


Financial Highlights

for Fiscal Year Ended December 31, 2022

February 13, 2023



Torrijos, Spain



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FY2022 Financial Highlights
- for Fiscal Year Ended December 31, 2022 -

2

Major Factors that affected FY2022 Finances

3

Forecast for FY2023 and Mid-Term Management Plan

1

FY2022 Financial Highlights **- for Fiscal Year Ended December 31, 2022 -**

Consolidated PL: Summary (Actual)



(JPY bn) (rounded down to bn)	FY2021 (A)	FY2022 (B)	(B) - (A)	Major factors
Sales	15.9	17.7	+1.7	Increase in electricity sales : +3.2 Decrease in sales of owner's equity : (1.0) Decrease in development fees : (0.2)
Gross profit	6.0	5.8	(0.1)	Increase in profitability of electricity sales : +1.3 Decrease in sales of owner's equity : (1.0) Decrease in development fees : (0.2)
SG&A	3.7	4.5	+0.7	Increase in TOB costs:+0.6
Operating profit	2.2	1.2	(0.9)	
Ordinary profit	0.9	(1.3)	(2.3)	TOB costs: (1.8) <u>Breakdown</u> Non-operating income /loss (1.1) SG&A (0.6)
EBITDA	4.6	7.6	+2.9	
Profit attributable to owners of parent	0.5	(1.5)	(2.0)	TOB costs:(1.7)

*EBITDA = Ordinary profit + Interest expense + Commission paid + Depreciation + Amortization of goodwill + Other depreciation (EBITDA is exempt from audit or a quarterly review).

Changes in Gross Profit (by Flow & Stock)



Steady growth in stock-type gross profit

JPY bn

12

10

8

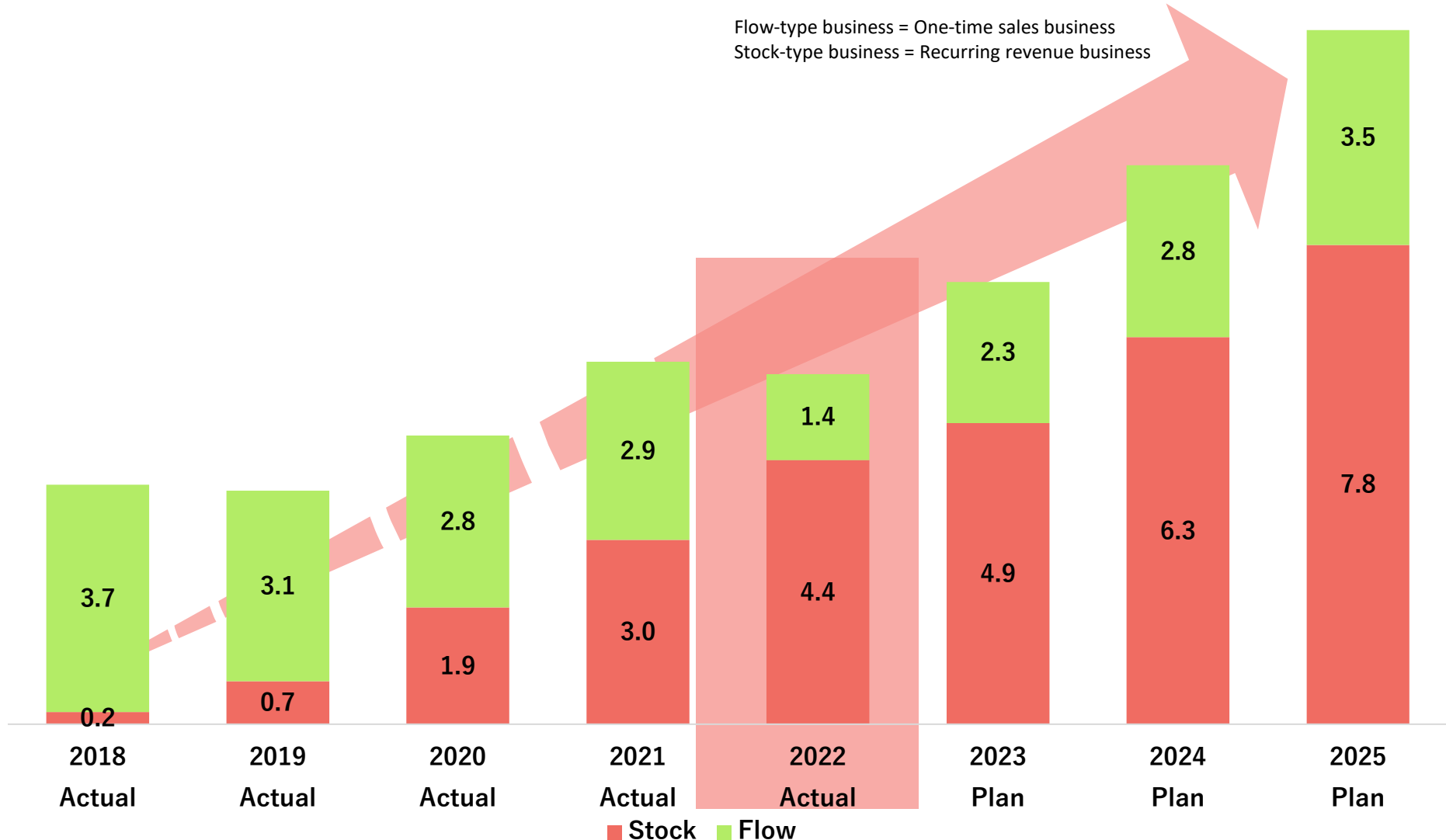
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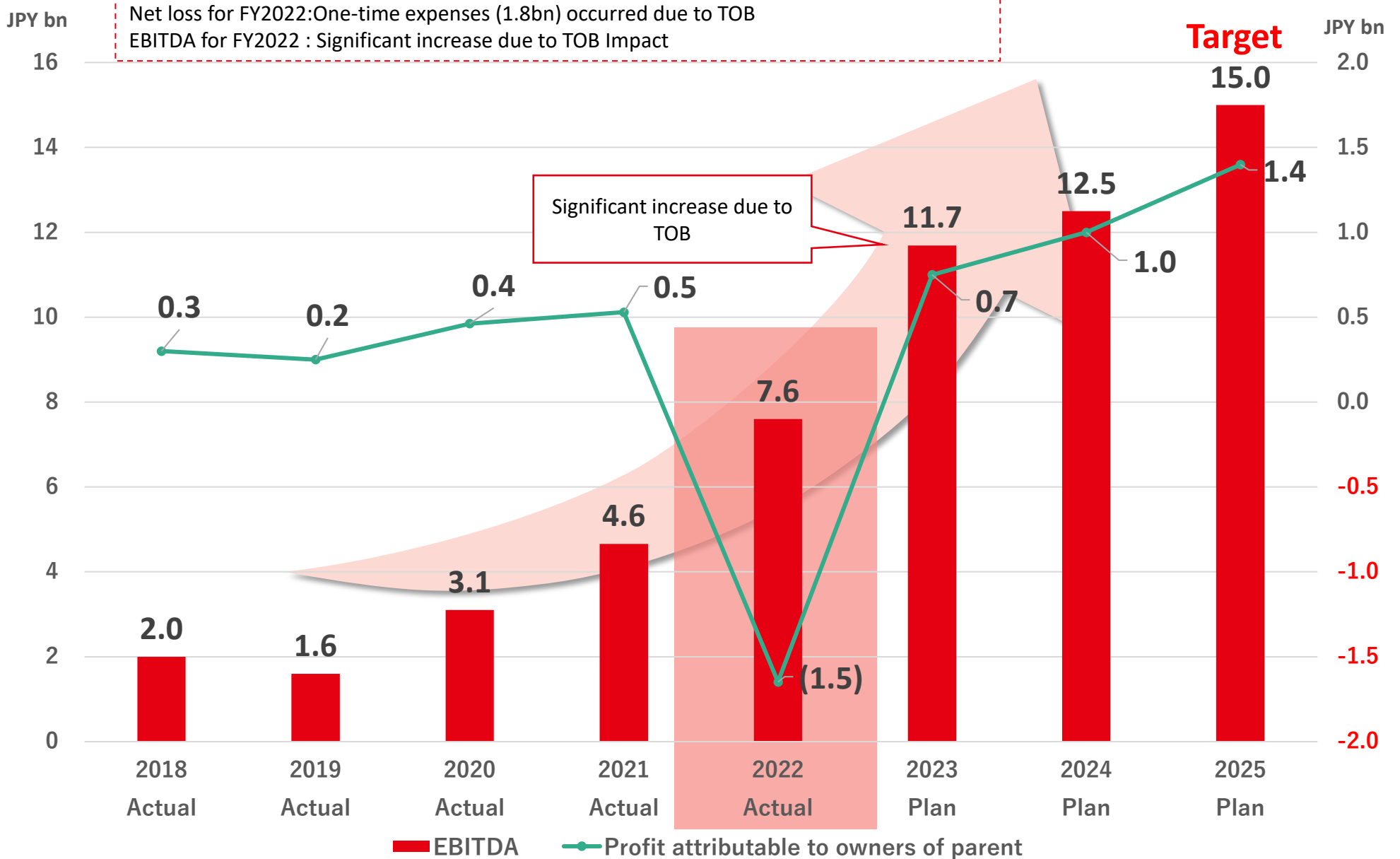
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0

