

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2020
(Nine Months Ended December 31, 2019)**

[Japanese GAAP]

Company name: NIHON TRIM CO., LTD. Listing: Tokyo Stock Exchange, First Section
 Securities code: 6788 URL: <http://www.nihon-trim.co.jp/>
 Representative: Shinkatsu Morisawa, President
 Contact: Norio Tahara, Senior Managing Director and General Manager of Administration Division
 Tel: +81-(0) 6-6456-4600
 Scheduled date of filing of Quarterly Report: February 7, 2020
 Scheduled date of dividend payment: -
 Supplementary materials for quarterly results: None
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019**(April 1, 2019 – December 31, 2019)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2019	12,467	7.7	2,000	5.7	1,849	2.5	1,205	9.9
Nine months ended Dec. 31, 2018	11,574	10.0	1,892	22.7	1,804	9.5	1,096	6.8

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2019: 1,190 (up 8.6%)
 Nine months ended Dec. 31, 2018: 1,095 (up 2.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2019	152.66	152.59
Nine months ended Dec. 31, 2018	137.39	137.31

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2019	23,416	18,111	76.0	2,254.29
As of Mar. 31, 2019	22,613	17,395	75.5	2,162.68

Reference: Shareholders' equity (million yen) As of Dec. 31, 2019: 17,798 As of Mar. 31, 2019: 17,075

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	0.00	-	60.00	60.00
Fiscal year ending Mar. 31, 2020	-	0.00	-		
Fiscal year ending Mar. 31, 2020 (forecasts)				70.00	70.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,360	7.8	2,630	16.9	2,530	19.2	1,480	18.4	185.89

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

- (i) Changes in accounting policies due to revisions in accounting standards, others: None
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatements: None

(4) Number of outstanding shares (common shares)

(i) Number of shares outstanding at end of period (including treasury shares)

As of Dec. 31, 2019: 8,656,780 shares

As of Mar. 31, 2019: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Dec. 31, 2019: 761,438 shares

As of Mar. 31, 2019: 761,438 shares

(iii) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2019: 7,895,342 shares

Nine months ended Dec. 31, 2018: 7,983,587 shares

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company, and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of the Future Outlook, including Consolidated Performance Forecasts” on page 3 of the attachments for assumptions for forecasts and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of the Future Outlook, including Consolidated Performance Forecasts	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
Assumption for Going Concern	8
Significant Changes in Shareholders' Equity	8
Segment and Other Information	8

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the current fiscal year, the Group's net sales increased 7.7% year-on-year to 12,467 million yen, operating profit increased 5.7% to 2,000 million yen, ordinary profit increased 2.5% to 1,849 million yen, and profit attributable to owners of parent increased 9.9% to 1,205 million yen.

In the Electrolyzed Hydrogen Water (EHW) apparatus business, although our performance was hardly affected by the consumption tax hike in the second quarter. However, the weaker demand of the overall market slowed the performance in the third quarter. Under such business environment, the Group saw a sign that the business was expanding further, as the Group's efforts to increase sales through an approach centered on the "Health and Productivity Management" concept has not only helped drive lump-sum purchase by corporate customers but also caused some corporate customers to offer subsidy as part of employee benefits to urge their employees to install EHW apparatus. As for research and development activities jointly with Tohoku University, The University of Tokyo and Riken in 2020, the Group expects to publish at least five research papers, including a paper on the effect of drinking EHW on diabetic patients and a paper on the anti-oxidant mechanism of EHW. The Group believes these papers will help enhance the evidences regarding the efficacy of EHW, and as a result, will help further raise public awareness of EHW and dramatically expand the use of its EHW systems. The Group will make proactive efforts towards further growth of the business down the road, including increasing the number of sales force and enhancing EC sites and other activities online.

In the electrolyzed water hemodialysis business, the Group has promoted installation of electrolyzed water hemodialysis systems to high-profile core facilities in the Kanto and Kansai regions. The Group will aim to install the electrolyzed water hemodialysis systems to 100 facilities within three years.

In the regenerative medicine business, StemCell Institute Inc., a private cord bank subsidiary, filed an application for listing with Tokyo Stock Exchange on January 6, 2020.

The hospital operation business in China is currently pending approval to provide treatment covered by public insurance, has been striving to attract more patients. The business is still in an upfront investment phase, and we recognized share of loss of entities accounted for using equity method in the amount of 250 million yen as part of the non-operating expenses for the first nine months of the current fiscal year.

Overall, the Group has been growing steadily, and thus, is making steady strides toward its ultimate goal of becoming a global medical company.

Results by business segment were as follows.

