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ASTRIS CORPORATE ADVISORY JAPAN

Renova (9519)

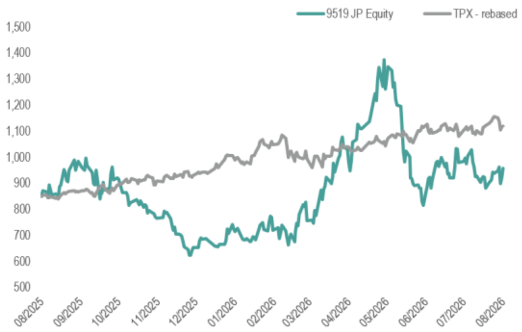
To resume power after some planned stoppage

21 August 2026

Q1 FY3/27 results update

Share price: ¥960 Market cap: ¥87.6bn

- **Profit decline due to planned maintenance, FY target unchanged** – Although the 68.4% YoY decline in Q1 FY3/27 OP may appear soft on the surface, this dip was anticipated and primarily driven by the planned concentration of regular biomass facility maintenance. Looking past this temporary noise, execution against core growth pillars remains robust. Recent milestones include securing ¥7.2bn in project finance for the 100MW Fukuroi Ugari Battery Energy Storage System (BESS), marking the successful rollout of its second large-scale merchant facility. Concurrently, the onshore wind business improved its long-term cash flow visibility by locking in a 25-year PPA with Tokyo Gas for the 54.6MW Reihoku Amakusa project. These developments keep Renova firmly on track to meet its FY3/31 targets of 5.0GW gross capacity and ¥60.0bn in EBITDA. Backed by our NPV calculations, this progressively de-risked pipeline offers substantial upside from the current valuation.



Source: Bloomberg

Stay positive on the FY

- **Maintain growth forecast on sales and OP for FY3/27** – We maintain our positive FY3/27 outlook, supported by efficient Q1 execution – scheduled maintenance was completed 11 days ahead of the initial target, complemented by Omaezaki Port plant and the FY operational contribution from Karatsu Biomass facility. Coupled with steady pipeline advancements across the BESS and onshore wind segments, these operational tailwinds drive our FY3/27 estimates for sales growth of +4.5% YoY and OP growth of +40.0% YoY.
- **Medium-Term Management Plan 2030** – Renova's MTP targets ¥60.0bn EBITDA by FY3/30, driven primarily by three key segments. BESS (surging from near-zero to 13% of total EBITDA), onshore wind (from under 3% to 7%), and overseas (from 2% to 13%), versus FY3/24. Progress in the battery storage business has been particularly strong; we view it as a key driver of future growth and expect it to significantly exceed the medium-term plan targets.
- **Valuations** – On our earnings estimates, the shares are trading on an EV/EBITDA of 11.7x FY3/27E, with a FCF yield of 14.7%. Based on our NPV calculations, we estimate the NPV of projects currently in operation and under construction at approximately ¥162.6bn.

Year-end	3/25	3/26	3/27E	3/28E	3/29E
Sales (¥bn)	70.25	87.62	91.58	100.98	109.28
OP (¥bn)	4.07	8.28	11.60	14.20	15.80
NI (¥bn)	2.69	3.31	3.52	6.10	7.63
EPS (¥)	29.85	36.59	38.93	67.52	84.42
DPS (¥)	-	-	-	-	-
Sales growth YoY (%)	+57.0	+24.7	+4.5	+10.3	+8.2
OP growth YoY (%)	-19.0	+103.7	+40.0	+22.4	+11.3
NP growth YoY (%)	-69.7	+23.1	+6.4	+73.4	+25.0
EPS growth YoY (%)	-73.4	+22.6	+6.4	+73.4	+25.0
PER (x)	32.2	26.2	24.7	14.2	11.4
EV/EBITDA (x)	18.6	14.2	11.7	9.0	8.1
EV/Sales (x)	6.2	5.0	4.7	4.3	4.0
PBR (x)	1.0	0.7	0.6	0.6	0.6
ROE (%)	3.4	3.1	2.7	4.5	5.4
ROCE (%)	0.9	1.5	2.1	2.5	2.7
FCF yield (%)	26.0	25.5	14.7	9.9	13.1
Dividend yield (%)	-	-	-	-	-

Source: Company, Astris Advisory (estimates)

Price Performance

	YTD	1M	3M	12M
Abs (%)	+40.1	-2.5	-26.4	+12.9
Rel (%)	+17.5	-3.8	-30.3	-14.4

Company sector

Energy-Alternate Sources
Independent Power and Renewable Energy (GICS)

Stock data

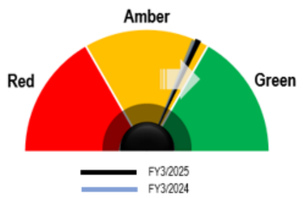
Price (¥)	960
Mkt cap (¥bn)	87.6
Mkt cap ($m)	551.6
52-week range (¥)	616-1,400
Shares O/S (m)	91.3
Average daily value ($m)	8.1
Free float (%)	48.6
Foreign shareholding (%)	14.9
Ticker	9519
Exchange	Tokyo Prime
Net Debt/Equity (x)	3.4
FFO leverage (x)	12.1
BBG BUY│HOLD│SELL	0│5│0

Source: Bloomberg

Business Overview

Renova is a leading independent developer in the renewable energy sector, developing and operating solar, biomass, wind, geothermal power, and battery energy systems.

