

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

[Japanese GAAP]

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Scheduled date of Annual General Meeting of Shareholders: June 21, 2022

Scheduled date of filing of Annual Securities Report: June 22, 2022

Scheduled date of dividend payment: June 22, 2022

Supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(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	%
Fiscal year ended Mar. 31, 2022	16,276	9.2	1,998	(8.6)	2,091	(11.3)	1,940	27.4
Fiscal year ended Mar. 31, 2021	14,911	(7.5)	2,187	(5.0)	2,357	133.9	1,523	597.2

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2022: 2,150 (up 36.3%)

Fiscal year ended Mar. 31, 2021: 1,578 (up 565.3%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2022	250.58	-	10.4	8.1	12.3
Fiscal year ended Mar. 31, 2021	195.45	-	8.9	10.0	14.7

Reference: Investment gain (loss) by equity method (million yen) Fiscal year ended Mar. 31, 2022: 0

Fiscal year ended Mar. 31, 2021: (1)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	26,590	20,802	74.5	2,585.01
As of Mar. 31, 2021	24,931	17,822	69.8	2,239.70

Reference: Shareholders' equity (million yen) As of Mar. 31, 2022: 19,820 As of Mar. 31, 2021: 17,414

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2022	1,145	432	568	11,878
Fiscal year ended Mar. 31, 2021	2,679	(887)	109	9,677

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended Mar. 31, 2021	-	0.00	-	60.00	60.00	466	30.7	2.7
Fiscal year ended Mar. 31, 2022	-	0.00	-	60.00	60.00	460	23.9	2.5
Fiscal year ending Mar. 31, 2023 (forecasts)	-	0.00	-	60.00	60.00		28.8	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(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
First half	9,150	8.8	1,220	0.6	1,270	1.3	790	(45.7)	103.03
Full year	18,130	11.4	2,500	25.1	2,610	24.8	1,600	(17.6)	208.68

*** 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) Changes in accounting policies and accounting estimates, and restatements

(i) Changes in accounting policies due to revisions in accounting standards, others: Yes

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(3) Number of outstanding shares (common shares)

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

As of Mar. 31, 2022: 8,656,780 shares

As of Mar. 31, 2021: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Mar. 31, 2022: 989,376 shares

As of Mar. 31, 2021: 881,527 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2022: 7,745,783 shares

Fiscal year ended Mar. 31, 2021: 7,792,494 shares

* The current financial report is not subject to audit 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. Overview of Results of Operations, etc., (4) Future Outlook" on page 5 of the attachments for assumptions for forecasts and notes of caution for usage.

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1. Overview of Results of Operations, etc.

(1) Overview of Results of Operations for the Current Fiscal Year

The Nihon Trim Group upholds the corporate philosophy of “contributing to the creation of healthy and comfortable lives.” This year marks the 40th anniversary of the founding of the Company. In order to achieve sustainable growth in the next decade, the Group will continue to take on the challenge of becoming a global medical company with the venture spirit that has guided us since our founding.

In the water health care business, we aim to contribute to a variety of sectors—mainly the health sectors, on top of agriculture and industry sectors—through the science of water and electrolyzed hydrogen water (EHW), a type of functional water. Our EHW Apparatus is a medical device for home use with recognized efficacy in improving gastrointestinal symptoms. In fact, the Group has been engaged in a variety of industrial-academic research projects focused on the anti-oxidant properties of hydrogen contained in EHW. By spreading the use of our EHW apparatus, we contribute to preventive healthcare, which helps reduce the risk of developing a disease, and further, to cutting down on healthcare expenditures. In the EHW Apparatus business, we aim to reach 3 million active user households (annual sales of 20 billion yen from water purification cartridges alone). To make this goal a reality, we will continue to strengthen evidence, enhance web marketing, explore new sales channels and develop products that are linked to these measures.

In the medical business, we have been working on the application of functional water to hemodialysis (“electrolytic water dialysis”) with a focus on the well-being of dialysis patients. As a result, qualitative and quantitative evaluations have confirmed that it is a promising next-generation treatment method that helps patients get ready for returning home and to work. As an initial goal, we aim to introduce this treatment to 300 facilities, which accounts for about 7% of the approximately 4,500 facilities in Japan, and then to expand its use as a global standard dialysis therapy.