Flow-type business = One-time sales business
Stock-type business = Recurring revenue business



Key Performance Indicator (KPI) : EBITDA/Net Income



Making Progress in Five Revenue Sources for Stock Business



Stock Revenue Sources of Power Plants

December 31, 2021

December 31, 2022

1. Plants owned within Japan (High-FIT)



Total net share of power plants owned by RJ in operation (Net share)

154.8MW

x 2

325.6MW

2. Operation & Maintenance



PV Capacity in O&M business (RJ and third parties)

986.5MW

x 1.3

1,306.5MW

*Verification/Patrolling/Reporting, etc. of power plants operation

3. Plants owned overseas



Total net share of power plants owned by RJ in operation (Net share)

-

29.6MW

4. Wind



Further development is projected

5. Non-FIT

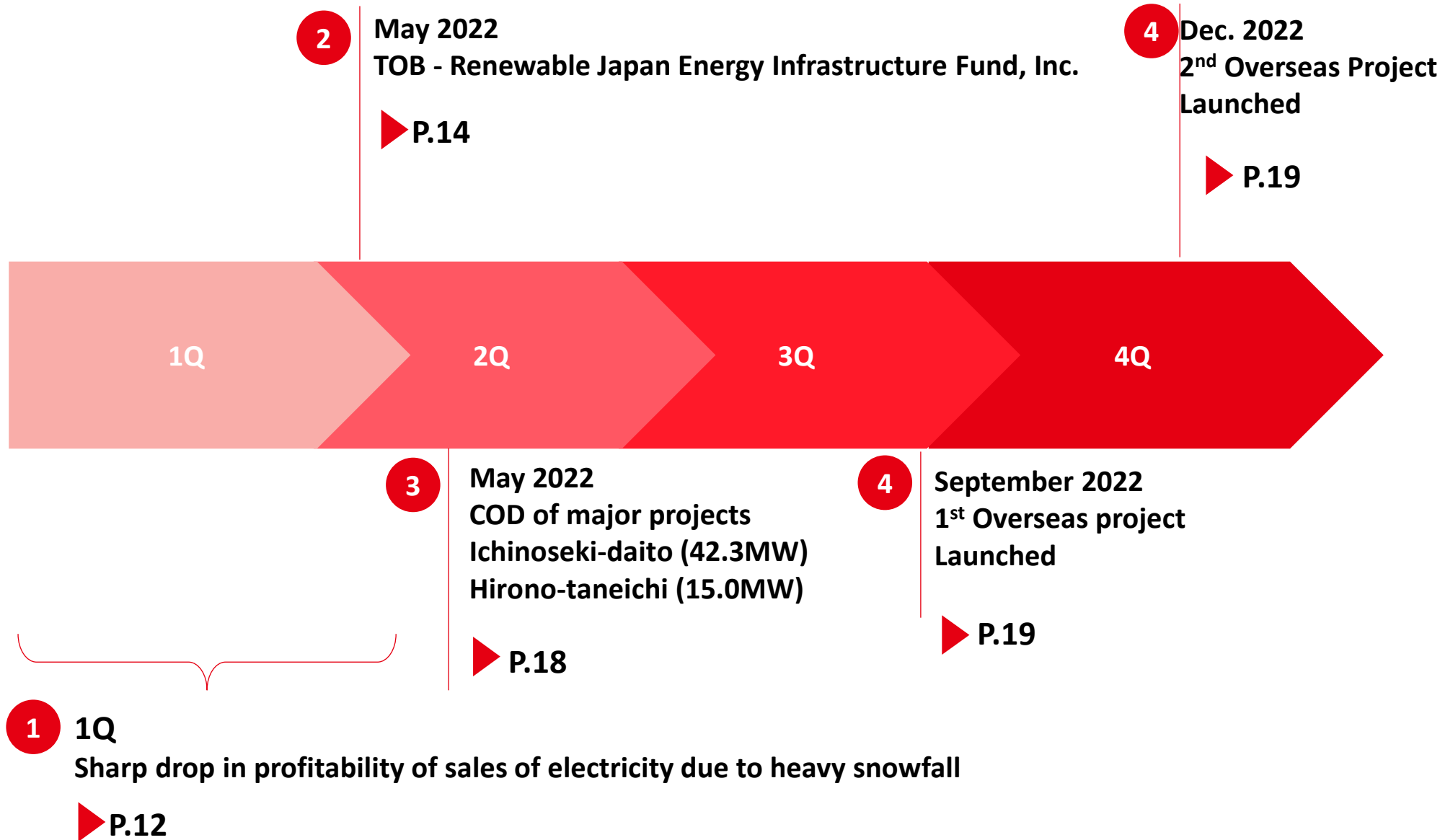


Market is expected to expand exponentially in the future

2

Major Factors affecting FY2022 Finances

Major Factors affecting FY2022 Finances



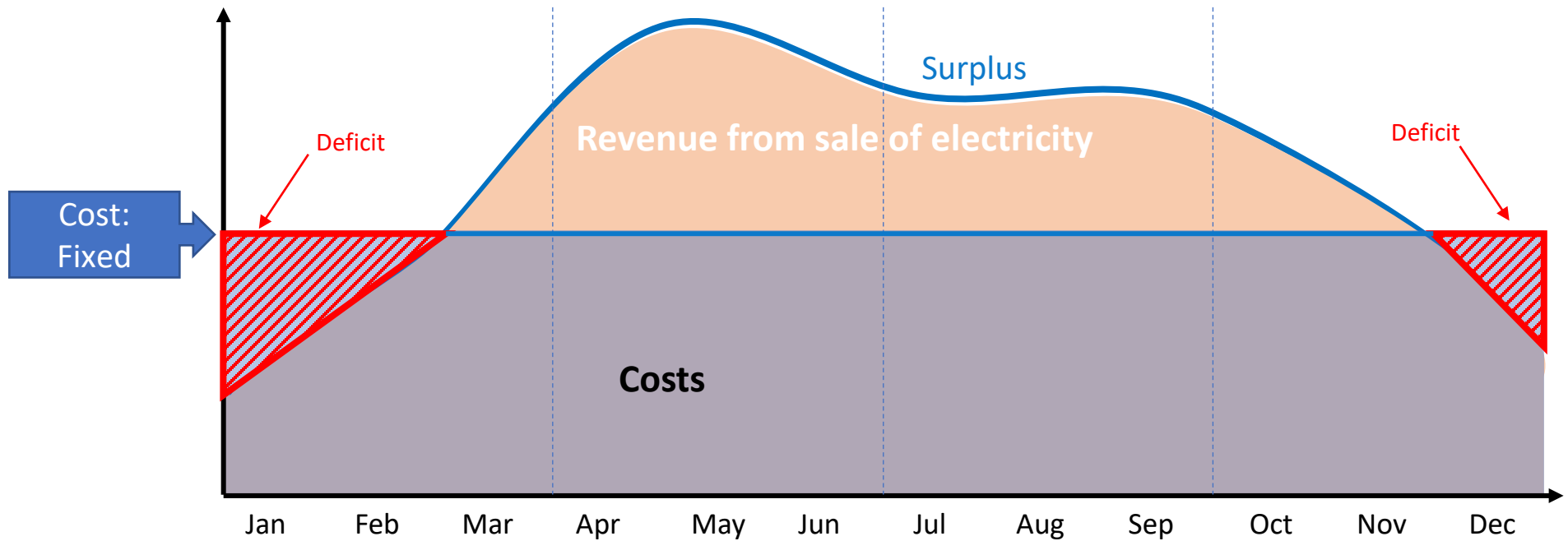