Astris-Sustainability ESG rating



Reference ratings	
MSCI	N/A
Sustainalytics	28.22
Refinitiv	N/A
S&P Global	17.00
Bloomberg	2.87
CDP	N/A

Next events

Q2 FY3/27 results November 2026

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This report has been commissioned and paid for by the company

Recent results

Q1 FY3/27 results

Expected decline in profits due to planned maintenance

Key financials

(¥bn)	Q1 FY3/26	Q1 FY3/27	YoY (%)	FY3/27 guidance	Run rate versus guidance
Sales	**20.53**	**19.33**	**-5.8**	**95.70**	**20.2**
EBITDA	8.62	6.78	-21.3	**33.80**	**20.1**
EBITDA margin (%)	**42.0**	**35.1**		**35.2**	
Operating profit/(loss)	**3.30**	**1.04**	**-68.4**	**11.30**	**9.2**
OPM (%)	***16.1***	***5.4***		***11.8***	
Net income attributable to the parent	**0.86**	**0.10**	**-89.0**	**3.40**	**2.8**
Installed capacity (MW)	**1,126.8**	**1,239.8**		**1,289.7**	**96.1**

Source: Company

Key highlights

While OP dropped by 68.4% YoY in Q1 FY3/27, it was largely in line with expectations.

We highlight per business segment:

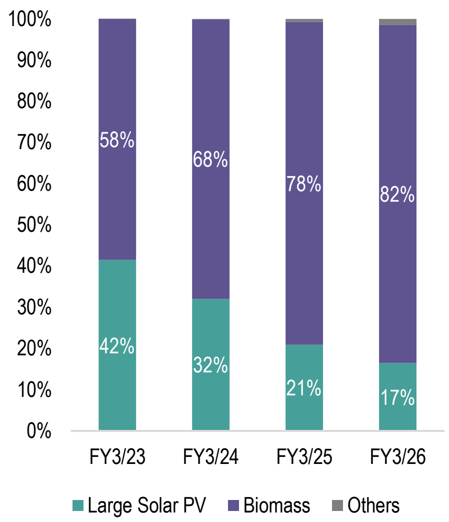
Biomass

Biomass is the core growth engine for Renova's renewable energy portfolio, with the segment's revenue and EBITDA contributions surging from 58% and 36% in FY3/23 to 82% and 62%, respectively, by FY3/26. Despite the segment's outsized financial contribution, a heavy concentration of scheduled facility inspections in Q1 FY3/27 drove a temporary year-on-year decline in top- and bottom-line results. In Q1 FY3/27, total outage duration across the seven power plants reached 167 days, an increase from 71 days in Q1 FY3/26, but completed 11 days ahead of the initial 178-day plan. As a result, the Q1 FY3/27 P&L landed in line with expectations. Furthermore, this temporary dip is being partially offset by a shortened maintenance cycle at the Omaezaki Port plant and the FY operational contribution from the Karatsu plant. Ultimately, the FY outlook for this dominant segment remains favorable, as total annual outage days for FY3/27 are projected to drop significantly year on year from 251 to just 185 days, beating the initial 194-day plan by nine days and keeping the segment's overarching financial trajectory firmly on track.

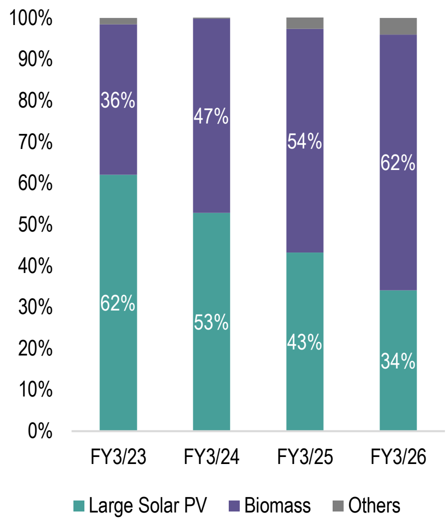
Burgeoning biomass

(Renewable Energy Power Generation Business)

Revenue split by energy type



EBITDA split by energy type



Source: Company, Astris Advisory
"Other" includes the aggregate of "Non-FIT Solar" and "Other" as disclosed by the company.
*EBITDA = Revenue - Fuel expenses - Outsourcing expenses - Payroll and related personnel expenses + Share of profit (loss) of investments accounted for using the equity method + Other income and expenses.
*Adjusted for intercompany transactions (operation and management fees and interest on subordinated loans) paid by Power Generation etc Business SPCs to RENOVA.
*Adjusted for amortization of intangible assets, etc after accounting for ownership interest

