

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2021
(Nine Months Ended December 31, 2020)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 10, 2021
 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, 2020
(April 1, 2020 – December 31, 2020)**

(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, 2020	11,174	(10.4)	1,744	(12.8)	1,835	(0.8)	1,198	(0.6)
Nine months ended Dec. 31, 2019	12,467	7.7	2,000	5.7	1,849	2.5	1,205	9.9

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2020: 1,211 (up 1.7%)
 Nine months ended Dec. 31, 2019: 1,190 (up 8.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2020	153.68	-
Nine months ended Dec. 31, 2019	152.66	152.59

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2020	25,268	17,454	67.6	2,196.70
As of Mar. 31, 2020	22,416	17,123	74.9	2,128.85

Reference: Shareholders' equity (million yen) As of Dec. 31, 2020: 17,079 As of Mar. 31, 2020: 16,779

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, 2020	-	0.00	-	70.00	70.00
Fiscal year ending Mar. 31, 2021	-	0.00	-		
Fiscal year ending Mar. 31, 2021 (forecasts)				60.00	60.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	15,200	(5.7)	2,350	2.0	2,450	143.1	1,640	650.7	210.46

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, 2020: 8,656,780 shares

As of Mar. 31, 2020: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Dec. 31, 2020: 881,503 shares

As of Mar. 31, 2020: 774,738 shares

(iii) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2020: 7,798,135 shares

Nine months ended Dec. 31, 2019: 7,895,342 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 4 of the attachments for assumptions for forecasts and notes of caution for usage.

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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 decreased 10.4% year-on-year to 11,174 million yen, operating profit decreased 12.8% to 1,744 million yen, ordinary profit decreased 0.8% to 1,835 million yen, and profit attributable to owners of parent decreased 0.6% to 1,198 million yen. So far in the current fiscal year, the Group's earnings have kept pace with the upwardly revised forecasts announced on October 26, 2020.

We are confident that our products are well positioned to serve the needs of the times.

Amid the COVID-19 crisis, people have become more and more keen on gut health since 70% of immune cells reside in the intestines. Nihon Trim's electrolyzed hydrogen water (EHW) apparatus is a controlled medical device that helps improve gastrointestinal problems. We believe the demand for our EHW apparatus will grow further in the future, as just switching the water we drink every day to electrolyzed hydrogen water is expected to help improve our gastrointestinal conditions.

During the nine months ended December 31, 2020, sales of our EHW apparatus to high-profile local companies increased, backed by their heightened health awareness. Also, sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, grew. As a result, helped by these positive factors, the Group's earnings largely remained in line with the forecasts. Since the beginning of the current fiscal year, the COVID-19 crisis has had an adverse effect on the Group's earnings due to restrictions on face-to-face sales activities, but sales of the EHW apparatus made a turnaround with a year-on-year increase of 8.5% during the third quarter, supported by strengthened sales activities to local major small- and medium-sized enterprises (SMEs) and subsequent recovery in the performance of our direct sales divisions, in addition to improved performance of the wholesale sales division. When holding seminars, we make every effort to protect against infection with the coronavirus, such as taking measures to avoid 3Cs – Closed spaces, Crowded places, and Close contact settings, under the consent of customers that host such seminars.

On January 7 this year, the government again issued the declaration of the state of emergency. Although the outlook for the future is still uncertain, we have focused on building a new pillar of sales, which differs from the conventional face-to-face sales approach. In fact, we have made progress in the building of a web-based sales channel and remain committed to driving earnings growth.

In the regenerative medicine segment, while the operation of StemCell Institute has remained somewhat affected by the COVID-19 crisis, the institute has focused on digital marketing as a new marketing channel and the channel has been growing steadily. As of January this year, the number of requests for materials (a leading KPI) has increased at a pace far faster than ever before.

In December 2020, StemCell Institute invested, jointly with major pharmaceutical and other companies, in Cuorips Inc. (headquartered in Chuo-ku, Tokyo), a venture firm in the field of regenerative medicine, tracing its origin back to Osaka University. Cuorips develops iPS cell-derived cardiomyocyte sheets, aiming for their regulatory approval under the Pharmaceutical Affairs Law of Japan. The company also has proactively worked on initiatives to expand its business to ultimately improve its corporate value in the future. Such initiatives include a capital and business alliance in the field of Femtech (providing technological solutions to address female health needs) with Grace Group Inc., a company engaged in social oocyte cryopreservation (headquartered in Minato-ku, Tokyo).