In the field of regenerative medicine, StemCell Institute Inc., which operates a private cord blood bank with 99% domestic market share, is committed to contributing to the development of new avenues of medical care under the slogan of “Delivering new medical options to all lives.”

We believe that the Group can contribute to the achievement of the United Nations Sustainable Development Goals (SDGs) through these businesses. We recognize that, as a company listed on the Prime Market, we are required to work on SDGs and ESG initiatives. Specifically, we will earnestly promote concrete measures and disseminate related information.

During the current consolidated fiscal year, the Group’s net sales increased 9.2% year-on-year to 16,276 million yen, operating profit decreased 8.6% to 1,998 million yen, ordinary profit decreased 11.3% to 2,091 million yen, and net profit attributable to owners of parent increased 27.4% to 1,940 million yen. The net sales for the current fiscal year increased 9.2% year-on-year due to growth in web sales, which we are focusing on as a new sales channel in the EHW Apparatus business, growth in the Group’s business in Indonesia and in the field of regenerative medicine, and the impact of changes in the revenue recognition standard, etc. On the other hand, operating income and ordinary income in the current fiscal year decreased 8.6% and 11.3% year-on-year, respectively, due to an increase in operating expenses, upfront investment in web-based sales, and an increase in parts procurement costs, in contrast with the previous fiscal year when sales activities were restricted due to the COVID-19 crisis. Net profit attributable to owners of parent increased 27.4% year-on-year due to the transfer of receivables related to the hospital operation business in China and a decrease in tax expenses resulting from the sale of shares in StemCell Institute Inc.

Results by business segment were as follows.

[Water Healthcare Business]

In the EHW Apparatus sales operations, sales of the EHW Apparatus for the current consolidated fiscal year totaled 7,276 million yen, up 9.9% year-on-year. In the workplace sales division, the number of occupational seminars temporarily recovered in the third quarter, but the spread of the Omicron variant resulted in approximately 74% year-on-year of the number of seminars in the fourth quarter. The revision of sales talks, which we have been working on since the third quarter with the purpose of raising the level of our sales abilities, is starting to get results in the form

of improved sales efficiency, but it was not enough to offset the decline in the number of seminars. After the quasi-state of emergency measures were fully lifted on March 21, the number of seminars has gradually increased, and the number of seminars in April and May was about 14% higher year-on-year. We also keep improving the skills and increasing the number of sales staff members to enable us to sell 5,000 units per month in the workplace sales unit and 1,700 units per month in the installation and referral sales units after the COVID-19 crisis is over.

In the wholesale and OEM sales division, existing customers also suffered from the COVID-19 crisis. We are currently negotiating with several new companies on OEM to expand domestic and overseas sales, and thus expect a recovery in the next fiscal year.

The web marketing division, in which we have been making upfront investments since December 2020, has steadily grown with sales of 476 million yen in the current fiscal year, and will further grow by strengthening branding and streamlining the sales process while maintaining a balance with CPA (cost per customer acquisition).

For sales of water purification cartridges, which generate a consistent revenue stream, net sales for the current fiscal year totaled 4,802 million yen (up 0.8% year-on-year).

Overseas, PT. SUPER WAHANA TEHNO, which operates a bottled water business in Indonesia, posted record sales of 1,402 million yen (up 22.7% year-on-year, January to December 2021), marking a new record high in sales. Although plastic bottled beverages to in-store sales agents declined at the beginning of the current fiscal year under the influence of restrictions on outings, the number of bottles sold recovered as the local government's "Living with Covid" strategy restored human flow, while gallon sales to individual households grew steadily. In the post-COVID era, the Indonesian economy is expected to accelerate into a medium- to long-term growth trend, so we will continue to fully cooperate with our local partner Sinar Mas Group to expand our business.