[Water Healthcare Business]

In this business segment, sales of Electrolyzed Hydrogen Water (EHW) apparatus to corporate customers have been increasing remarkably, driven by growing awareness in society of the Health and Productivity Management concept. As a result, as of the end of December 2019, we sold a total of 2,269 EHW systems to 1,443 corporate customers, which has also helped install the systems to the homes of their employees. Our sales efforts have proven successful, and thus, in three months beginning in October 2019, the number of corporate customers increased by approximately 400. We have in fact seen a number of success cases where a single company purchased as many as 87 EHW systems and employees purchased 40 EHW systems for their homes as part of the employee benefits program. Our research projects with universities, which we focused on with the aim of achieving marked growth of EHW, also have made tangible results, with at least five research papers on EHW scheduled to be published in 2020 as stated above. We will continue efforts to strengthen sales and after-sales services divisions to expand the use of EHW systems and establish a stable revenue base by promoting sales of water purifiers, which generate a consistent revenue stream once an EHW apparatus is installed, while consolidating evidences with research institutions domestic and abroad.

Overseas, the bottling business in Indonesia has been growing steadily, with a 39.1% year-on-year increase in net sales on a local currency basis. The Group also has made upfront investments in sales promotion jointly with Sinarmas Group, a local business partner, with the aim of strengthening its branding activities and supply chain, to eventually achieve net sales of 13.0 billion yen in fiscal 2025.

As a result of the above, the water healthcare business recorded net sales of 11,037 million yen (up 3.6% year-on-year) with operating profit of 1,721 million yen (down 5.7% year-on-year).

[Medical Business]

In the electrolyzed water hemodialysis business, we have newly introduced our electrolyzed water hemodialysis systems to eight facilities this fiscal year. At present, our electrolyzed water hemodialysis systems have been introduced in 22 facilities and used for treatment of about 1,500 patients in Japan. We have continued to receive increasing inquiries from hospitals; we are negotiating over transaction details with over 20 facilities in the fourth quarter and beyond. Electrolyzed water hemodialysis is expected to contribute to improving not only QOL and prognosis of patients but also profitability of hospitals; we have started initiatives to verify the benefits of electrolyzed water hemodialysis. We will be committed to growing this method of treatment into a next-generation global standard.

In the area of regenerative medicine, StemCell Institute Inc., which operates the largest private cord blood bank in Japan. It has continued to grow steadily, with its net sales having increased 51.1% year on-year. The cumulative total number of storage samples as of the end of December 2019 was more than 52,000, which represents about 99% market share in Japan. In this business, we have also worked on joint research with institutions, such as The Institute of Medical Science, The University of Tokyo, with the aim of strengthening business infrastructure. StemCell has filed an application for listing with Tokyo Stock Exchange on January 6, 2020, as stated above. Any events and information required to be disclosed, including the influence on consolidated results in the future, will be announced in a speedy and timely manner.

The hospital operation business in China is currently pending approval for providing treatment covered by public insurance and is expected to obtain the approval by the end of the current fiscal year. We believe the approval will help increase the number of patients for the hospital, and as a result, will accelerate its shift towards providing uninsured medical treatment, which is more profitable.

As a result of the above, the medical business recorded net sales of 1,430 million yen (up 55.6% year-on-year) with operating profit of 278 million yen (up 317.0% year-on-year).

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year on a consolidated basis increased 803 million yen, or 3.6%, from the end of the previous fiscal year to 23,416 million yen. The main factors were increases of 1,168 million yen in investment securities and 616 million yen in other of current assets, which were partially offset by a decrease of 1,053 million yen in cash and deposits.

Total liabilities increased 86 million yen, or 1.7%, from the end of the previous fiscal year to 5,304 million yen. The main factors were increases of 332 million yen in other of non-current liabilities and 132 million yen in other of current liabilities, which were partially offset by a decrease of 336 million yen in income taxes payable.

Net assets increased 716 million yen, or 4.1%, from the end of the previous fiscal year to 18,111 million yen. The main factor was the recording of profit attributable to owners of parent of 1,205 million yen, which was partially offset by the payment of dividends of 473 million yen.

(3) Explanation of the Future Outlook, including Consolidated Performance Forecasts