On December 8, 2020, StemCell Institute again filed an application for IPO with the Tokyo Stock Exchange.

Results by business segment were as follows.

[Water Healthcare Business]

In the EHW apparatus business, the declaration of the state of emergency put a great strain on workplace sales in the beginning of the current fiscal year, but year-on-year sales growth of the apparatus turned positive in the third quarter of the current fiscal year, due in part to lump-sum introduction of the apparatus to local companies/corporations across Japan, driven by our successful Health and Productivity Management proposals made in view of its hygiene and health benefits for employees. While the outlook for the future is still uncertain amid the coronavirus crisis, the Group revamped and launched TRIM ION CURE exclusively on the web on December 8, so

that it can drive sales of the EHW apparatus even in cases where face-to-face sales activities are restricted. The Group has proactively made upfront investments in web content production and related initiatives toward establishing a web marketing channel early on, and as a result, the number of inquiries about the EHW apparatus and requests for related materials, as well as the number of contracts signed have been increasing steadily. The Group also has worked on building an organizational structure whereby it can meet soaring demand for its apparatus. In the process of driving sales via the web, the Group also intensively worked on a range of initiatives to promote sales, including not only the placement of advertisements online but also the creation of sales materials detailing the differences between the EHW apparatus and conventional water purifiers and the features of electrolyzed hydrogen water. These initiatives, as a strong driver, has had a positive effect on our workplace sales and has helped us acquire new customers.

The OEM and wholesale sales division has worked on efforts to tap new customers. In fact, the division has newly started transaction with major sales companies since May and November 2020.

Sales of the water purification packages, which generate a consistent revenue stream once an EHW apparatus is installed, have been growing steadily, despite the declaration of the state of emergency, and thus, recorded a year-on-year increase of 6.6% in net sales during the nine months ended December 31, 2020.

As for research and development, the Group published a joint research paper with Riken, a national research and development agency, on *BBRC (Biochemical and Biophysical Research Communications)*, a scientific journal, in December 2020. The paper is about how drinking EHW helps enhance stress tolerance. Stress (both psychological and physical) can be a major cause of a variety of health problems, and tends to trigger mental disorder, chronic fatigue syndrome, infectious diseases, lifestyle-related and other diseases. Enhancing stress tolerance against such diseases, therefore, helps extend healthy life expectancy. This means that drinking EHW helps people maintain/enhance health under an environment where they are exposed to significant stress factors, such as the concern about possible infection with the novel coronavirus today. During the current fiscal year, the Group plans to publish a total of nine research papers, including three joint papers with Riken, a graduate school of the University of Tokyo, and Ritsumeikan University that have been published already. We are determined to build up more evidence than ever before and turn them into sales growth of the EHW apparatus.

In December 2020, the Group started the advance sale of the hypochlorous acidic water generator TRIM JIA. While the number of new entrants into the hypochlorous acidic water market is on the rise, TRIM JIA is the first product that satisfy the JIS standard relating to hypochlorous acidic water producing apparatus (JIS B 8701). We therefore will promote TRIM JIA as a product which is differentiated from competitors' in terms of safety and efficacy, and officially launch the product in March this year.

The bottling business in Indonesia, sales of the plastic bottled beverages, which are sold primarily through convenience stores and restaurants, declined in the face of stay-at-home order. However, sales of beverages in gallon bottles through home delivery have continued to increase steadily, backed by stay-at-home demand. As a result, while net sales declined 11.2% year-on-year, operating profit was 62 million yen (compared to operating loss of 65 million yen a year earlier) helped by improved costs of products manufactured and reduced marketing expenses. Although the coronavirus cases are still rampant in the country, we will continue to make efforts to expand the business jointly with Sinarmas Group, including strengthening the business platform so that we can meet increasing demand after the post-coronavirus world.