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1Q: Sharp Drop in Profitability of Electricity Sales due to Heavy Snowfall



Revenue from sale of electricity fluctuates by the seasons
⇒ a full-year perspective is required

Chart of revenue from sale of electricity vs. costs



	1Q	2Q	3Q	4Q
Cashflow	★	★ ★ ★	★ ★	★



Progressing almost as planned (fluctuates by seasonality)

(JPY bn) (rounded down to bn)		FY2022				
		1Q (Actual)	2Q (Actual)	3Q (Actual)	4Q (Actual)	All year
Power Production etc.,	Sales	2.5	4.4	3.9	2.7	13.7
	Gross profit	0.0	1.8	1.4	(0.0)	3.2



May 2022

- Tender offer launched

Jun. 2022

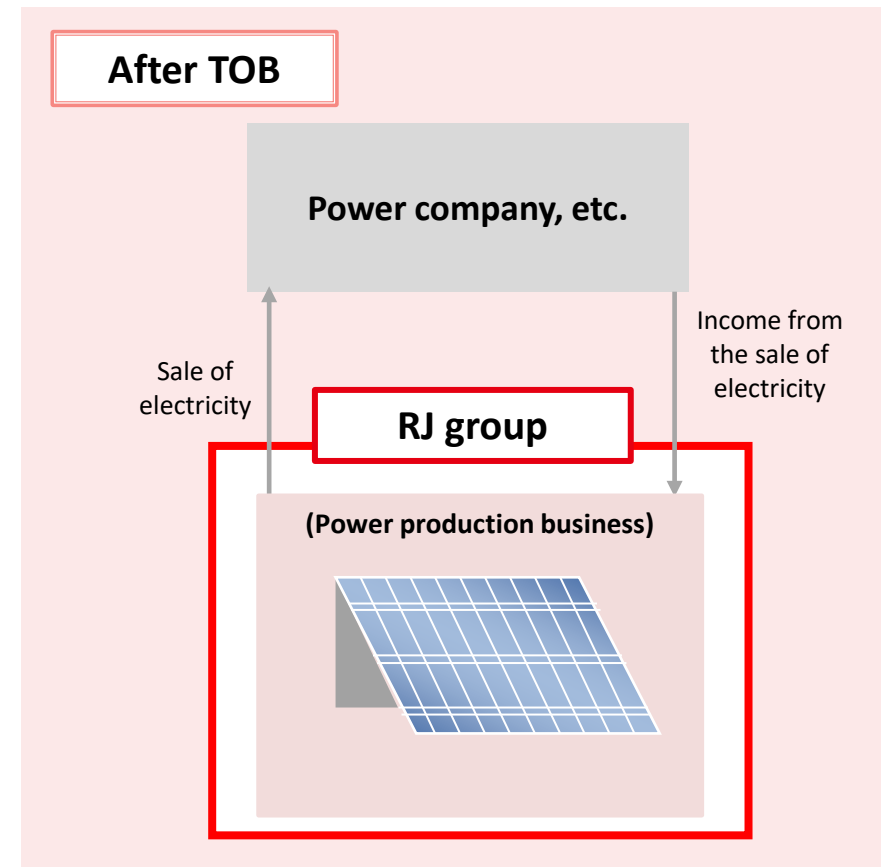
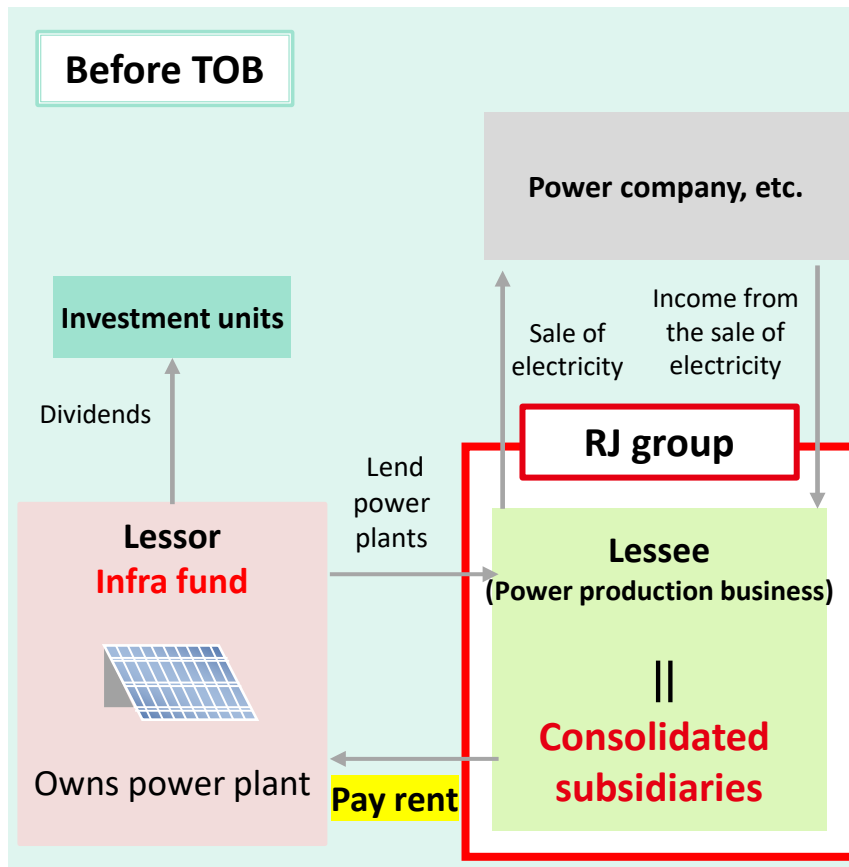
- Tender offer approved
- Business acquisition financed by Nomura Capital Investment Co., Ltd.
- Renewable Japan Energy Infrastructure Fund, Inc. became a subsidiary
- +103.1MW of the company owned plants

Dec. 2022

- Ultra long-term interest rate fixed \Leftarrow Refinanced in Green Bonds
- Loan from the Nomura Capital Investment Co., Ltd. repaid, most of which has already been refinanced