There are no revisions to the full-year consolidated forecast for the fiscal year ending March 31, 2020, which was announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019” dated April 25, 2019.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	9,885,874	8,832,425
Notes and accounts receivable-trade	1,935,474	1,820,932
Accounts receivable-installment	2,790,831	2,988,571
Finished goods	370,252	342,737
Raw materials and supplies	666,467	584,080
Other	168,010	784,834
Allowance for doubtful accounts	(11,840)	(8,320)
Total current assets	15,805,069	15,345,262
Non-current assets		
Property, plant and equipment		
Land	2,466,920	2,466,431
Other, net	1,052,318	1,131,520
Total property, plant and equipment	3,519,239	3,597,951
Intangible assets		
Goodwill	534,507	506,667
Other	27,595	28,023
Total intangible assets	562,102	534,691
Investments and other assets		
Investment securities	1,785,341	2,953,490
Other	988,348	1,034,950
Allowance for doubtful accounts	(46,952)	(49,707)
Total investments and other assets	2,726,738	3,938,732
Total non-current assets	6,808,079	8,071,376
Total assets	22,613,149	23,416,638
Liabilities		
Current liabilities		
Notes and accounts payable-trade	914,414	1,019,550
Current portion of long-term borrowings	12,490	11,160
Income taxes payable	457,999	121,960
Provision for bonuses	152,540	58,389
Provision for product warranties	2,000	1,000
Provision for sales returns	25,000	22,000
Provision for loss on contract	207,895	135,053
Other	1,435,056	1,567,281
Total current liabilities	3,207,396	2,936,394
Non-current liabilities		
Long-term borrowings	12,950	12,480
Provision for retirement benefits for directors (and other officers)	194,672	208,121
Retirement benefit liability	263,389	275,830
Other	1,539,420	1,871,861
Total non-current liabilities	2,010,432	2,368,292
Total liabilities	5,217,828	5,304,687

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	Third quarter of FY3/20 (As of Dec. 31, 2019)
Net assets		
Shareholders' equity		
Share capital	992,597	992,597
Capital surplus	645,641	645,641
Retained earnings	18,613,932	19,345,517
Treasury shares	(3,110,232)	(3,110,232)
Total shareholders' equity	17,141,939	17,873,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,693	10,499
Foreign currency translation adjustment	(68,838)	(80,783)
Remeasurements of defined benefit plans	(6,722)	(4,861)
Total accumulated other comprehensive income	(66,867)	(75,146)
Share acquisition rights	28,720	28,720
Non-controlling interests	291,529	284,853
Total net assets	17,395,320	18,111,950
Total liabilities and net assets	22,613,149	23,416,638

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Net sales	11,574,979	12,467,604
Cost of sales	3,236,899	3,633,726
Gross profit	8,338,079	8,833,878
Selling, general and administrative expenses	6,445,886	6,833,854
Operating profit	1,892,192	2,000,024
Non-operating income		
Interest and dividend income	19,504	37,314
Rental income from real estate	48,839	58,803
Foreign exchange gains	1,723	136
Other	32,225	24,600
Total non-operating income	102,293	120,855
Non-operating expenses		
Interest expenses	3,851	1,619
Share of loss of entities accounted for using equity method	160,135	250,678
Depreciation of assets for rent	12,272	12,151
Other	13,270	7,015
Total non-operating expenses	189,530	271,465
Ordinary profit	1,804,955	1,849,414
Extraordinary income		
Gain on sales of non-current assets	-	502
Gain on sales of shares of subsidiaries and associates	-	14,134
Total extraordinary income	-	14,637
Extraordinary losses		
Loss on sales of non-current assets	19,190	-
Loss on retirement of non-current assets	8,942	269
Total extraordinary losses	28,133	269
Profit before income taxes	1,776,822	1,863,781
Income taxes-current	592,767	617,544
Income taxes-deferred	47,547	45,292
Total income taxes	640,314	662,836
Profit	1,136,507	1,200,944
Profit (loss) attributable to non-controlling interests	39,642	(4,360)
Profit attributable to owners of parent	1,096,865	1,205,305

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

	(Thousands of yen)	
	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)
Profit	1,136,507	1,200,944
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,333)	1,805
Foreign currency translation adjustment	(39,916)	(14,373)
Remeasurements of defined benefit plans, net of tax	1,998	1,860
Share of other comprehensive income of entities accounted for using equity method	(471)	113
Total other comprehensive income	(40,722)	(10,594)
Comprehensive income	1,095,785	1,190,350
Comprehensive income attributable to:		
Owners of parent	1,073,590	1,197,026
Non-controlling interests	22,194	(6,676)

(3) Notes to Quarterly Consolidated Financial Statements**Assumption for Going Concern**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

1. Overview of reportable segment

The Group's reportable segment is a component of the Group for which discrete financial information is available and which is regularly reviewed by the Group's highest decision-making body to make decisions about management resources to be allocated to the segment and assess its performance.

There are two reportable operating segments: the water healthcare business and the medical business.

The water healthcare business includes EHW apparatus sales and associated operations. The medical business includes business operations in the fields of medical and preventive healthcare and regenerative medicine.

2. Information related to net sales and profit or loss of each reportable segment

First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water Healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	11,037,352	1,430,251	12,467,604	-	12,467,604
Inter-segment sales and transfers	-	-	-	-	-
Total	11,037,352	1,430,251	12,467,604	-	12,467,604
Segment profit	1,721,994	278,030	2,000,024	-	2,000,024

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.