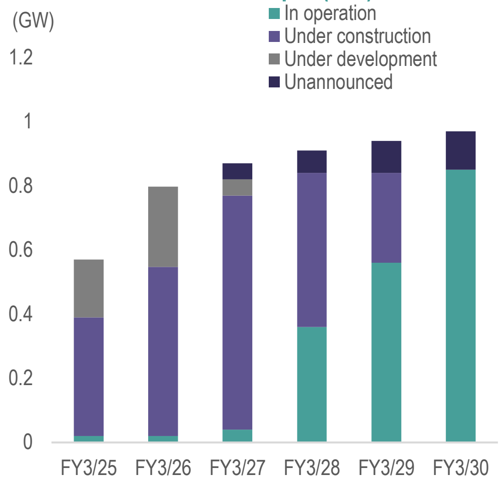
Onshore wind

In June 2026, Renova secured a 25-year Power Purchase Agreement (PPA) with Tokyo Gas for the 54.6 MW Reihoku Amakusa onshore wind project, a strategic move designed to enhance the asset's profitability and maximize its long-term business value. As reflected in the FY2030 medium-term management plan details, this agreement underscores the steady advancement of the Reihoku project, keeping the domestic onshore wind segment firmly on track to achieve its ¥1.7bn EBITDA target.

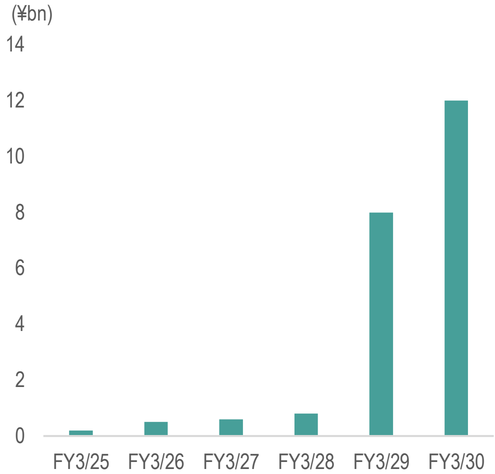
BESS

BESS has emerged as a central, long-term earnings driver for Renova, with segment EBITDA forecast to ramp rapidly to ¥12.0bn–¥14.0bn by FY3/31. Driven by capacity expansion and strong market pricing, this trajectory surpasses the company's original ¥6.5bn medium-term target. At this run rate, the BESS segment will become a core financial contributor, ultimately representing roughly 20% of the group's ¥60bn consolidated EBITDA target.

Accumulation of BESS output (GW)



Annual EBITDA outlook (¥bn)



Source: Company, Astris Advisory

This robust financial growth is anchored by highly visible pipeline execution and consistent access to capital. In July 2026, Renova reached the Final Investment Decision (FID) and began construction on the 100MW Fukuroi Ugari BESS, securing ¥7.2bn in project finance for a targeted FY3/30 lunch. As the company's second large-scale merchant storage facility, following the Kikugawa Nishimura launch in March 2026, this consecutive groundbreaking proves Renova's ability to consistently secure Japan's largest project financing packages and execute a highly repeatable development model. These advancements bring Renova's operational and under-construction capacity to 452MW, with a total disclosed pipeline of 677MW (2.2GWh).

The current market narrative discounts the Japanese BESS sector due to fears that a rapid influx of newcomers will lead to overcapacity and commoditization. However, as the industry data illustrates, this perceived threat is largely a "phantom pipeline" masking a severe grid interconnection bottleneck. While speculative initial connection inquiries have surged to 172GW, only a fraction, roughly 0.64GW, has successfully navigated the steep upgrade costs, local ordinances, and land acquisition hurdles to achieve commercial operation. This wide divergence highlights that securing grid access, rather than simply allocating capital, remains the true barrier to entry for these new market participants.

DCF Valuation

Based on the following assumptions, our Discounted Cash Flow (DCF) analysis concludes that Renova's intrinsic value offers significant upside relative to its market capitalization as of August 21, 2026.

Power generation (MW), power utilization (%) and Price (¥/kWh) assumptions

Year	FY3/26	FY3/27	FY3/28	FY3/29	FY3/30	FY3/31	FY3/32	FY3/33	FY3/34	FY3/35	FY3/36	FY3/37	FY3/38	FY3/39	FY3/40	FY3/41	FY3/42	FY3/43	FY3/44	FY3/45	FY3/46
(t)	*0*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*
Power generation (MW)	**1,532**	**2,097**	**3,097**	**3,587**	**4,137**	**4,237**	**4,297**	**4,357**	**4,417**	**4,477**	**4,537**	**4,597**	**4,657**	**4,717**	**4,777**	**4,807**	**4,837**	**4,867**	**4,897**	**4,927**	**4,957**
Mega solar	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374
Biomass	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445	445
Non-FIT solar	214	350	500	650	800	900	920	940	960	980	1,000	1,020	1,040	1,060	1,080	1,090	1,100	1,110	1,120	1,130	1,140
BESS	352	527	877	877	877	877	897	917	937	957	977	997	1,017	1,037	1,057	1,067	1,077	1,087	1,097	1,107	1,117
Others	146	400	900	1,240	1,640	1,640	1,660	1,680	1,700	1,720	1,740	1,760	1,780	1,800	1,820	1,830	1,840	1,850	1,860	1,870	1,880
Power utilization ratio (%)																					
Mega solar	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Biomass	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80
Non-FIT solar	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
BESS	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Others	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Price (¥/kWh)																					
FIT price	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38
Biomass price	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Non-FIT price	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17
BESS price*	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
Wind price	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22