(JPY bn) (rounded down to bn)	FY2022 Actual	FY2022 TOB Impact	Actual excl. TOB impact
Sales	17.7	–	17.7
Gross profit	5.8	–	5.8
SG&A	4.5	(0.6)	3.9
Operating profit	1.2	0.6	1.9
Ordinary profit	(1.3)	1.8	0.4
EBITDA	7.6	0.6	8.2
Extra ordinary profit/loss	0.0	0.0	0.0
Income taxes	0.2	-	0.2
Net profit	(1.4)	1.7	0.2
Profit attributable to owners of parent	(1.5)	1.7	0.2



Before TOB

Rent

Pay fixed rent to the Infra fund

After TOB

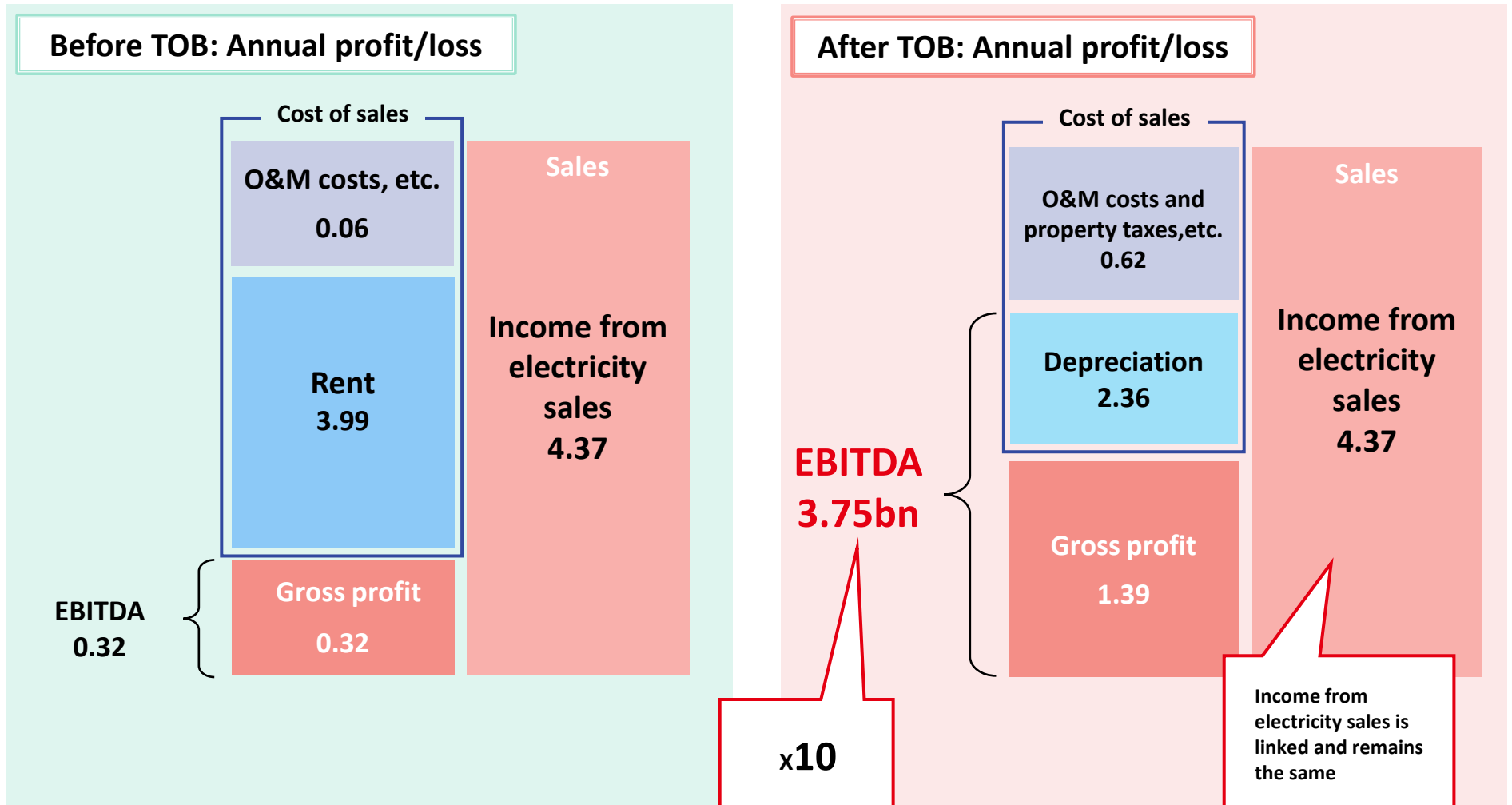
No rent to be paid



Sales remains the same, but EBITDA is increased by more than 10 times

Charts of Before/After TOB

(JPY bn)





Ichinoseki-daito



Hirono-taneichi



Site name	Ichinoseki-daito, Iwate pref.	Hirono-taneichi, Iwate pref.
Capacity	42.3MW	15.0MW
Electricity Unit Price	JPY 32/kWh	JPY 36/kWh
COD	May 2022	May 2022
Ownership ratio	100%	100%



Site name	Socovos	Torrijos
Site location	Socovos, Albacete (Spain)	Torrijos, Toledo (Spain)
Capacity	21.6MW	7.9MW
COD	July 2021	June 2020
Acquisition date	September 2022	December 2022
Ownership ratio	100%	100%





Quite a few early-stage projects are on the move
We will continue to acquire overseas plants in 2023

4

Abundant Sunlight



	Japan 	Spain 
Land	Lots of mountains, few flat lands	Plenty of flat lands
Solar Radiation	1,100 kWh/kWp on avg.* (avg. amount at major power plants sites owned by RJ)	1,600 kWh/kWp on avg.

*kWp: A unit that expresses the power that can be generated from renewable energy, variable power sources under standard measurement conditions.

1kWp refers to the installed capacity to generate 1kW of electricity under standard measurement conditions.

Source: Compiled by RJ based on the Global Solar Atlas

The huge flat space makes it possible to add a tracking system (tracking movement of the sun) to the panels.

⇒ Increasing power generation



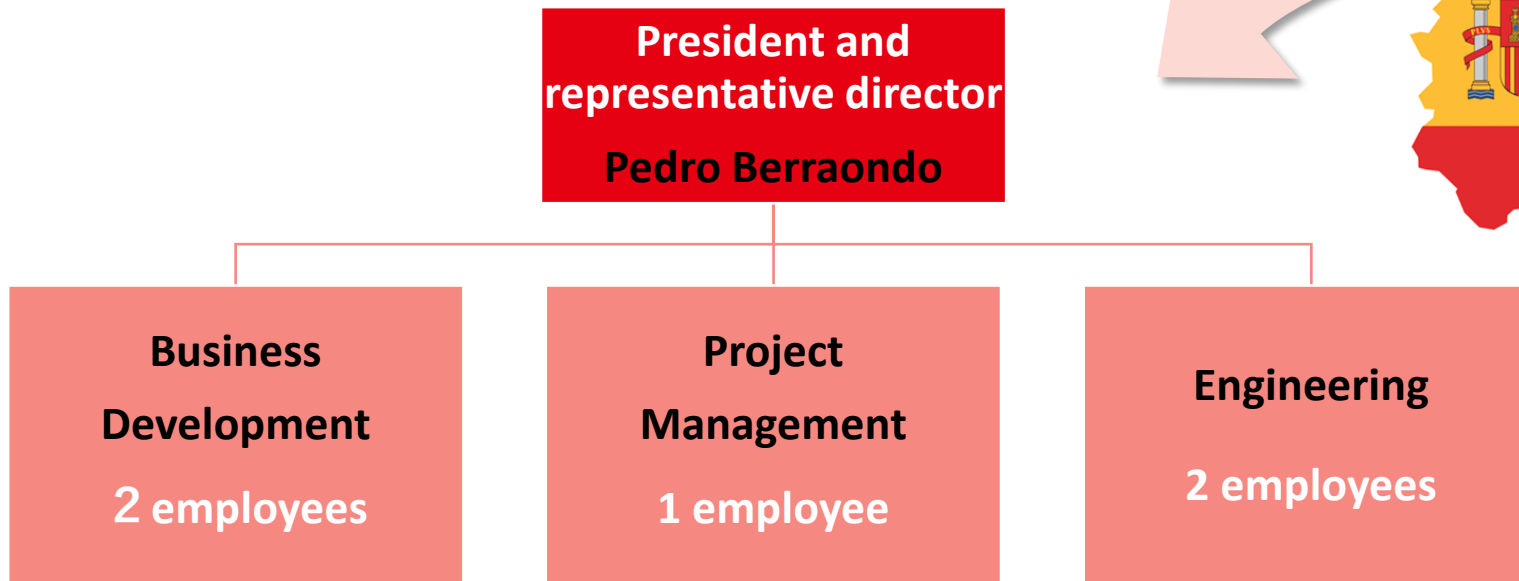
Photo : Torrijos



Unique for a Japanese corporation
⇒ Easy access to local information

All staff members are locals (Spanish)

