

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 2018

Company name: Origin Electric Company, Limited
 Stock exchange listing: Tokyo
 Stock code: 6513 URL <https://www.origin.co.jp/>
 Representative: Kazuhiro Seo, President
 Contact: Atsushi Akamatsu, Senior Manager General Accounting Department Administration Division
 Phone: +81-48-755-9242
 Scheduled date of ordinary general meeting of shareholders: June 28, 2018
 Scheduled date to file Securities Report: June 28, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

Percentages indicate 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	%
Year ended March 31, 2018	33,154	5.9	1,822	95.9	1,908	61.7	868	-
Year ended March 31, 2017	31,301	(3.3)	930	(40.4)	1,180	(32.9)	(1,376)	-

Note: Comprehensive income Year ended March 31, 2018 ¥2,120 million [-%]
 Year ended March 31, 2017 ¥(1,448) million [-%]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	130.62	-	4.0	4.3	5.5
Year ended March 31, 2017	(206.58)	-	(6.2)	2.8	3.0

Reference: Investment profit (loss) on equity method Year ended March 31, 2018 ¥53 million
 Year ended March 31, 2017 ¥62 million

* Origin Electric Company, Limited (the "Company") has implemented share consolidation of its common stock on a one for five basis effective October 1, 2017. "Earnings per share" was calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	45,520	25,322	49.7	3,411.21
As of March 31, 2017	42,258	23,692	50.2	3,180.74

Reference: Equity As of March 31, 2018 ¥22,625 million
 As of March 31, 2017 ¥21,196 million

* The Company has implemented share consolidation of its common stock on a one for five basis effective October 1, 2017. "Net assets per share" was calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	992	(2,075)	491	5,075
Year ended March 31, 2017	1,200	(1,206)	(191)	5,578

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	–	3.50	–	3.50	7.00	233	–	1.1
Year ended March 31, 2018	–	3.50	–	25.00	–	283	32.5	1.3
Year ending March 31, 2019 (Forecast)	–	20.00	–	20.00	40.00		13.3	

Note: Details of year-end dividends for the year ended March 31, 2018
ordinary dividends 17.50 yen
special dividends 7.50 yen

* The Company has implemented share consolidation of its common stock on a one for five basis effective October 1, 2017. The year-end dividend per share for the fiscal year ending March 31, 2018 factors in the influence of the planned consolidation of shares, and “–” is indicated for total amount of annual dividends.

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

	Percentages indicate year-on-year changes								
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	40,000	20.6	3,000	64.6	3,000	57.2	2,000	130.3	301.53

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
Changes in accounting policies due to revisions to accounting standards and other regulations: No
Changes in accounting policies due to other reasons: No
Changes in accounting estimates: No
Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2018	6,699,986 shares	As of March 31, 2017	6,699,986 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	67,151 shares	As of March 31, 2017	35,821 shares
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Average number of shares during the period

Year ended March 31, 2018	6,647,219 shares	Year ended March 31, 2017	6,664,653 shares
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* 1. The Company has implemented share consolidation of its common stock on a one for five basis effective October 1, 2017. “Total number of issued shares at the end of the period,” “Number of treasury shares at the end of the period” and “Average number of shares during the period” were calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

* 2. Number of treasury shares excluded for calculating the number of treasury shares at the end of the period and average number of shares during the period include the Company’s shares held by the trust account related to stock remuneration system (BBT=Board Benefit Trust).

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	25,087	4.5	(26)	–	624	–	348	–
Year ended March 31, 2017	23,997	(4.8)	(778)	–	15	(98.6)	(1,920)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2018	52.39	–
Year ended March 31, 2017	(287.74)	–

* The Company has implemented share consolidation of its common stock on a one for five basis effective October 1, 2017. “Profit per share” was calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	35,313	17,281	48.9	2,601.05
As of March 31, 2017	33,242	16,542	49.8	2,478.24

Reference: Equity As of March 31, 2018 ¥17,281 million
As of March 31, 2017 ¥16,542 million