Source: Company, Astris Advisory estimates

*Note: The "Average BESS Auction Price" (2025 actual: ¥4.1/ΔkW·30min; trending at or below ¥4.1 thereafter) stated on page 19 of Renova's 1Q earnings presentation is a pricing metric specific to the balancing (supply-demand adjustment) market alone. In contrast, the estimates in the table above are calculated and converted into a "comprehensive unit revenue (¥/kWh)" that incorporates revenue streams from other mechanisms, including the capacity market.

Our logic for calculating Unit Revenue is as follows: Estimated based on the FY2030 outlook (0.9 GW of operating BESS capacity / EBITDA of ¥12.0bn):

1. **Revenue per 1MW**: Given an EBITDA of approximately ¥13.33mn per 1MW of operating capacity (¥12.0bn ÷ 900 MW) and assuming a 70% EBITDA margin, revenue per 1MW translates to roughly ¥19.05mn/MW.
2. **Annual Discharge Volume**: Assuming one charge/discharge cycle per day (4 hours of discharge / annual capacity factor of approximately 15%), the annual discharge volume is 1,460,000 kWh/year (1,000 kW × 4 hours × 365 days).
3. **Unit Revenue per 1kWh**: ¥19.05mn ÷ 1,460,000 kWh ≈ ¥13.0/kWh.

Calculation of equity-owned levered FCF, and discounted FCF/NPV

Year	FY3/26	FY3/27	FY3/28	FY3/29	FY3/30	FY3/31	FY3/32	FY3/33	FY3/34	FY3/35	FY3/36	FY3/37	FY3/38	FY3/39	FY3/40	FY3/41	FY3/42	FY3/43	FY3/44	FY3/45	FY3/46
Revenue (¥mn)	87,622	91,579	100,979	109,276	118,708	119,958	120,826	121,693	122,560	123,427	124,294	125,161	126,028	126,895	127,762	128,196	128,629	129,063	129,496	129,930	130,363
EBITDA (¥mn)	30,526	37,124	47,977	53,785	60,387	61,263	61,870	62,477	63,084	63,690	64,297	64,904	65,511	66,118	66,725	67,029	67,332	67,636	67,939	68,243	68,546
CAPEX (¥mn)	5,930	6,494	9,592	1,110	2,813	3,123	3,309	3,495	3,681	3,866	4,052	4,238	14,424	4,610	4,796	4,889	4,982	5,075	5,167	15,260	5,353
Unlevered FCF (EBITDA - CAPEX) (¥mn)	24,596	30,629	38,385	42,676	47,574	48,140	48,561	48,982	49,403	49,824	50,245	50,666	51,087	51,508	51,929	52,140	52,351	52,561	52,772	52,982	53,193
Project financing principal return (¥mn)	18,845	24,690	27,478	28,844	30,377	30,656	30,823	30,990	31,158	31,325	31,492	31,659	31,827	31,994	32,161	32,245	32,328	32,412	32,496	32,579	32,663
Interest (¥mn)	6,000	7,407	8,243	8,653	9,113	9,197	9,247	9,297	9,347	9,397	9,448	9,498	9,548	9,598	9,648	9,673	9,699	9,724	9,749	9,774	9,799
Tax rate (%)	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Levered FCF (Unlevered FCF - Project financing principal return - Interest * (1-tax rate) + New borrowing)	**3,592**	**5,534**	**12,466**	**16,353**	**20,798**	**21,281**	**21,653**	**22,024**	**22,396**	**22,768**	**23,139**	**23,511**	**23,883**	**24,254**	**24,626**	**24,812**	**24,998**	**25,183**	**25,369**	**25,555**	**25,741**
Equity owned	70.0%																				
Equity-owned Levered FCF (Equity-owned × Levered FCF)	**3,592**	**3,874**	**8,726**	**11,447**	**14,558**	**14,897**	**15,157**	**15,417**	**15,677**	**15,937**	**16,198**	**16,458**	**16,718**	**16,978**	**17,238**	**17,368**	**17,498**	**17,628**	**17,758**	**17,889**	**18,019**
DCF assumptions																					
Discount rate/Cost of Equity	10.0%																				
Discounted FCF/NPV	**3,592**	**3,522**	**7,212**	**8,600**	**9,944**	**9,250**	**8,556**	**7,911**	**7,314**	**6,759**	**6,245**	**5,768**	**5,327**	**4,918**	**4,539**	**4,158**	**3,808**	**3,488**	**3,194**	**2,925**	**2,678**

