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August 14, 2023

Consolidated Financial Results for the Second Quarter Ended June 30, 2023 (Under Japanese GAAP)

Company name: Renewable Japan Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 9522
 URL: <https://www.rn-j.com/en/>
 Representative: Katsuhito Manabe, President and representative director
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 Telephone: +81-3-6670-6644
 Scheduled date to commence dividend payments: -
 Scheduled date to file quarterly financial report: August 14, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended June 30, 2023

(from January 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(% indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2023	9,468	17.4	1,778	401.0	1,344	-	864	-
June 30, 2022	8,066	-	355	-	(1,089)	-	(1,260)	-

Note: Comprehensive income For the six months ended June 30, 2023: 1,276 million yen [-%]
 For the six months ended June 30, 2022: (1,262) million yen [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2023	29.43	28.72
June 30, 2022	(43.75)	-

Notes: 1. As the Company has not prepared consolidated financial statements for the six months ended June 30, 2021, the percentage indicating year-on-year changes for the six months ended June 30, 2022 are not indicated.
 2. Diluted earnings per share for the six months ended June 30, 2022 is not indicated as basic earnings per share was a net loss, although potential shares exist.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	168,634	13,897	6.2
December 31, 2022	166,729	12,608	5.6

Reference: Shareholders' equity

As of June 30, 2023: 10,520 million yen

As of December 31, 2022: 9,293 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	-	0.00	-	0.00	0.00
Fiscal year ending December 31, 2023	-	0.00			
Fiscal year ending December 31, 2023 (Forecast)			-	0.00	0.00

Note: Changes from the latest released dividend forecasts: None

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2023

(from January 1, 2023 to December 31, 2023)

(% indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	26,700	50.7	3,300	155.9	1,200	-	750	-	25.42

Note: Changes from the latest released performance forecasts: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2023	29,692,730 shares
As of December 31, 2022	29,168,332 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2023	38 shares
As of December 31, 2022	38 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023	29,368,671 shares
Six months ended June 30, 2022	28,803,778 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements)

Any statement on the future such as an outlook for financial results included in this material is based on information the Company presently has and certain assumptions the Company considers reasonable, and the Company does not promise such will be achieved. In addition, actual financial results may significantly differ due to various factors.

Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	December 31, 2022	June 30, 2023
Assets		
Current assets		
Cash and deposits	14,444,792	11,954,624
Accounts receivable-trade and contract assets	1,421,868	2,364,484
Power plant for sale	16,855,180	22,195,858
Power plant for sale (in progress)	1,200,113	35,963
Other	4,568,900	3,478,574
Total current assets	38,490,856	40,029,506
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,631,198	3,631,831
Machinery, equipment and vehicles	102,034,229	102,585,620
Land	4,667,169	4,724,190
Construction in progress	6,065,192	8,228,627
Other	341,486	359,446
Accumulated depreciation	(2,675,349)	(5,934,465)
Total tangible assets	114,063,926	113,595,251
Intangible non-current assets	3,590,821	3,576,769
Investments and other assets		
Investment securities	3,364,946	3,007,660
Deferred tax assets	1,471,456	2,729,222
Long-term prepaid expenses	5,083,043	5,067,315
Other	664,348	628,306
Total investments and other assets	10,583,794	11,432,504
Total non-current assets	128,238,542	128,604,526
Total assets	166,729,399	168,634,032
Liabilities		
Current liabilities		
Accounts payable-trade	151,523	104,691
Short-term borrowings	3,460,450	4,553,003
Corporate bonds redeemable within one year	148,000	135,000
Long-term borrowings to be repaid within one year	9,667,717	9,593,453
Non-recourse long-term borrowings to be repaid within one year	4,480,552	4,362,078
Accounts payable	1,557,976	1,324,385
Income taxes payable	642,788	1,904,698
Allowance for construction cost loss compensation	5,286	5,286
Other	2,744,913	1,311,601
Total current liabilities	22,859,208	23,294,199
Non-current liabilities		
Bonds	1,600,000	1,550,000
Long-term borrowings	43,554,252	51,233,376
Non- recourse long-term borrowings	74,855,539	67,693,587
Long-term accounts payable	3,159,647	2,998,143
Deferred tax liabilities	4,393,747	4,257,298
Reserve for repairs	110,290	122,218
Asset retirement obligations	2,891,362	2,912,881
Other	696,621	675,158
Total non-current liabilities	131,261,461	131,442,664
Total liabilities	154,120,670	154,736,863

(Thousands of yen)

	December 31, 2022	June 30, 2023
Net Assets		
Shareholders' equity		
Capital	4,627,673	4,641,460
Capital surplus	4,451,657	4,465,443
Retained earnings	221,317	1,076,482
Treasury stock	(59)	(59)
Total shareholders' equity	9,300,588	10,183,326
Accumulated other comprehensive income		
Foreign currency translation adjustment	(6,634)	337,116
Total accumulated other comprehensive income	(6,634)	337,116
Share acquisition rights	-	2,649
Non-controlling interests	3,314,774	3,374,075
Total net assets	12,608,729	13,897,168
Total liabilities and net assets	166,729,399	168,634,032

Note: All Yen amounts are rounded down to the nearest 1,000 Japanese yen.