* The Company has implemented share consolidation of its common stock on a one for five basis effective October 1, 2017. “Net assets per share” was calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable and actual results may differ substantially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	7,845	6,795
Notes and accounts receivable - trade	8,896	9,695
Electronically recorded monetary claims - operating	1,387	1,360
Merchandise and finished goods	1,450	1,742
Work in process	3,844	4,393
Raw materials and supplies	1,632	1,860
Deferred tax assets	252	314
Other	184	1,150
Allowance for doubtful accounts	(66)	(38)
Total current assets	25,427	27,274
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,614	12,909
Accumulated depreciation	(7,864)	(8,019)
Buildings and structures, net	4,750	4,890
Machinery, equipment and vehicles	10,689	10,513
Accumulated depreciation	(9,719)	(9,504)
Machinery, equipment and vehicles, net	969	1,008
Land	4,298	4,298
Construction in progress	184	202
Other	4,445	4,602
Accumulated depreciation	(3,742)	(3,874)
Other, net	703	728
Total property, plant and equipment	10,906	11,128
Intangible assets	778	670
Investments and other assets		
Investment securities	4,601	5,663
Long-term loans receivable	6	51
Deferred tax assets	165	5
Other	459	865
Allowance for doubtful accounts	(87)	(138)
Total investments and other assets	5,145	6,447
Total non-current assets	16,830	18,246
Total assets	42,258	45,520

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,101	3,432
Electronically recorded obligations - operating	2,344	4,539
Short-term loans payable	1,800	4,000
Current portion of long-term loans payable	1,197	915
Income taxes payable	205	168
Provision for bonuses	511	591
Provision for directors' bonuses	19	28
Provision for environmental measures	1,485	–
Other	1,831	2,192
Total current liabilities	13,496	15,869
Non-current liabilities		
Long-term loans payable	1,079	164
Net defined benefit liability	3,916	3,911
Provision for environmental measures	53	39
Asset retirement obligations	–	29
Deferred tax liabilities	–	146
Other	21	38
Total non-current liabilities	5,069	4,329
Total liabilities	18,565	20,198
Net assets		
Shareholders' equity		
Capital stock	6,103	6,103
Capital surplus	3,454	3,454
Retained earnings	9,580	10,214
Treasury shares	(93)	(146)
Total shareholders' equity	19,044	19,625
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,553	2,228
Foreign currency translation adjustment	599	771
Total accumulated other comprehensive income	2,152	3,000
Non-controlling interests	2,495	2,696
Total net assets	23,692	25,322
Total liabilities and net assets	42,258	45,520

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	31,301	33,154
Cost of sales	23,536	24,278
Gross profit	7,764	8,875
Selling, general and administrative expenses	6,834	7,052
Operating profit	930	1,822
Non-operating income		
Interest income	89	104
Dividend income	90	105
Royalty income	42	38
Share of profit of entities accounted for using equity method	62	53
Subsidy income	94	49
Other	70	57
Total non-operating income	450	409
Non-operating expenses		
Interest expenses	37	32
Foreign exchange losses	10	99
Commitment fee	22	45
Fixed assets tax	35	29
Other	94	117
Total non-operating expenses	200	323
Ordinary profit	1,180	1,908
Extraordinary income		
Gain on sales of non-current assets	1	1
Gain on sales of investment securities	3	128
Reversal of provision for demolition of non-current assets	54	–
Insurance income	–	75
Total extraordinary income	60	205
Extraordinary losses		
Loss on retirement of non-current assets	32	55
Loss on sales of non-current assets	0	2
Impairment loss	–	267
Loss on valuation of shares of subsidiaries and associates	56	–
Product compensation expenses	–	143
Provision of allowance for doubtful accounts for subsidiaries and associates	32	–
Provision for environmental measures	1,538	–
Total extraordinary losses	1,660	468
Profit (loss) before income taxes	(419)	1,645
Income taxes - current	470	509
Income taxes - deferred	196	(50)
Total income taxes	666	458
Profit (loss)	(1,086)	1,186
Profit attributable to non-controlling interests	289	318
Profit (loss) attributable to owners of parent	(1,376)	868

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit (loss)	(1,086)	1,186
Other comprehensive income		
Valuation difference on available-for-sale securities	358	676
Foreign currency translation adjustment	(723)	258
Share of other comprehensive income of entities accounted for using equity method	3	(0)
Total other comprehensive income	(361)	933
Comprehensive income	(1,448)	2,120
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,515)	1,716
Comprehensive income attributable to non-controlling interests	67	404