Source: Company, Astris Advisory estimates

NPV calculation

(¥mn)	
Discounted cash flow	119,706
Terminal growth rate (%)	1.00%
Terminal value	288,870
Present value of terminal value	42,939
NPV	**162,645**
Current market cap	**87,624**
Implied upside (%)	**+85.6%**

Source: Company data, Astris Advisory, as of 21st August 2026

Sensitivity Analysis Table – Changes in NPV (¥mn) by Terminal Rate (%) and Discount Rate / Cost of Equity

NPV（¥mn）		Terminal rate (%)				
		0.0%	**0.5%**	1.0%	**1.5%**	**2.0%**
Discount rate/Cost of Equity	**8.0%**	209,723	214,693	220,374	226,928	234,575
	8.5%	194,200	198,217	202,770	207,973	213,977
	9.0%	180,603	183,875	187,556	191,728	196,496
	9.5%	168,610	171,294	174,294	177,668	181,493
	10.0%	157,968	160,184	162,645	165,396	168,491
	10.5%	148,472	150,311	152,343	154,601	157,125
	11.0%	139,955	141,489	143,176	145,042	147,114
	11.5%	132,279	133,565	134,974	136,524	138,236
	12.0%	125,333	126,416	127,597	128,891	130,314

Source: Astris Advisory

Breakdown of NPV by Period

DCF Components	（¥mn）	% of NPV
Short-term（FY1–3）	22,925	14.1%
Medium-term（FY4–10）	55,978	34.4%
Long-term（FY11–20）	40,803	25.1%
Terminal value	**42,939**	**26.4%**
Total	162,645	100.0%

Source: Astris Advisory

Assumptions for NPV Estimation

Power Generation Capacity Assumptions (Gross Equity Basis)

- **FIT Solar**: Capacity is assumed to remain constant from FY3/27 onwards.
- **Biomass**: Capacity is assumed to remain constant from FY3/27 onwards.
- **New Development (Non-FIT Solar / BESS / Others):** Assumes a net addition of 20MW each per year from FY3/31 onwards, and 10MW each per year from FY3/41 onwards.

Financial Forecast Model Assumptions

- **Revenue**: Calculated as "Generation Capacity × Capacity Factor × 70% Operating Rate (assuming 70% of total capacity is operational)" for each power source.
- **EBITDA Margin**: Applied at 30% for biomass and a flat 70% for all other power sources.
- **EBITDA**: Revenue of each power source × EBITDA Margin of each power source.
- **Ownership Stake**: Set at a flat 70% as a simplified approach (actual ratios vary by project).

Discount rate and Terminal rate

- **Cost of Equity (Discount Rate):** While the company discloses a range of 4.0–9.0% (depending on the project), we have adopted 10.0% to price in the domestic interest rate hike environment and the risk of development delays.
- **Terminal Rate (Perpetual Growth Rate):** A base rate of 1.0% is applied from FY3/41 onwards. In addition, we examined a sensitivity analysis of the Cost of Equity (8.0–12.0%) × Terminal Rate (0.0–2.0%).

In conclusion, our estimated current NPV (approximately ¥162bn) is lower than the NPV of ¥280bn guided by Renova for operational and under-construction projects as of FY3/31. However, when compared to the current market capitalization of ¥87.6bn (as of August 21, 2026), we conclude that there is significant upside potential for the stock price.

Medium-Term Management Plan

Acceleration in multi-power asset development

Under Renova's 5-year medium-term management plan (FY3/26-FY3/31), Non-FIT solar, onshore wind, and grid-scale storage batteries will be the key drivers of its next phase of growth.

This strategy is perfectly aligned with the direction of the '7th Strategic Energy Plan' currently being formulated by the government. While the draft plan highlights the potential for further expansion in solar and wind power generation, the demand for grid stabilization to manage output fluctuations is transforming grid-scale storage batteries into a critical, rapidly growing, and untapped market.

Solid growth is expected to continue

FY3/28CE and FY3/31CE

(¥bn)	FY3/25	FY3/28CE	FY3/31CE	CAGR (%) FY3/25-FY3/31
Sales	**70.2**	**105.0**	**130.0**	**10.82**
EBITDA	**23.3**	**40.0**	**60.0**	**17.08**
EBITDA Margin (%)	***33.2***		***46.2***	
Operating profit	4.10	13.0	25.0	35.16
Business value (Operational / Under Construction)	160.0		280.0	9.78
Total asset	530.1	650.0	800.0	7.10
Interest-bearing debt	332.9	400.0	500.0	7.01
Net debt	245.5	320.0	420.0	9.36
Net debt/EBITDA	**11x**	**8x**	**7x**	
Equity ratio	**17%**	**17%**	**17%**	