In the field of research and development, we published a joint research paper with Waseda University about "How drinking electrolyzed hydrogen water helps reduce acetaldehyde, a cause of hangover, and protect hepatocytes" on *Antioxidants*, a scientific journal, in May 2021. We also published a joint paper with Tohoku University titled "How drinking electrolyzed hydrogen water helps improve high insulin resistance in type 2 diabetes" on *Diabetology International*, a western language academic journal issued by the Japan Diabetes Society in July 2021. This way, we have made great progress in research on the efficacy of drinking electrolyzed hydrogen water. Currently, we have submitted a total of four research papers, including two joint research papers with Riken, a national research and development agency. We will continue to strive to strengthen our research and development system with a view to obtaining certification for the new efficacy and effects of drinking electrolyzed hydrogen water.

As a result of the above, the water healthcare business recorded net sales of 14,367 million yen (up 8.2% year-on-year) with segment profit of 1,821 million yen (down 14.0% year-on-year).

[Medical Business]

In the electrolyzed water hemodialysis business, about 2,400 patients are currently treated with electrolyzed water hemodialysis on 799 beds at 27 facilities. This is more than the preceding dialysis therapies, such as home hemodialysis (about 720 cases), frequent and prolonged hemodialysis (about 600 cases), and PD+HD combination therapy (1,863 cases), and electrolyzed water hemodialysis has established a good track record as a new therapy. In the current consolidated fiscal year, sales activities were severely affected by the COVID-19 crisis, including restrictions on visits to hospitals. Despite of this, we vigorously conducted webinars and other possible sales activities, and are currently in the process of negotiating with 58 facilities that have requested estimates (totaling approximately 1.2 billion yen) for possible introduction of the system within the next two years. In addition, we are promoting the introduction of the system to the main hospitals of major hospital groups that operate nationwide and to hospitals that are predominant players in the region, and will further promote the spread of electrolyzed water hemodialysis starting from these hospitals. In the field of research and development, at the 66th Annual Meeting of the Japanese Society for Dialysis Therapy held in June last year, a 21.6% decrease in hypertension medication (antihypertensive drug) dosage and a 17.3% decrease in anemia improving drug dosage after electrolysis dialysis treatment was reported, and the results of observation research were presented; the results showed that the annual crude death rate (CDR) of patients treated with electrolyzed water hemodialysis was as low as 3.7%, 6.4% lower than the overall CDR of patients treated with hemodialysis of 10.1% on average in Japan. In October 2021, we

published the results of a joint research with partner institutions, such as St. Luke's International Hospital and Tohoku University Hospital, on *Renal Replacement Therapy*, an English journal, showing that electrolyzed water dialysis almost eliminated severe dialysis-related fatigue in dialysis patients after eight weeks. We are now confident that electrolyzed water dialysis will become more widely used in the future.

In the field of regenerative medicine, the sales of StemCell Institute Inc. marked an all-time high. StemCell Institute Inc. announced its earnings results for the fiscal year ended March 31, 2022 on May 12, as we have on the same date. For details, please refer to the Summary of Financial Results for the Fiscal Year Ended March 31, 2022 of StemCell Institute.

As for the hospital business in China, both the number of outpatients and the occupancy rate have been increasing since the hospital started to provide the treatment covered by public insurance in February last year. We aim to turn the business profitable on monthly basis during the fiscal year ending March 2023.

As a result of the above, the medical business recorded net sales of 1,909 million yen (up 16.8% year-on-year) with segment profit of 177 million yen (up 157.4% year-on-year).

(2) Overview of Financial Position for the Current Fiscal Year

Total assets increased 1,659 million yen, or 6.7%, from the end of the previous fiscal year to 26,590 million yen at the end of the current fiscal year on a consolidated basis.

(i) Assets

Current assets increased 1,718 million yen, or 10.5%, from the end of the previous fiscal year to 18,160 million yen. The main factor was an increase of 1,451 million yen in cash and deposits.

Non-current assets decreased 59 million yen, or 0.7%, to 8,430 million yen.

(ii) Liabilities

Current liabilities decreased 1,436 million yen, or 22.7%, from the end of the previous fiscal year to 4,896 million yen. The main factors were decreases of 1,003 million yen in current portion of long-term borrowings and 372 million yen in notes and accounts payable-trade.

Non-current liabilities increased 115 million yen, or 14.9%, from the end of the previous fiscal year to 891 million yen.