As a result of the above, the water healthcare business recorded net sales of 9,930 million yen (down 10.0% year-on-year) with segment profit of 1,659 million yen (down 3.6% year-on-year).

[Medical Business]

In the electrolyzed water hemodialysis business, we held a web seminar at the meeting of the Japanese Society for Dialysis Therapy in November. The seminar, including its distribution on demand, recorded about 1,600 views, demonstrating rising awareness of and interest in the electrolyzed water hemodialysis among those engaged in dialysis treatment. During the current fiscal year, although the business is affected by the coronavirus in that our access to hospitals is restricted, we have worked on expanding the therapy, making use of web and other channels. We will also build up and disseminate the evidence.

In the area of regenerative medicine, the clinical research (Phase I) on the therapy of a cerebral palsy patient using the autologous cord blood of their sibling at Kochi Medical School obtained regulatory approvals in September

2020. Also, the clinical research (Phase II) on hypoxic-ischemic encephalopathy has started at Osaka City University Hospital in November 2020. Both are the first clinical research using umbilical cord blood and are expected to contribute significantly to raising awareness about the importance of storing umbilical cord blood. StemCell Institute plans to launch the autologous cord blood storage service using the technologies of the Institute of Medical Science, The University of Tokyo, for the first time in Japan. The institute is currently constructing a new CPC (Cell Processing Center) in Yokohama, which is scheduled to start operation in the beginning of the next fiscal year, hoping to meet a growing need for the service and an increase in the volume of the storage.

The institute also has worked on efforts to expand its business with a view to possible global expansion, including the investment in Cuorips Inc. and the capital and business alliance with Grace Group Inc., as mentioned above, as well as other cell storage business and development of cell medicines.

The hospital business in China obtained approval as to provision of the treatment covered by public insurance in November, and thus, has been preparing for providing treatment under the insurance. The business will strengthen its operation platform and is aiming to attract more customers and expand its business model across China.

As a result of the above, the medical business recorded net sales of 1,243 million yen (down 13.1% year-on-year) with segment profit of 85 million yen (down 69.4% 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 2,851 million yen, or 12.7%, from the end of the previous fiscal year to 25,268 million yen. The main factor is an increase of 2,842 million yen in cash and deposits.

Total liabilities increased 2,520 million yen, or 47.6%, from the end of the previous fiscal year to 7,813 million yen. The main factors are increases of 1,997 million yen in current portion of long-term borrowings and 276 million yen in advances received.

Net assets increased 331 million yen, or 1.9%, from the end of the previous fiscal year to 17,454 million yen. The main factors are payment of dividends of 551 million yen and purchase of treasury shares of 327 million yen, which were partially offset by recording of profit attributable to owners of parent of 1,198 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, 2021, which was announced in the “Notice of upward revision to the full-year consolidated forecast” dated October 26, 2020 (Japanese version only).

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

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	Third quarter of FY3/21 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	8,540,829	11,383,379
Notes and accounts receivable-trade	1,803,718	1,650,869
Accounts receivable-installment	2,967,347	2,580,580
Securities	-	300,893
Finished goods	371,078	371,271
Raw materials and supplies	603,401	661,949
Other	204,678	206,386
Allowance for doubtful accounts	(16,485)	(23,197)
Total current assets	14,474,567	17,132,132
Non-current assets		
Property, plant and equipment		
Land	2,467,898	2,464,476
Other, net	1,099,304	1,600,732
Total property, plant and equipment	3,567,202	4,065,209
Intangible assets		
Goodwill	497,387	469,548
Other	72,228	80,966
Total intangible assets	569,616	550,514
Investments and other assets		
Investment securities	2,829,500	2,597,767
Other	1,025,113	971,603
Allowance for doubtful accounts	(49,619)	(49,113)
Total investments and other assets	3,804,994	3,520,256
Total non-current assets	7,941,813	8,135,980
Total assets	22,416,381	25,268,113
Liabilities		
Current liabilities		
Notes and accounts payable-trade	759,700	943,675
Current portion of long-term borrowings	11,390	2,008,400
Income taxes payable	189,204	359,357
Advances received	2,061,308	2,337,800
Provision for bonuses	168,980	58,454
Provision for product warranties	31,000	42,000
Provision for sales returns	24,000	17,000
Provision for loss on contract	121,180	70,105
Other	1,240,079	1,256,198
Total current liabilities	4,606,844	7,092,991
Non-current liabilities		
Long-term borrowings	11,550	12,840
Provision for retirement benefits for directors (and other officers)	212,604	222,398
Retirement benefit liability	288,063	297,338
Other	174,144	187,646
Total non-current liabilities	686,362	720,223
Total liabilities	5,293,207	7,813,215

