

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 |
|----------------------|------------------|----------------------|------------------|

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 |
|----------------------|---------------|----------------------|---------------|

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 |
|---------------------------|------------------|---------------------------|------------------|

* 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 |