(iii) Net assets

Net assets increased 2,980 million yen, or 16.7%, from the end of the previous fiscal year to 20,802 million yen. The main factors include payment of dividends of 466 million yen and purchase of treasury shares of 346 million yen, which were partially offset by profit attributable to owners of parent of 1,940 million yen as well as non-controlling interests of 417 million yen and capital surplus of 1,555 million yen due to capital increase of a subsidiary and partial sale of shares of a subsidiary.

(3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter "net cash") increased 2,201 million yen from the end of the previous fiscal year to 11,878 million yen at the end of the current fiscal year on a consolidated basis.

Cash flows from operating activities

Net cash provided by operating activities totaled 1,145 million yen.

The main factors include profit before income taxes of 2,091 million yen and depreciation of 427 million yen, which were partially offset by income taxes payable of 926 million yen and a decrease in accounts payable of 380 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 432 million yen.

The main factors were purchase of property, plant and equipment of 416 million yen and purchase of intangible assets of 120 million yen, which were partially offset by proceeds from withdrawal of time deposits of 750 million yen and redemption of marketable securities of 300 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 568 million yen.

The main factors were proceeds from sales of subsidiaries' stock without change in scope of consolidation of 1,777 million yen and proceeds from payments by non-controlling shareholders of 644 million yen, which were partially offset by repayment of long-term debt of 1,011 million yen, cash dividends payable of 465 million yen and purchase of treasury stock of 346 million yen

Reference: Cash flow indicators

	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
Shareholders' equity ratio	72.5	75.5	74.9	69.8	74.5
Shareholders' equity ratio based on market value	185.7	201.8	100.0	128.0	74.2
Average debt repayment period (years)	0.7	0.0	0.0	0.4	0.0

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market value: Market capitalization / Total assets

Average debt repayment period: Interest-bearing debt / Operating cash flows

- * All indicators are calculated based on consolidated figures.
- * Market capitalization is calculated by multiplying the closing price at the end of the period by the number of shares outstanding at the end of the period (excluding treasury shares).
- * Operating cash flows are the figures for operating cash flows in the consolidated statement of cash flows. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest.
- * Disclosure of interest coverage ratio (operating cash flows / interest payments) is omitted because the amount of interest payments is insignificant.

(4) Future Outlook

In order to achieve sustainable growth and increase its corporate value, the Group will further expand the business and contribute to the achievement of the Sustainable Development Goals (SDGs) through our business activities, and continue to make upfront investments from a medium- to long-term perspective. In this way, we will realize our goal of becoming a global medical company.

Forecasts by business segment are as follows.

[Water Healthcare Business]

In the EHW Apparatus business, due to the current COVID-19 crisis and the situation in Ukraine, the cost of procuring parts and materials has risen sharply, and there are concerns about further cost increases in the future. Therefore, we decided to raise the special price for the workplace sales of our current main product TRIM ION Refine by 22,000 yen (tax included) from May 20, 2022.

While the COVID-19 crisis confirmed the high level of customer satisfaction and persistent demand for the EHW Apparatus once again, the decline in conventional face-to-face workplace sales opportunities made it necessary to create new sales opportunities and develop new sales channels. To deal with this, we have introduced new sales tools to improve the efficiency of managing and sharing information on sales destinations. In addition, we are strengthening our sports-related activities. In April of this year, we signed an ambassador contract with the world-famous soccer player Andres Iniesta, who has been featured in more than 300 media outlets, including TV news broadcasts. This drew a great deal of attention. The web marketing that we have been focusing on since December 2020 has produced certain results, and we are working on further growth in the future. In addition, we will be able to recover to the pre-COVID disaster level and move forward on a growth path even in the "with-COVID era" by increasing the number of sales personnel and improving sales efficiency through a review of sales talk. In addition,

once the COVID crisis is over, many of the postponed client projects will be operational, which will accelerate growth rapidly.

In the wholesale and OEM divisions, a new major transaction started in April 2022. In addition, OEM negotiations are underway with several companies both at home and abroad.

As for sales of water purification cartridges, which generate a consistent revenue stream once an EHW system is installed, we expect continued stable growth in the fiscal year ending March 31, 2023 by strengthening customer follow-up.