Source: Company data

Key assumptions

	FY3/25	FY3/28CE	FY3/31CE	CAGR (%) FY3/25-FY3/30
Gross capacity (GW)	1.5	N/A	5.0	22.22
Net capacity (GW)	1.0	N/A	3.5	23.22
Annual power generation (kWh/y)	29	N/A	81	18.8
EBITDA				
Region	Japan 98%, Asia 2%	N/A	Japan 87%, Asia 6%, US 7%	
Energy type	Biomass 54%, Large Solar PV 43%, Others (Non-FIT Solar PV, Onshore Wind etc) 3%	N/A	Biomass 45%, Solar PV 36%, BESS 13%, Onshore Wind 7%	
Off-take	FIT 77%, Fixed PPA 23%	N/A	Fixed PPA 68%, FIT, etc 26%, Market Transactions 5%	

Source: Company data

Astris earnings estimates and key assumptions

Astris' key earnings forecasts are as follows:

Astris Advisory earnings estimates

Year-end	FY3/26 results	FY3/27 guidance	FY3/27E	FY3/28E	FY3/29E
Revenue (¥bn)	**87.62**	**95.70**	**91.58**	**100.98**	**109.28**
YoY (%)	*+24.7*	*+9.0*	*+4.5*	*+10.3*	*+8.2*
EBITDA (¥bn)	**30.53**	**33.80**	**37.12**	**47.98**	**53.79**
YoY (%)	*+31.0*	*+11.0*	*+21.6*	*+29.2*	*+12.1*
EBITDA Margin (%)	34.8	35.3	40.5	47.5	49.2
OP (¥bn)	**8.28**	**11.30**	**11.60**	**14.20**	**15.80**
YoY (%)	*+103.7*	*+36.0*	*+40.0*	*+22.4*	*+11.3*
Profit attributable to owners of parent (¥bn)	**3.31**	**3.40**	**3.52**	**6.10**	**7.63**
YoY (%)	*+23.1*	*+3.0*	*+6.4*	*+73.4*	*+25.0*
FCF (¥bn)	**22.35**		**12.84**	**8.70**	**11.50**
FCF margin (%)	25.5		14.0	8.6	10.5
FCF conversion (%)	381.2		189.3	95.2	105.9
FCF yield (%)	**27.1**		**14.7**	**9.9**	**13.1**
ROE (%)	**3.1**		**2.7**	**4.5**	**5.4**
DPS (¥)	**-**		**-**	**-**	**-**

Source: Astris Advisory
Note: FCF conversion is FCF/Pre-tax Profit

The core assumptions of our estimates are as follows:

- **Sales growth** – We forecast a 9.2% revenue CAGR during FY3/27-FY3/29, driven by onshore wind, BESS, and overseas pipelines.
- **Profitability** – EBITDA is projected to expand solidly from ¥30.53bn in FY3/26 to ¥53.79bn in FY3/29, reaching a 3-year CAGR of 20.8%. From FY3/27 to FY3/29, we anticipate further improvements in EBITDA margins, driven by an increasing share of high-margin power sources in the portfolio mix.
- **Free cash flow generation** – Although pipeline development and construction for projects such as onshore wind and grid-scale storage batteries will accelerate, free cash flow is expected to remain abundant over the next few years, supported by the aforementioned improvements in profitability.

Summary

Founded in 2000, RENOVA, Inc. is a leading independent renewable energy developer and operator across the full project lifecycle, and is defined by a history of resilience and dynamic strategic transitions. After achieving rapid early growth through a **highly profitable FIT solar** business, the company pivoted toward large-scale **offshore wind** as its next growth engine, but was subsequently forced to retreat from the segment following a major setback in a key auction. RENOVA successfully absorbed this shock by aggressively commissioning its pipeline of large **biomass** plants, effectively stabilizing earnings and resecuring its portfolio foundation. Today, anticipating shifting market dynamics, the firm is reallocating core capital toward **Battery Energy Storage Systems (BESS)** and **non-FIT solar** (corporate PPAs), evolving from a legacy FIT-dependent developer into a market-linked, comprehensive GX (Green Transformation) solutions provider.

RENOVA views its current phase as a foundational period for its **Medium-Term Management Plan 2030**, highlighting the key growth drivers:

- **Non-FIT solar**: Promoting small-scale, distributed solar projects via PPAs to reduce reliance on government guarantees.
- **BESS**: Developing major energy storage facilities, such as the 90MW Kikugawa project, to stabilize power grids.
- **Global Expansion**: Accelerating project development in overseas markets, including the US, Philippines, South Korea, and Vietnam
- Target of **5.0GW gross installed capacity** by FY3/30, from 1.5GW in FY3/25
- Target **¥60.0bn EBITDA** by FY3/30, from ¥30.53bn in FY3/26 (CAGR 18.4%)

Company description

Overview

Renewable energy power generation and Development and operations are two pillars of the business.