Organization chart of RJE



As of December 31, 2022

3

Forecast for FY2023 and Mid-Term Management Plan



1

**Profit attributable to
owners of parent**

FY2025

JPY 1.4bn (Target)

FY2024

JPY1.0bn

FY2023

JPY0.7bn

2

EBITDA

FY2025

JPY 15bn (Target)

FY2024

JPY12.5bn

FY2023

JPY11.7bn

3

**Maintain the total assets until 2025
and improve the Equity to asset ratio**

Consolidated PL: Summary (reposted)



(JPY bn) (rounded down to bn)	2021 (Actual)	2022 (Actual)	2023 (Plan)	2024 (Plan)	2025 (Plan)
Sales	15.9	17.7	26.7	28.9	31.7
Gross profit	6.0	5.8	7.3	9.2	11.3
SG&A	3.7	4.5	4.0	4.5	4.9
Operating profit	2.2	1.2	3.3	4.7	6.3
Ordinary profit	0.9	(1.3)	1.2	1.6	2.2
EBITDA	4.6	7.6	11.7	12.5	15.0
Profit attributable to owners of parent	0.5	(1.5)	0.7	1.0	1.4

*EBITDA = Ordinary profit + Interest expense + Commission paid + Depreciation + Amortization of goodwill + Other depreciation (EBITDA is exempt from audit or a quarterly review).

Consolidated PL : By Business Segment (Reposted)



(JPY bn) (rounded down to bn)		2021 (Actual)	2022 (Actual)	2023 (Plan)	2024 (Plan)	2025 (Plan)
Flow (One Time Sales Business)	Sales	3.7	2.2	10.2	11.5	12.1
	Gross profit	2.9	1.4	2.3	2.8	3.5
Power Production etc.,	Sales	10.5	13.7	14.1	14.6	16.3
	Gross profit	1.8	3.2	3.6	4.4	5.3
O&M Business (Non- consolidated)	Sales	1.6	1.9	2.5	2.8	3.2
	Gross profit	1.0	1.3	1.6	2.0	2.4
AM Business (Non- consolidated)	Sales	0.6	0.6	0.4	0.4	0.5
	Gross profit	0.6	0.6	0.4	0.4	0.5
Intercompany elimination	Sales	(0.5)	(0.8)	(0.6)	(0.6)	(0.6)
	Gross profit	(0.5)	(0.8)	(0.6)	(0.6)	(0.6)
Stock (Recurring Revenue Business)	Sales	12.2	15.5	16.4	17.3	19.5
	Gross profit	3.0	4.4	4.9	6.3	7.8
Total	Sales	15.9	17.7	26.7	28.9	31.7
	Gross profit	6.0	5.8	7.3	9.2	11.3

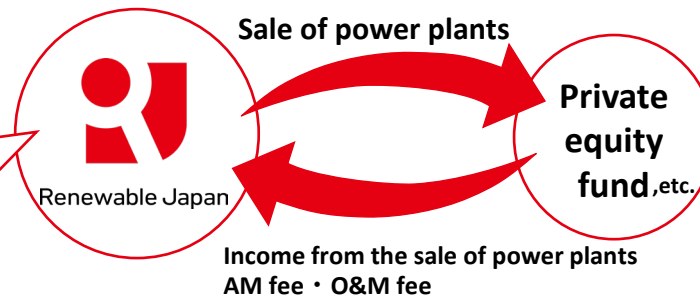
RJ Business Diversification (Three Stages)



1st Stage
(Complete)

Circulation Model (Asset Management Model)

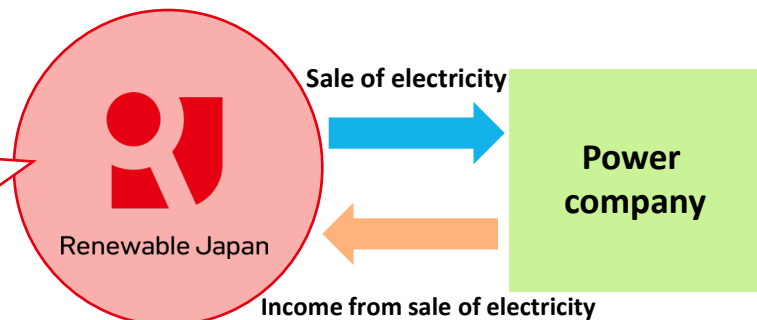
Sell power plants and receive stable AM and O&M fees



2nd Stage
(Complete)

In-house holding Model (Recurring revenue model)

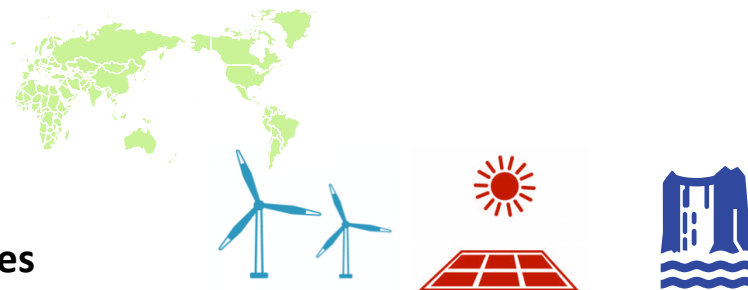
Expand the In-house holding model and gain income from sale of electricity



3rd Stage
(Further step)

New Market

- Overseas
- Non-FIT
- Other energy sources





Reuse of 1st Stage Model

Circulation Model (Asset Management Model)

Sale of power plants

(Domestic & Overseas)



Flow revenue : Income from sale of plants

Stock revenue : AM fee/O&M fee
(Domestic)

Consolidated BS: Summary



Aim for 7% Equity-to-asset ratio in FY2025

(JPY bn) (rounded down to bn)	December 31, 2021 (Actual)	December 31, 2022 (Actual)
Cash deposit	18.1	14.4
Inventory* ₁	78.6	18.0
Fixed asset* ₂	8.5	117.6
Other assets	14.3	16.5
Total assets	119.7	166.7
Interest-bearing debt (recourse)	46.3	58.4
Interest-bearing debt (non-recourse)	53.0	79.3
Other liabilities	6.2	16.3
Total liabilities	105.6	154.1
Total net assets	14.0	12.6
Total liabilities and net assets	119.7	166.7
Equity-to-asset ratio*₃	8.9%	5.6%
Equity-to-asset ratio excl. non-recourse*₄	16.8%	11.1%

Plants held for a long term
has been reclassified from
Inventory to Fixed asset



December 31, 2025 Plan

Target

Total assets JPY170.0bn

Total liabilities JPY158.0bn

Total net assets JPY12.0bn*₅

Equity-to-asset ratio 7.0%

Equity-to-asset ratio excl. non-recourse 11.0%

*1: Inventory = investment securities for sale + Plants for sale + Plants for sale (in progress) + Costs on construction contracts in progress *2 : Excl. investments and other assets