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
(Quarterly consolidated statement of income)
(For the six months ended June 30, 2023)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Sales	8,066,222	9,468,473
Cost of sales	5,477,370	5,621,828
Gross profit	2,588,851	3,846,645
Selling, general and administrative expenses	2,233,810	2,067,837
Operating profit	355,040	1,778,807
Non-operating profit		
Interest income	1,222	1,074
Insurance claim income	54,757	549,470
Gain on investments in silent partnership	13,550	64,268
Share of profit of entities accounted for using equity method	363	353
Other	21,235	49,609
Total non-operating profit	91,129	664,775
Non-operating expenses		
Interest expenses	660,272	1,006,336
Commission expenses	875,493	92,356
Other	3	357
Total non-operating expenses	1,535,769	1,099,050
Ordinary profit (loss)	(1,089,599)	1,344,532
Extraordinary profits		
Gain on step acquisitions	69,321	-
Total extraordinary profit	69,321	-
Extraordinary losses		
Loss on retirement of non-current assets	819	-
Impairment loss	-	892
Loss on sale of non-current assets	-	30,900
Total extraordinary loss	819	31,792
Profit (loss) before income taxes	(1,021,097)	1,312,739
Income taxes – current	430,277	1,802,194
Income taxes – deferred	(214,788)	(1,422,014)
Total income taxes	215,488	380,179
Profit (loss)	(1,236,586)	932,560
Net profit attributable to non-controlling interests	23,495	68,168
Net profit (loss) attributable to owners of parent	(1,260,081)	864,392

Note: All Yen amounts are rounded down to the nearest 1,000 Japanese yen.

(Quarterly consolidated statement of comprehensive income)
(For the six months ended June 30, 2023)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net profit (loss)	(1,236,586)	932,560
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,763)	-
Foreign currency translation adjustment	-	343,751
Total other comprehensive income	(25,763)	343,751
Comprehensive income	(1,262,349)	1,276,311
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,285,845)	1,208,143
Comprehensive income attributable to non-controlling interests	23,495	68,168

Note: All Yen amounts are rounded down to the nearest 1,000 Japanese yen.

(3) (Quarterly consolidated statement of cash flows)
(For the six months ended June 30, 2023)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(1,021,097)	1,312,739
Amortization of goodwill	32,614	39,002
Amortization of customer-related assets	31,230	31,317
Depreciation	2,016,423	3,910,345
Increase (decrease) in allowance for doubtful accounts	-	(111,114)
Interest expenses	660,272	1,006,336
Decrease (increase) in investment securities for sale	243,777	-
Decrease (increase) in trade receivables	(660,942)	(848,190)
Decrease (increase) in inventories	(4,797,378)	(8,854,519)
Decrease (increase) in advances paid	(365,712)	334,891
Decrease (increase) in advance payments to suppliers	(192,440)	45,863
Decrease (increase) in prepaid expenses	126,514	33,694
Decrease (increase) in long-term prepaid expenses	(1,078)	117,874
Increase (decrease) in trade payables	(778,754)	(57,814)
Decrease (increase) in consumption taxes refund receivable	1,268,223	805,834
Increase (decrease) in accounts payable - other	1,201,574	(512,412)
Increase (decrease) in long-term accounts payable - other	(1,007)	(161,504)
Increase (decrease) in accrued consumption taxes	115,291	(1,785,985)
Loss on sale of investment equities	-	(1,199,959)
Other	(101,486)	(386,648)
Subtotal	(2,223,975)	(6,280,249)
Interest and dividends received	7,206	354
Interest paid	(690,428)	(910,174)
Income taxes paid	(469,318)	(555,510)
Income taxes refund	397	1,794
Cash flows from operating activities	(3,376,118)	(7,743,785)
Cash flows from investing activities		
Payments into time deposits	(200)	-
Proceeds from withdrawal of time deposits	3,000	-
Purchase of investment securities	(109,103)	(94,090)
Proceeds from redemption of investment securities	981	-
Purchase of property, plant and equipment	(36,840)	(2,472,626)
Proceeds from sale of property, plant and equipment	-	1,200
Purchase of intangible assets	(42,694)	(20,671)
Payments of leasehold and guarantee deposits	(276)	(3,773)
Proceeds from refund of leasehold deposits	2,667	35,827
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	571,279
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(15,604,269)	-
Cash flows from investing activities	(15,786,735)	(1,982,855)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	17,656,750	1,097,092
Net increase (decrease) in short-term bonds payable	-	(420)
Proceeds from long-term borrowings	13,521,600	13,411,000
Repayments of long-term borrowings	(13,454,360)	(7,340,035)
Redemption of bonds	(1,141,000)	(63,000)
Proceeds from issuance of shares	692,572	27,572
Proceeds from issuance of share acquisition rights	-	501
Purchase of treasury shares	(59)	-
Repayments of lease liabilities	(8,936)	(3,860)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(151,000)	-
Repayments to non-controlling shareholders	(22,641)	-
Cash flows from financing activities	17,092,924	7,128,850
Effect of exchange rate change on cash and cash equivalents	-	11,666
Net increase (decrease) in cash and cash equivalents	(2,069,929)	(2,586,123)
Cash and cash equivalents at beginning of period	18,159,685	14,444,792
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	100	95,954
Cash and cash equivalents at end of period	16,089,855	11,954,624

Note: All Yen amounts are rounded down to the nearest 1,000 Japanese yen.