Renova was founded in 2000 as Recycle One, Inc., initially providing research and consulting services within the environmental and energy sectors. In 2012, it entered the renewable energy business. Today, operating as RENOVA, Inc., it functions as an independent company providing comprehensive solutions in the renewable energy and Green Transformation (GX) sectors, including energy storage and related technologies. The company has two core segments:

- **Renewable energy power generation** – This is the company's foundational business, managing a portfolio of operational plants that provide stable, long-term cash flows through feed-in tariffs (FIT) and power purchase agreements.
- **Development and operations** – This segment focuses on developing new projects, including large-scale battery storage, non-FIT solar, onshore wind, and overseas expansion. By leveraging specialized engineering expertise, it drives the operational launch of new capacity.

Distinguished by its dual role as both an asset developer and an independent power producer (IPP), RENOVA maintains a unique position in the energy sector. While primarily focused on project development, the company also oversees the operation and management of its proprietary assets, enabling full control over the entire value chain—from initial site selection to final grid connection and operation. This end-to-end business model is underpinned by robust technical expertise and a proven track record as a first mover in the Japanese renewable energy market. Renova is now leveraging this domestically cultivated expertise to drive its global business expansion.

Timeline summary

Year	Details
2000	**Established Recycle One, Inc.** (now RENOVA, Inc.) in Akasaka, Minato-ku, Tokyo, with a capital of 10 million yen to conduct research and consulting in the environmental and energy sectors.
2012	**Entered the renewable energy business**.
2013	Changed company name to RENOVA, Inc. following the entry into the renewable energy sector.
2017	**Listed on the Tokyo Stock Exchange (TSE) Mothers Market**.
2018	**Transferred listing to the First Section of the Tokyo Stock Exchange**.
2022	**Transferred listing to the Prime Section of the Tokyo Stock Exchange**

Source: Company

IFRS Financial Summary

Income statement (¥bn)	FY 3/25	FY 3/26	FY 3/27E	FY 3/28E	FY 3/29E
Sales	**70.25**	**87.62**	**91.58**	**100.98**	**109.28**
Operating profit	**4.07**	**8.28**	**11.60**	**14.20**	**15.80**
OP margin (%)	5.8	9.5	12.7	14.1	14.5
Gain on remeasurement to fair value of pre-existing interest in business combination	4.4	1.7	-	-	-
Gain on remeasurement to fair value of option	-	1.2	-	-	-
Loss on remeasurement to fair value of option	(0.3)	-	-	-	-
Finance income	1.6	1.9	1.7	1.8	1.8
Finance expenses	(5.9)	(7.2)	(6.6)	(6.9)	(6.7)
Pre-tax profit	**3.90**	**5.86**	**6.79**	**9.14**	**10.86**
Tax	(0.46)	(1.24)	(1.12)	(1.72)	(1.92)
Effective tax rate (%)	11.8	21.2	16.5	18.9	17.7
Net income	**3.44**	**4.62**	**5.67**	**7.41**	**8.94**
Non-controlling NI	0.75	1.31	1.31	1.31	1.31
Parent attributable NI	**2.69**	**3.31**	**3.52**	**6.10**	**7.63**
Sales growth YoY (%)	+57.0	+24.7	+4.5	+10.3	+8.2
OP growth YoY (%)	-19.0	+103.7	+40.0	+22.4	+11.3
Pre-tax profit YoY (%)	-67.1	+50.3	+15.8	+34.6	+18.9
NI growth YoY (%)	-69.7	+23.1	+6.4	+73.4	+25.0

Balance sheet (¥bn)	FY 3/25	FY 3/26	FY 3/27E	FY 3/28E	FY 3/29E
Cash & equivalents	**23.93**	**23.08**	**31.01**	**34.95**	**41.61**
Accounts receivables	14.73	12.07	12.61	13.91	15.05
Inventory	2.38	2.58	2.66	2.93	3.17
Other	69.73	68.39	71.48	78.82	85.29
Current assets	**110.76**	**106.13**	**117.76**	**130.61**	**145.13**
Tangible assets	224.96	232.21	226.24	221.61	217.18
Goodwill	0.24	0.24	0.24	0.24	0.24
Intangible assets	33.72	32.23	29.81	27.63	25.41
Long-term investments	11.44	7.83	7.83	7.83	7.83
Other	148.93	232.83	232.83	232.83	232.83
Fixed assets	**419.29**	**505.34**	**496.95**	**490.14**	**483.49**
Total assets	**530.05**	**611.46**	**614.71**	**620.74**	**628.62**
Short-term borrowing	38.09	32.40	32.40	32.40	32.40
Trade payables	14.51	14.11	14.31	14.21	14.26
Other	2.71	2.15	2.43	2.29	2.36
Current liabilities	**55.30**	**48.67**	**49.14**	**48.91**	**49.02**
Long-term borrowing	287.84	308.39	308.39	308.39	308.39
Other LT liabilities	53.49	68.53	68.53	68.53	68.53
Long-term liabilities	**341.33**	**376.92**	**376.92**	**376.92**	**376.92**
Shareholder's equity	89.11	122.85	134.98	136.57	146.67
Share acquisition rights	0	0	0	0	0
Non-controlling interests	44.32	63.03	53.67	58.35	56.01
Total net assets	**133.42**	**185.88**	**188.65**	**194.92**	**202.68**
Total liabilities & net assets	**530.05**	**611.46**	**614.71**	**620.74**	**628.62**