For the bottling business in Indonesia, together with our local partner Sinar Mas Group, we have set a goal of achieving sales of 14 billion yen (converted at 1 rupiah = 0.0089 yen) by 2031, which is approximately 10 times the current market size. To achieve this goal, we will focus on strengthening the development of new areas and improving the supply chain.

On the basis of the abovementioned efforts, the water healthcare business is forecast to increase 9.2% in net sales and 17.9% in operating profit for the fiscal year ending March 31, 2023, compared to the fiscal year ended March 31, 2022.

[Medical Business]

For the electrolyzed water hemodialysis business, we plan to give presentation on several topics at the 67th Annual Meeting of the Japanese Society for Dialysis Therapy that is scheduled to be held in July 2022. We are currently approaching 290 facilities (total sales of approximately 7.9 billion yen) that will possibly introduce the system within three years, and we will work vigorously to realize the introduction of the system to 58 facilities (total sales of approximately 1.2 billion yen) on which we have submitted quotes and are in negotiations. We will also continue our efforts to strengthen evidence and improve our dialysis machines, with the aim to expanding the use of electrolyzed water hemodialysis as the next generation global standard treatment.

In the field of regenerative medicine, the sales of StemCell Institute Inc. marked an all-time high. StemCell Institute Inc. plans to achieve record-high profits again in the next fiscal year as well as further growth in existing businesses. StemCell Institute announced its earnings results for the fiscal year ended March 31, 2022 on May 12, as we have on the same date. For details, please refer to its Summary of Financial Results for the Fiscal Year Ended March 31, 2022.

As for the hospital business in China, we will continue to broaden the scope of the business through cooperation with local partners to turn the business profitable on monthly basis.

As a result of the above efforts, the forecast for the fiscal year ending March 31, 2023, in the medical business based on the existing accounting standards is a 28.2% increase in net sales and a 98.7% increase in operating profit compared to the fiscal year ended March 31, 2022.

2. Basic Approach for the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

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

	(Thousands of yen)	
	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	10,427,024	11,878,323
Notes and accounts receivable-trade	1,947,502	3,861,929
Accounts receivable-installment	2,582,333	-
Securities	300,335	502,520
Finished goods	291,322	565,610
Raw materials and supplies	685,695	858,048
Other	231,179	515,314
Allowance for doubtful accounts	(23,634)	(21,530)
Total current assets	16,441,758	18,160,216
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,216,162	2,346,504
Accumulated depreciation	(1,114,268)	(1,197,714)
Buildings and structures, net	1,101,894	1,148,789
Land	2,465,454	2,573,876
Other	2,051,650	2,261,641
Accumulated depreciation	(1,399,323)	(1,636,661)
Other, net	652,326	624,979
Total property, plant and equipment	4,219,674	4,347,646
Intangible assets		
Goodwill	460,268	423,149
Other	246,370	294,241
Total intangible assets	706,638	717,390
Investments and other assets		
Investment securities	2,594,034	2,069,977
Deferred tax assets	323,169	477,919
Other	696,263	867,493
Allowance for doubtful accounts	(49,698)	(49,698)
Total investments and other assets	3,563,769	3,365,692
Total non-current assets	8,490,083	8,430,729
Total assets	24,931,841	26,590,946

	(Thousands of yen)	
	FY3/21	FY3/22
	(As of Mar. 31, 2021)	(As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	846,867	474,847
Current portion of long-term borrowings	1,007,350	4,200
Income taxes payable	577,471	350,646
Advances received	2,399,395	2,943,568
Provision for bonuses	163,408	169,544
Provision for product warranties	45,000	51,000
Provision for sales returns	13,000	-
Provision for loss on contract	55,272	-
Other	1,225,436	902,583
Total current liabilities	6,333,201	4,896,390
Non-current liabilities		
Long-term borrowings	11,930	3,150
Provision for retirement benefits for directors (and other officers)	227,645	245,464
Retirement benefit liability	301,791	326,027
Asset retirement obligations	41,474	51,093
Other	193,311	266,027
Total non-current liabilities	776,153	891,762
Total liabilities	7,109,355	5,788,153
Net assets		
Shareholders' equity		
Share capital	992,597	992,597
Capital surplus	645,814	2,201,238
Retained earnings	19,329,963	20,474,159
Treasury shares	(3,473,417)	(3,819,738)
Total shareholders' equity	17,494,956	19,848,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,194	2,223
Foreign currency translation adjustment	(77,320)	(26,653)
Remeasurements of defined benefit plans	(5,600)	(3,503)
Total accumulated other comprehensive income	(80,726)	(27,934)
Share acquisition rights	28,720	28,720
Non-controlling interests	379,535	953,750
Total net assets	17,822,486	20,802,792
Total liabilities and net assets	24,931,841	26,590,946