	(Thousands of yen)	
	FY3/20	Third quarter of FY3/21
	(As of Mar. 31, 2020)	(As of Dec. 31, 2020)
Net assets		
Shareholders' equity		
Share capital	992,597	992,597
Capital surplus	645,641	645,814
Retained earnings	18,358,675	19,005,381
Treasury shares	(3,145,917)	(3,473,314)
Total shareholders' equity	16,850,996	17,170,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,716	1,152
Foreign currency translation adjustment	(68,789)	(85,704)
Remeasurements of defined benefit plans	(8,222)	(5,947)
Total accumulated other comprehensive income	(71,295)	(90,499)
Share acquisition rights	28,720	28,720
Non-controlling interests	314,753	346,199
Total net assets	17,123,174	17,454,898
Total liabilities and net assets	22,416,381	25,268,113

(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 FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Net sales	12,467,604	11,174,074
Cost of sales	3,633,726	3,231,117
Gross profit	8,833,878	7,942,957
Selling, general and administrative expenses	6,833,854	6,198,473
Operating profit	2,000,024	1,744,483
Non-operating income		
Interest and dividend income	37,314	15,476
Rental income from real estate	58,803	58,766
Foreign exchange gains	136	1,801
Other	24,600	48,905
Total non-operating income	120,855	124,949
Non-operating expenses		
Interest expenses	1,619	8,865
Share of loss of entities accounted for using equity method	250,678	2,022
Depreciation of assets for rent	12,151	11,768
Provision of allowance for doubtful accounts	2,755	7,945
Other	4,260	3,790
Total non-operating expenses	271,465	34,393
Ordinary profit	1,849,414	1,835,039
Extraordinary income		
Gain on sales of non-current assets	502	2,658
Gain on sales of investment securities	-	10,193
Gain on sales of shares of subsidiaries and associates	14,134	-
Total extraordinary income	14,637	12,851
Extraordinary losses		
Loss on retirement of non-current assets	269	1,373
Total extraordinary losses	269	1,373
Profit before income taxes	1,863,781	1,846,517
Income taxes-current	617,544	559,071
Income taxes-deferred	45,292	41,634
Total income taxes	662,836	600,705
Profit	1,200,944	1,245,811
Profit (loss) attributable to non-controlling interests	(4,360)	47,362
Profit attributable to owners of parent	1,205,305	1,198,449

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

	(Thousands of yen)	
	First nine months of FY3/20 (Apr. 1, 2019 – Dec. 31, 2019)	First nine months of FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)
Profit	1,200,944	1,245,811
Other comprehensive income		
Valuation difference on available-for-sale securities	1,805	(4,564)
Foreign currency translation adjustment	(14,373)	(32,430)
Remeasurements of defined benefit plans, net of tax	1,860	2,275
Share of other comprehensive income of entities accounted for using equity method	113	48
Total other comprehensive income	(10,594)	(34,670)
Comprehensive income	1,190,350	1,211,141
Comprehensive income attributable to:		
Owners of parent	1,197,026	1,179,245
Non-controlling interests	(6,676)	31,896

(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 FY3/21 (Apr. 1, 2020 – Dec. 31, 2020)

(Thousands of yen)

	Reportable segment			Adjustments	Total (Note)
	Water Healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	9,930,583	1,243,490	11,174,074	-	11,174,074
Inter-segment sales and transfers	-	-	-	-	-
Total	9,930,583	1,243,490	11,174,074	-	11,174,074
Segment profit	1,659,467	85,015	1,744,483	-	1,744,483

Note: The segment profit is consistent with the operating profit of the Quarterly Consolidated Statement of Income.

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.