RENOVA, Inc. Yosuke Kiminami, Founding CEO
(4) Business	Solar PV business	
(5) Total capital contribution	531 million yen (as of March 31, 2019)	
(6) Date of establishment	November 28, 2017	
(7) Investment ratios	RENOVA, Inc. 38.0%, total of two co-investors 62.0%	
(8) Relationships between the listed company and the TK	Capital relationship	The Company has invested 201 million yen (38%) in the TK.
	Personal relationship	There is no personal relationship that is required to be stated between RENOVA and the TK. In addition, no related parties or affiliates of RENOVA have any significant relationships with any related parties or affiliates of the TK.
	Business relationship	There is no business relationship that is required to be stated between RENOVA and the TK. Renova Asset Management, Inc., a subsidiary of RENOVA, and Nasukarasuyama Solar G.K., the operator of the TK, have signed an agreement for operational support and outsourcing.
(9) Business results and financial position of TK over the last three years		
Fiscal Year	FY Ended March 2018	FY Ended March 2019
Net assets	-0 million yen	-0 million yen
Total assets	3,136 million yen	5,869 million yen
Net sales	– million yen	– million yen
Operating profit	-0 million yen	-0 million yen
Ordinary profit	-0 million yen	-0 million yen
Profit	-0 million yen	-0 million yen

(Note) Nasukarasuyama Solar T.K. was established on November 28, 2017, and the above figures indicate those for two fiscal years.

Karumai West Solar T.K.

(1) Title	Karumai West Solar T.K.		
(2) Location	Operator: 26, Aza Shimoaraida, Dai 32-chiwari, Sannai, Karumai-machi, Kunohe-gun, Iwate Prefecture Silent partner: 2-2-1 Kyobashi, Chuo-ku, Tokyo, Japan		
(3) Title and name of operator	Operator: Karumai West Solar G.K. Masakazu Hongo, Executor Silent partner: RENOVA, Inc. Yosuke Kiminami, Founding CEO		
(4) Business	Solar PV business		
(5) Total capital contribution	1,920 million yen (as of March 31, 2019)		
(6) Date of establishment	November 24, 2015		
(7) Investment ratios	RENOVA, Inc. 38.0%, total of two co-investors 62.0%		
(8) Relationships between the listed company and the TK	Capital relationship	The Company has invested 729 million yen (38%) in the TK.	
	Personal relationship	There is no personal relationship that is required to be stated between RENOVA and the . In addition, no related parties or affiliates of RENOVA have any significant relationships with any related parties or affiliates of the TK.	
	Business relationship	There is no business relationship that is required to be stated between RENOVA and the TK. Renova Asset Management, Inc., a subsidiary of RENOVA, and Karumai West Solar G.K., the operator of the TK, have signed an agreement for operational support and outsourcing.	
(9) Business results and financial position of TK over the last three years			
Fiscal Year	FY Ended March 2017	FY Ended March 2018	FY Ended March 2019
Net assets	-0 million yen	-0 million yen	-0 million yen
Total assets	9,703 million yen	12,284 million yen	15,725 million yen
Net sales	– million yen	– million yen	– million yen
Operating profit	-0 million yen	-0 million yen	-0 million yen
Ordinary profit	0 million yen	-0 million yen	-0 million yen
Profit	0 million yen	-0 million yen	-0 million yen

3. Outline of party from which equity interest is acquired

RENOVA will announce the details about co-investors in the Nasukarasuyama Solar and Karumai West Solar at a later date.

4. Status of equity interests before and after the transfer

	Nasukarasuyama Solar T.K.	Karumai West Solar T.K.
(1) Ownership interest before transfer	38%	38%
(2) Equity interest to be acquired	62%	13%
(3) Ownership interest after transfer	100%	51%
(4) Acquisition value	Approx. 360 million yen	Approx. 330 million yen

5. Schedule

(1) Making the Nasukarasuyama Solar T.K. a subsidiary

June 28, 2019 Conclusion of an agreement on transfer of equity interest (plan)

June 28, 2019 Transfer of equity interest (plan)

(2) Making the Karumai West Solar T.K. a subsidiary

July 1, 2019 Conclusion of an agreement on transfer of equity interest (plan)

July 1, 2019 Transfer of equity interest (plan)

6. Future outlook

The impact of the acquisition of the equity interest on the financial results for the current fiscal year (fiscal year ending March 31, 2020) is already reflected in the consolidated forecast described in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (Japanese GAAP, Non-Audited)” published today.

We will promptly make further announcements if and when it becomes necessary.

In addition, we will file an extraordinary report to the director-general of the Kanto Local Finance Bureau pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

[For inquiries about this release, please contact]

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