*3: Equity-to-asset ratio = Own capital/Total assets *4: Equity-to-asset ratio excl. non-recourse = Own capital / (Total assets - Non-controlling interests - Interest-bearing debt (non-recourse))

*5: Net assets excl. non-controlling interests : JPY 10.6bn as of December 31, 2021 → JPY 8.7bn as of December 31, 2022 → JPY 11.5bn as of December 31, 2025

Five Revenue Sources for Stock Business



2nd Stage (Complete)

December 31, 2022 December 31, 2025 (Target)

1. Plants owned within Japan
(High-FIT)



Total net share of power plants owned by RJ in operation (Net share)

325.6MW → 384.3MW

2. Operation & Maintenance



PV Capacity in O&M business (RJ and third parties)

1,306.5MW → 2,336.0MW

3rd Stage (Further Step)

3. Plants owned overseas



Total net share of power plants owned by RJ in operation (Net share)

29.6MW → 218.5MW

4. Wind



Further development is projected

5. Plants owned in Japan (Non-FIT)



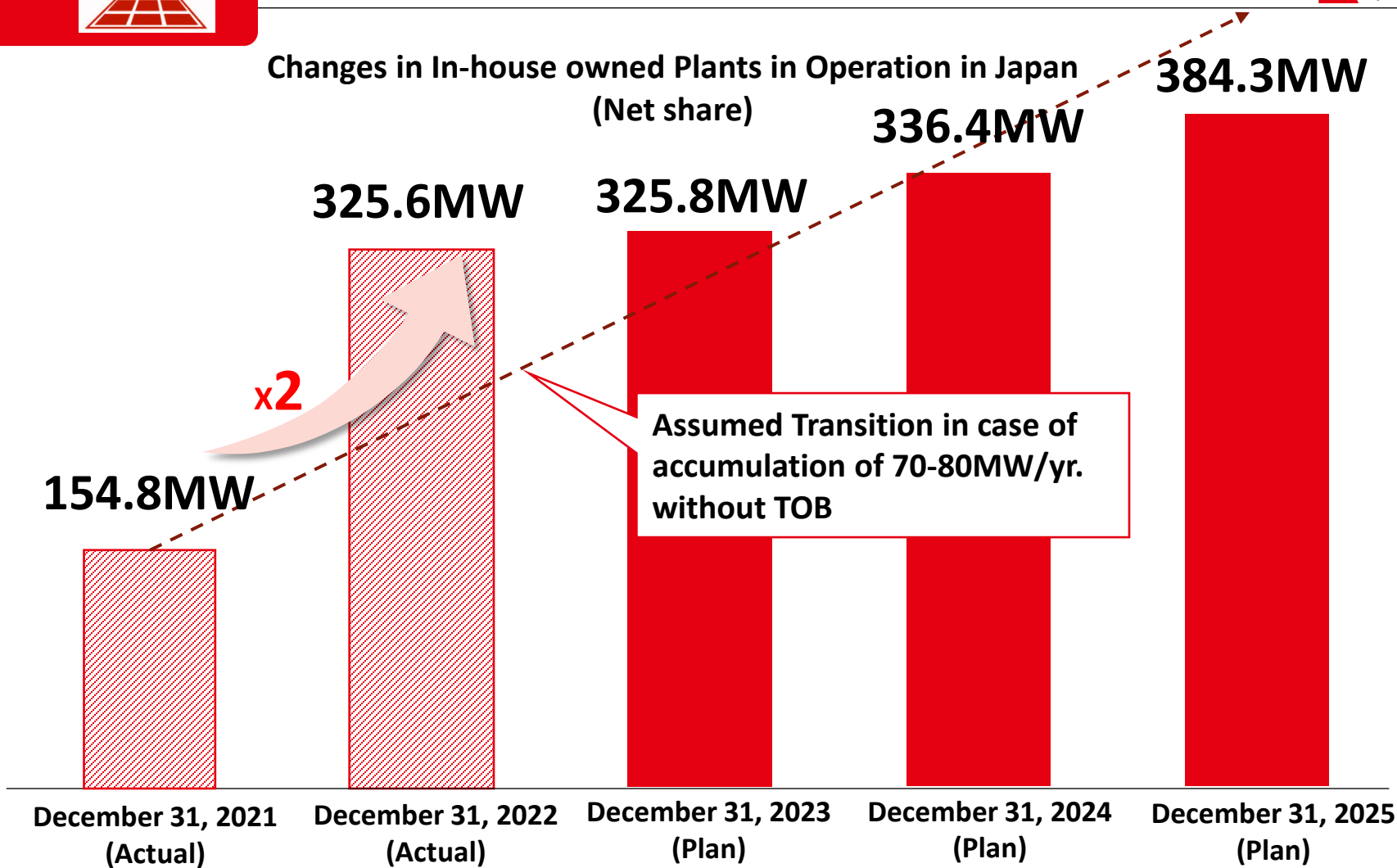
Total net share of power plants owned by RJ in operation (Net share)

0MW → 110MW

1. High FIT



Changes in In-house owned Plants in Operation in Japan



Average annual operating capacity	2021	2022	2023	2024	2025
	117.4MW	319.0MW	330.0MW	325.4MW	371.0MW