Source: Company, Astris Advisory (estimates)

Cash flow statement (¥bn)	FY 3/25	FY 3/26	FY 3/27E	FY 3/28E	FY 3/29E
Profit before tax	**3.90**	**5.86**	**6.79**	**9.14**	**10.86**
Depreciation/amortization	16.51	17.80	18.60	20.51	22.20
Changes in working capital	16.57	8.78	(2.49)	(7.36)	(6.17)
Other non-cash items	(2.78)	(2.11)	(2.44)	(2.27)	(2.36)
Tax paid	(2.71)	(2.06)	(1.12)	(1.72)	(1.92)
Cash from Operating Activities	**31.50**	**28.27**	**19.34**	**18.29**	**22.61**
Capex	(8.73)	(5.93)	(6.49)	(9.59)	(11.11)
Acquisitions/increase stakes	(2.45)	(0.97)	(0.97)	(0.97)	(0.97)
Other investing cash flow	(5.33)	(4.73)	(5.03)	(4.88)	(4.96)
Cash from Investing Activities	**(16.52)**	**(11.62)**	**(12.49)**	**(15.44)**	**(17.03)**
Total cash dividends paid	-	-	-	-	-
Debt issuance/(retirement)	(12.89)	(18.52)	-	-	-
Equity financing/(buybacks)	17.34	(0.08)	-	-	-
Other	(12.73)	1.16	1.16	1.16	1.16
Cash from Financing Activities	**(8.29)**	**(17.44)**	**1.16**	**1.16**	**1.16**
FX impact	(0.09)	(0.06)	(0.08)	(0.07)	(0.07)
Net cash flow	**6.60**	**(0.85)**	**7.93**	**3.94**	**6.67**
Free cash flow	**22.77**	**22.35**	**12.84**	**8.70**	**11.50**
EBITDA	**23.31**	**30.53**	**37.12**	**47.98**	**53.79**
EBITDA margins (%)	33.2	34.8	40.5	47.5	49.2
Free cash flow margin (%)	32.4	25.5	14.0	8.6	10.5
Free cash flow conversion (%)	583.7	381.2	189.3	95.2	105.9
Capex/sales (%)	141.1	171.5	7.1	9.5	10.2
Capex/depreciation (%)	52.9	33.3	34.9	46.8	50.1
CFO margin (%)	44.8	32.3	21.1	18.1	20.7

Key metrics	FY 3/25	FY 3/26	FY 3/27E	FY 3/28E	FY 3/29E
Profitability					
Operating margin (%)	5.8	9.5	12.7	14.1	14.5
Net margin (%)	3.8	3.8	3.8	6.0	7.0
ROA (%)	0.5	0.6	0.6	1.0	1.2
ROE (%)	3.4	3.1	2.7	4.5	5.4
ROCE (%)	0.9	1.5	2.1	2.5	2.7
ROIC (%)	0.9	1.5	2.1	2.4	2.7
Liquidity					
Current ratio (x)	2.0	2.2	2.4	2.7	3.0
Quick ratio (x)	2.0	2.1	2.3	2.6	2.9
Leverage					
Debt/Equity ratio (x)	3.7	2.8	2.5	2.5	2.3
Net Debt/Equity ratio (x)	3.4	2.6	2.3	2.2	-
Equity ratio (x)	0.2	0.2	0.2	0.2	0.2
Interest cover (x)	(0.7)	(1.1)	(1.8)	(2.1)	(2.3)
Net Debt/EBITDA (x)	13.0	10.4	8.3	6.4	-
Valuation					
EPS reported (¥)	29.85	36.59	38.93	67.52	84.42
PER (x)	**32.2**	**26.2**	**24.7**	**14.2**	**11.4**
Diluted PER (x)	**32.2**	**26.2**	**24.7**	**14.2**	**11.4**
DPS (¥)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Dividend yield (%)	**-**	**-**	**-**	**-**	**-**
Free cash flow yield (%)	**26.0**	**25.5**	**14.7**	**9.9**	**13.1**
Diluted FCF yield (%)	**26.0**	**25.5**	**14.7**	**9.9**	**13.1**
PBR (x)	**1.0**	**0.7**	**0.6**	**0.6**	**0.6**
EV/sales (x)	6.2	5.0	4.7	4.3	4.0
EV/EBITDA (x)	18.6	14.2	11.7	9.0	8.1
EV/EBIT (x)	106.7	52.4	37.4	30.6	27.5
EV/FCF (x)	19.1	19.4	33.8	49.9	37.7

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