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,103	3,454	11,191	(92)	20,657
Changes of items during period					
Dividends of surplus			(233)		(233)
Provision of reserve for employees' welfare fund			(0)		(0)
Profit (loss) attributable to owners of parent			(1,376)		(1,376)
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	(1,611)	(1)	(1,612)
Balance at end of current period	6,103	3,454	9,580	(93)	19,044

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	1,190	1,100	2,291	2,606	25,555
Changes of items during period					
Dividends of surplus					(233)
Provision of reserve for employees' welfare fund					(0)
Profit (loss) attributable to owners of parent					(1,376)
Purchase of treasury shares					(1)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	362	(501)	(138)	(111)	(250)
Total changes of items during period	362	(501)	(138)	(111)	(1,863)
Balance at end of current period	1,553	599	2,152	2,495	23,692

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,103	3,454	9,580	(93)	19,044
Changes of items during period					
Dividends of surplus			(233)		(233)
Provision of reserve for employees' welfare fund			(1)		(1)
Profit (loss) attributable to owners of parent			868		868
Purchase of treasury shares				(52)	(52)
Disposal of treasury shares		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	633	(52)	580
Balance at end of current period	6,103	3,454	10,214	(146)	19,625

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	1,553	599	2,152	2,495	23,692
Changes of items during period					
Dividends of surplus					(233)
Provision of reserve for employees' welfare fund					(1)
Profit (loss) attributable to owners of parent					868
Purchase of treasury shares					(52)
Disposal of treasury shares					0
Net changes of items other than shareholders' equity	675	172	848	200	1,049
Total changes of items during period	675	172	848	200	1,629
Balance at end of current period	2,228	771	3,000	2,696	25,322

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit (loss) before income taxes	(419)	1,645
Depreciation	1,226	1,128
Impairment loss	–	267
Amortization of goodwill	16	1
Increase (decrease) in allowance for doubtful accounts	53	21
Interest and dividend income	(180)	(210)
Interest expenses	37	32
Foreign exchange losses (gains)	52	14
Increase (decrease) in provision for bonuses	(11)	79
Increase (decrease) in net defined benefit liability	82	(6)
Increase (decrease) in provision for demolition of non-current assets	(304)	–
Increase (decrease) in provision for environmental measures	1,538	(1,498)
Loss (gain) on sales of investment securities	(3)	(128)
Loss on valuation of shares of subsidiaries and associates	56	–
Loss (gain) on sales and retirement of non-current assets	31	56
Share of loss (profit) of entities accounted for using equity method	(62)	(53)
Decrease (increase) in notes and accounts receivable - trade	(974)	(610)
Decrease (increase) in inventories	194	(1,024)
Increase (decrease) in notes and accounts payable - trade	(179)	1,490
Other, net	293	190
Subtotal	1,445	1,396
Interest and dividend income received	183	207
Interest expenses paid	(37)	(31)
Income taxes paid	(390)	(580)
Net cash provided by (used in) operating activities	1,200	992
Cash flows from investing activities		
Net decrease (increase) in time deposits	(117)	(367)
Purchase of property, plant and equipment	(832)	(1,268)
Payments for retirement of property, plant and equipment	(13)	(25)
Proceeds from sales of property, plant and equipment	2	2
Purchase of intangible assets	(164)	(95)
Proceeds from sales of investment securities	13	245
Purchase of investment securities	–	(55)
Payment for establishment of subsidiary	–	(329)
Other, net	(93)	(180)
Net cash provided by (used in) investing activities	(1,206)	(2,075)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(700)	2,200
Proceeds from long-term loans payable	2,000	–
Repayments of long-term loans payable	(1,030)	(1,197)
Repayments of lease obligations	(28)	(26)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(0)	(52)
Cash dividends paid	(233)	(233)
Dividends paid to non-controlling interests	(198)	(199)
Net cash provided by (used in) financing activities	(191)	491
Effect of exchange rate change on cash and cash equivalents	(258)	89
Net increase (decrease) in cash and cash equivalents	(456)	(502)
Cash and cash equivalents at beginning of period	6,034	5,578
Cash and cash equivalents at end of period	5,578	5,075