2. O&M

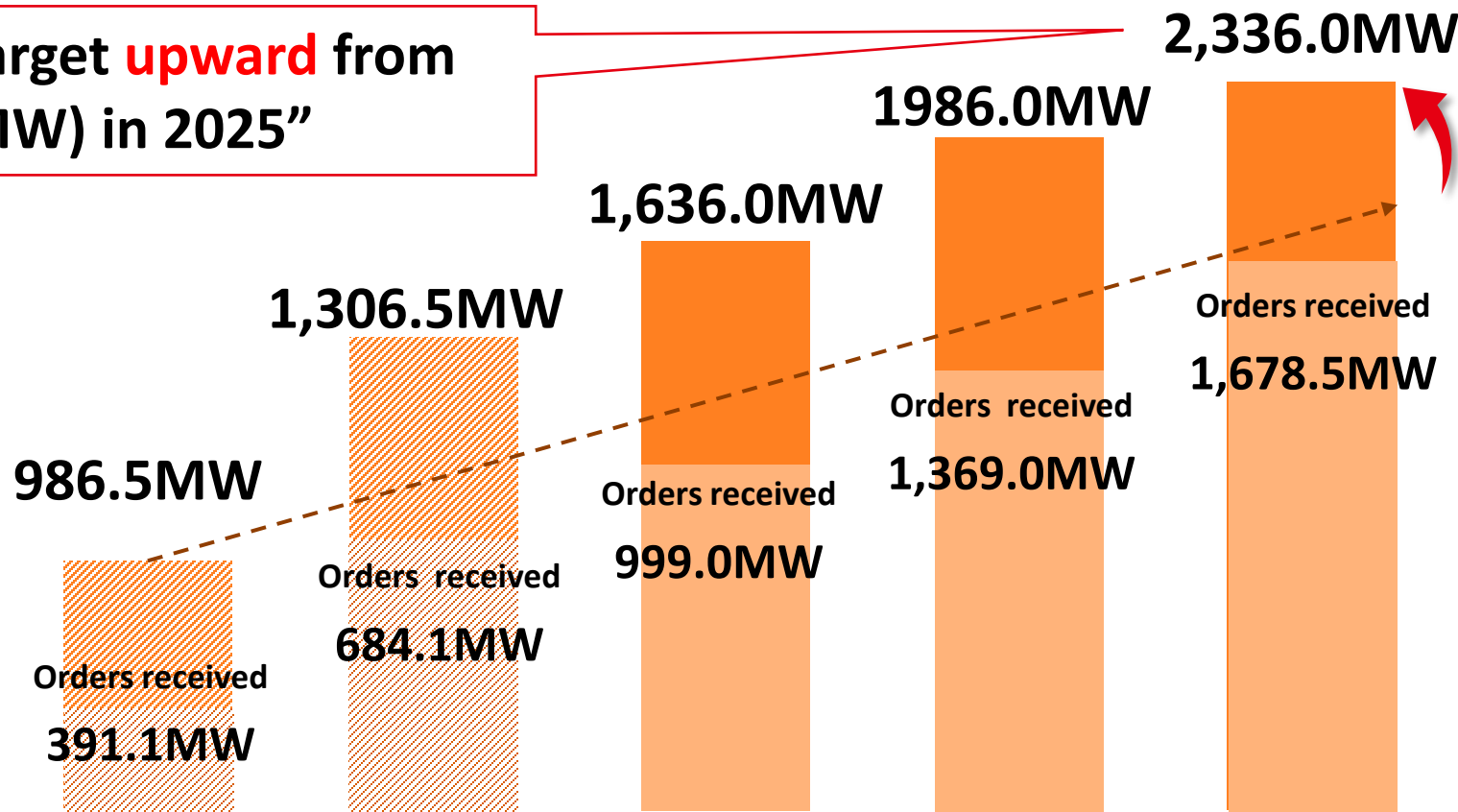


Changes in End-of-period Capacity of Orders Received



End-of-period Capacity of Orders Received

Revised the target upward from “2GW(2,000MW) in 2025”

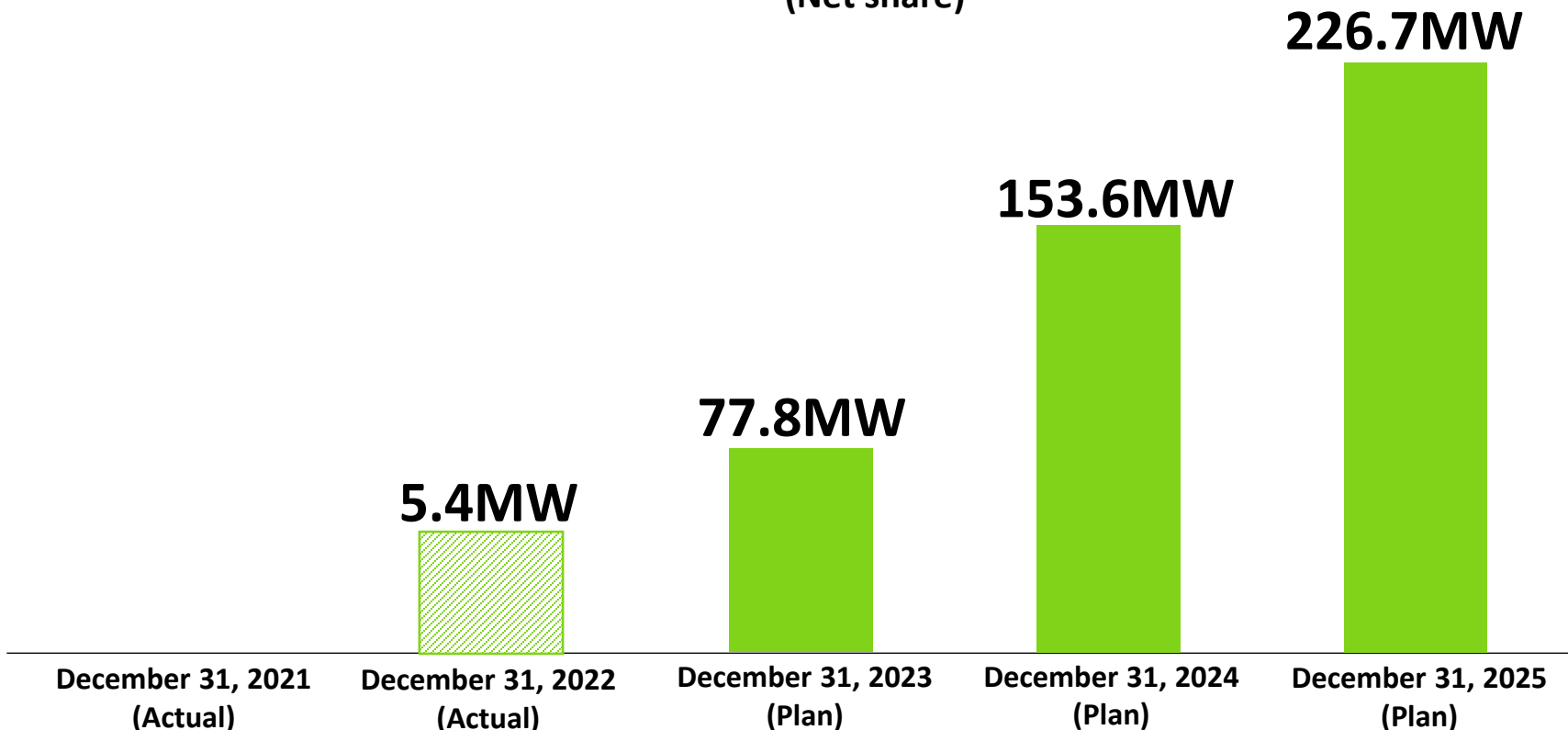


O&M (Non-consolidated)
*Before allocations

	December 31, 2021 (Actual)	December 31, 2022 (Actual)	December 31, 2023 (Plan)	December 31, 2024 (Plan)	December 31, 2025 (Plan)
Sales (JPY bn)	1.6	1.9	2.5	2.8	3.2
# of employees	115	118	157	182	207



Power plants owned by RJ in operation overseas
(Net share)



Average annual operating capacity	End of Dec. 2021	End of Dec. 2022	End of Dec. 2023	End of Dec. 2024	End of Dec. 2025
	-	29.6MW	170.4MW	161.7MW	218.5MW

Launch of circulation model
(Sell to private equity funds, etc.)



1

**Profit attributable to
owners of parent**

FY2025 JPY 1.4bn (Target)

FY2024

JPY1.0bn

FY2023

JPY0.7bn

2

EBITDA

FY2025 JPY 15bn (Target)

