

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 9, 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 to file Quarterly Securities Report: November 13, 2018
 Scheduled date to commence dividend payments: December 4, 2018
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2018	21,088	32.5	1,844	198.9	1,972	190.0	1,332	—
Six months ended September 30, 2017	15,911	5.9	617	63.5	680	117.7	(128)	—

Note: Comprehensive income Six months ended September 30, 2018 ¥959 million [44.7%]
 Six months ended September 30, 2017 ¥662 million [—%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	200.87		—	
Six months ended September 30, 2017	(19.27)		—	

* 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	
	Millions of yen		Millions of yen		%	
As of September 30, 2018	49,188		25,818		47.5	
As of March 31, 2018	45,374		25,322		49.9	

Reference: Equity As of September 30, 2018 ¥23,370 million
 As of March 31, 2018 ¥22,625 million

* The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, figures in the consolidated financial position as of March 31, 2018 are those after retrospective application of the standard and guidances.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	3.50	–	25.00	–
Year ending March 31, 2019	–	20.00			
Year ending March 31, 2019 (Forecast)			–	20.00	40.00

Note: Revisions to the forecasts of cash dividends most recently announced: No

*1. Details of year-end dividends for the year ended March 31, 2018

Ordinary dividends	17.50 yen
Special dividends	7.50 yen

*2. 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 ended March 31, 2018 reflects the effect of this 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

Note: Revisions to the financial result forecasts most recently announced: No

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2018	6,699,986 shares	As of March 31, 2018	6,699,986 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	66,288 shares	As of March 31, 2018	67,151 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	6,633,199 shares	Six months ended September 30, 2017	6,659,284 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 for the six months ended September 30, 2018, include the Company’s shares held by the trust account related to stock remuneration system (BBT=Board Benefit Trust).

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

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

(Caution concerning forward-looking statements)

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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	6,795	7,074
Notes and accounts receivable - trade	9,695	13,900
Electronically recorded monetary claims - operating	1,360	1,792
Merchandise and finished goods	1,742	1,676
Work in process	4,393	3,727
Raw materials and supplies	1,860	1,771
Other	1,150	673
Allowance for doubtful accounts	(38)	(71)
Total current assets	26,960	30,544
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,890	4,693
Machinery, equipment and vehicles, net	1,008	1,263
Land	4,298	4,645
Other, net	930	784
Total property, plant and equipment	11,128	11,387
Intangible assets	670	649
Investments and other assets		
Investment securities	5,663	5,369
Deferred tax assets	173	264
Other	917	1,109
Allowance for doubtful accounts	(138)	(137)
Total investments and other assets	6,615	6,606
Total non-current assets	18,414	18,643
Total assets	45,374	49,188

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,432	2,900
Electronically recorded obligations - operating	4,539	6,779
Short-term loans payable	4,000	3,500
Current portion of long-term loans payable	915	977
Income taxes payable	168	442
Provision for bonuses	591	633
Provision for directors' bonuses	28	–
Other	2,192	2,220
Total current liabilities	15,869	17,453
Non-current liabilities		
Long-term loans payable	164	1,900
Provision for Management Board Incentive Plan Trust	–	7
Net defined benefit liability	3,911	3,890
Provision for environmental measures	39	39
Asset retirement obligations	29	29
Other	38	48
Total non-current liabilities	4,183	5,915
Total liabilities	20,052	23,369
Net assets		
Shareholders' equity		
Capital stock	6,103	6,103
Capital surplus	3,454	3,454
Retained earnings	10,214	11,378
Treasury shares	(146)	(145)
Total shareholders' equity	19,625	20,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,228	2,027
Foreign currency translation adjustment	771	552
Total accumulated other comprehensive income	3,000	2,579
Non-controlling interests	2,696	2,447
Total net assets	25,322	25,818
Total liabilities and net assets	45,374	49,188

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	15,911	21,088
Cost of sales	11,817	15,634
Gross profit	4,094	5,454
Selling, general and administrative expenses	3,477	3,609
Operating profit	617	1,844
Non-operating income		
Interest income	40	64
Dividend income	53	55
Foreign exchange gains	–	59
Share of profit of entities accounted for using equity method	33	–
Other	62	88
Total non-operating income	189	268
Non-operating expenses		
Interest expenses	16	19
Foreign exchange losses	3	–
Share of loss of entities accounted for using equity method	–	1
Arrangement Fee	–	30
Provision of allowance for doubtful accounts for subsidiaries and associates	–	30
Other	107	60
Total non-operating expenses	127	141
Ordinary profit	680	1,972
Extraordinary income		
Gain on sales of non-current assets	1	13
Total extraordinary income	1	13
Extraordinary losses		
Loss on sales of non-current assets	2	–
Loss on retirement of non-current assets	31	5
Impairment loss	267	–
Product compensation expenses	70	–
Total extraordinary losses	371	5
Profit before income taxes	309	1,980
Income taxes - current	264	505
Income taxes - deferred	30	(2)
Total income taxes	294	503
Profit	15	1,476
Profit attributable to non-controlling interests	143	144
Profit (loss) attributable to owners of parent	(128)	1,332

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	15	1,476
Other comprehensive income		
Valuation difference on available-for-sale securities	761	(204)
Foreign currency translation adjustment	(115)	(316)
Share of other comprehensive income of entities accounted for using equity method	1	2
Total other comprehensive income	647	(517)
Comprehensive income	662	959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	548	911
Comprehensive income attributable to non-controlling interests	114	47