FY2024

JPY12.5bn

FY2023

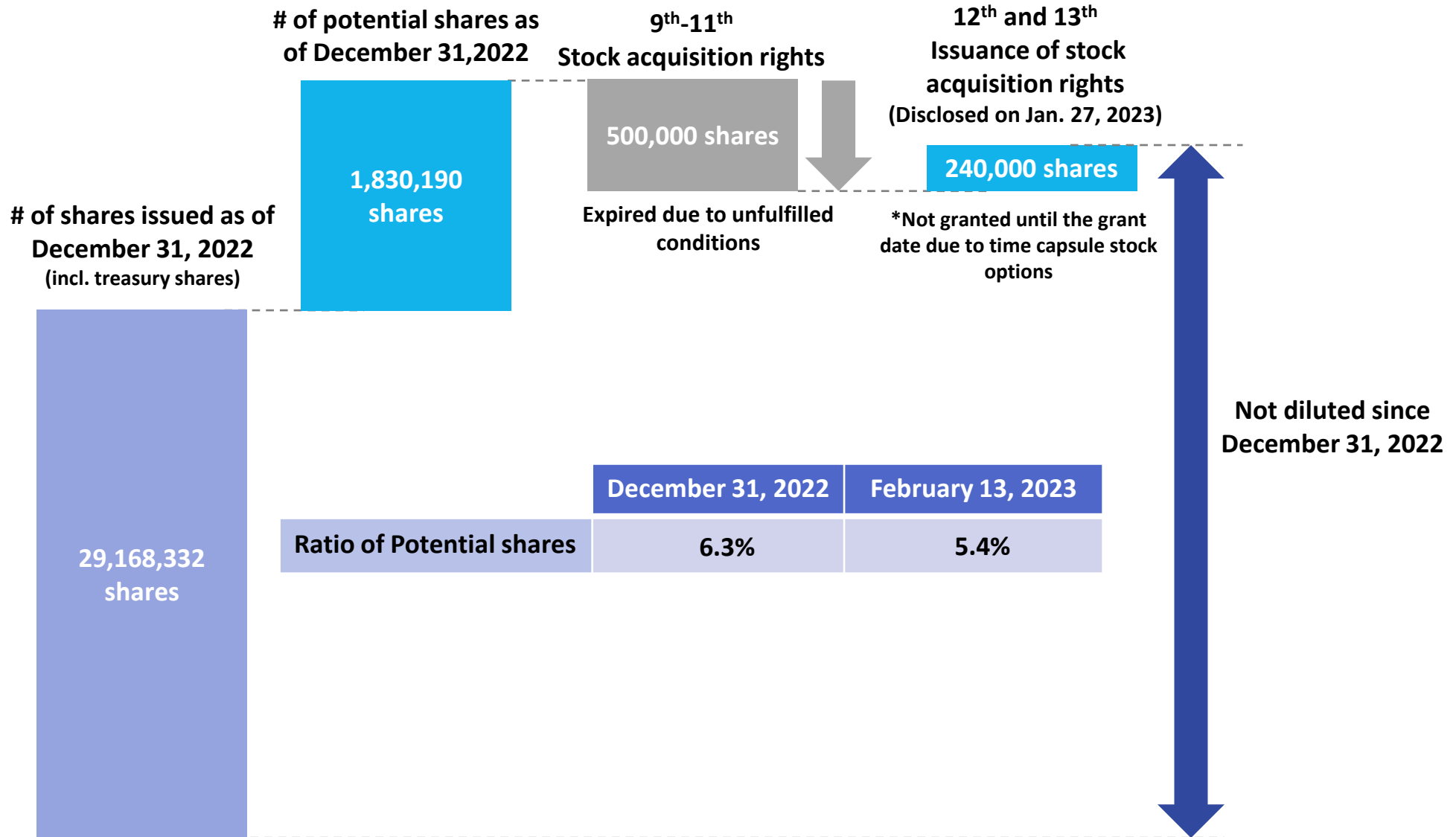
JPY11.7bn

3

**Maintain the total assets until 2025
and improve the Equity to asset ratio**

References

【Ref.】 Changes in Potential shares resulting from the Issuance of Stock Acquisition Rights



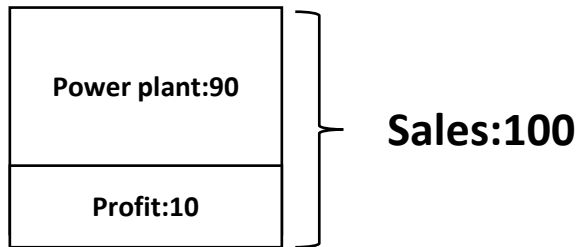
【Ref.】 Fluctuations in Sales Figures due to the Change in Sales Methods



- ◆ Because of the difference in selling methods, **sales figures change materially** though the gross profit stays the same.

Case 1. Sales of a Power Plant

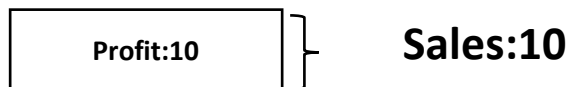
⇒ Power plant (Book Value) = 90, Profit = 10



Sales	Selling Price	100
COGS	Power Plant (Book Value)	90
Gross profit	Profit	10

Case 2. Sales of TK's Equity shares

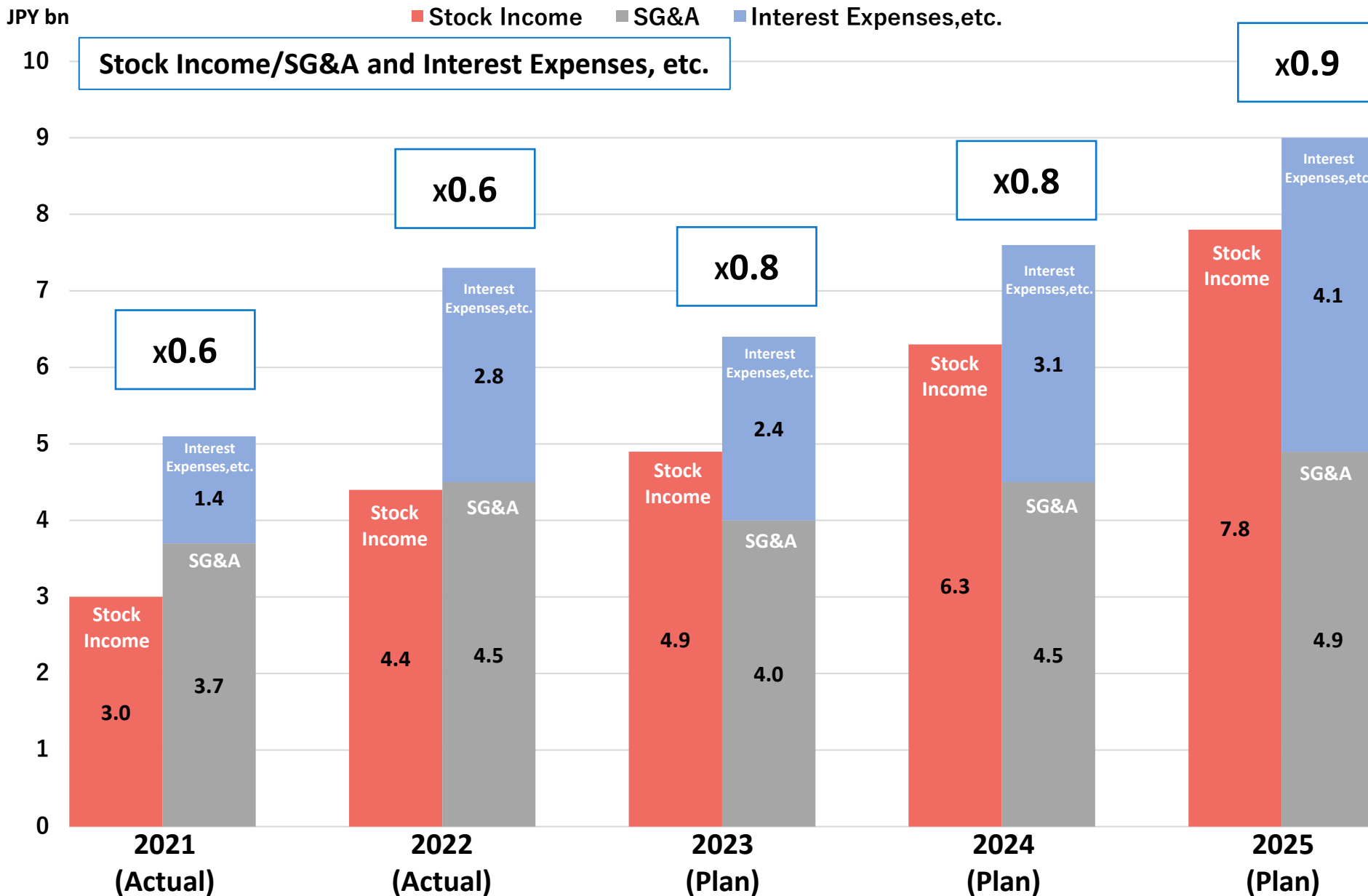
⇒ Profit (Gain on Sale) = 10



Sales	Gain on Sale	10
COGS	-	-
Gross profit	Profit	10

Accumulation of Stock-type Business Income

Flow-type business = One-time sales business
 Stock-type business = Recurring revenue business





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Making everyone an energy player





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