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Net sales	14,911,159	16,276,960
Cost of sales	4,424,843	5,027,687
Gross profit	10,486,316	11,249,273
Reversal of provision for sales returns	11,000	-
Gross profit-net	10,497,316	11,249,273
Selling, general and administrative expenses	8,309,756	9,250,325
Operating profit	2,187,559	1,998,947
Non-operating income		
Interest income	20,230	21,309
Dividend income	345	355
Commission income	1,687	1,828
Share of profit of entities accounted for using equity method	-	128
Rental income from real estate	78,493	79,483
Foreign exchange gains	3,872	2,223
Surrender value of insurance policies	56,697	-
Subsidy income	27,491	134
Other	29,245	28,629
Total non-operating income	218,062	134,093
Non-operating expenses		
Interest expenses	11,691	3,794
Depreciation of assets for rent	15,225	14,832
Share of loss of entities accounted for using equity method	1,968	-
Provision of allowance for doubtful accounts	8,569	858
Share issuance costs	-	6,219
Going public expenses	-	9,378
Other	10,870	6,048
Total non-operating expenses	48,325	41,132
Ordinary profit	2,357,297	2,091,909
Extraordinary income		
Gain on sale of non-current assets	2,799	295
Gain on sale of investment securities	10,193	-
Total extraordinary income	12,992	295
Extraordinary losses		
Loss on sale of non-current assets	-	395
Loss on retirement of non-current assets	1,393	36
Total extraordinary losses	1,393	431
Profit before income taxes	2,368,895	2,091,773
Income taxes-current	770,567	23,351
Income taxes-deferred	(522)	(8,608)
Total income taxes	770,045	14,743
Profit	1,598,850	2,077,030
Profit attributable to non-controlling interests	75,819	136,119
Profit attributable to owners of parent	1,523,031	1,940,910

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Profit	1,598,850	2,077,030
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,522)	29
Foreign currency translation adjustment	(19,676)	70,645
Remeasurements of defined benefit plans, net of tax	2,622	2,144
Share of other comprehensive income of entities accounted for using equity method	97	937
Total other comprehensive income	(20,478)	73,756
Comprehensive income	1,578,372	2,150,786
Comprehensive income attributable to:		
Owners of parent	1,513,600	1,993,703
Non-controlling interests	64,771	157,083

(3) Consolidated Statement of Changes in Equity

FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	992,597	645,641	18,358,675	(3,145,917)	16,850,996
Cumulative effects of changes in accounting policies					-
Restated balance	992,597	645,641	18,358,675	(3,145,917)	16,850,996
Changes during period					
Dividends of surplus			(551,742)		(551,742)
Profit attributable to owners of parent			1,523,031		1,523,031
Purchase of treasury shares				(327,500)	(327,500)
Capital increase of consolidated subsidiaries					-
Purchase of shares of consolidated subsidiaries		172			172
Sale of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	172	971,288	(327,500)	643,960
Balance at end of period	992,597	645,814	19,329,963	(3,473,417)	17,494,956

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	5,716	(68,789)	(8,222)	(71,295)	28,720	314,753	17,123,174
Cumulative effects of changes in accounting policies							-
Restated balance	5,716	(68,789)	(8,222)	(71,295)	28,720	314,753	17,123,174
Changes during period							
Dividends of surplus							(551,742)
Profit attributable to owners of parent							1,523,031
Purchase of treasury shares							(327,500)
Capital increase of consolidated subsidiaries							-
Purchase of shares of consolidated subsidiaries							172
Sale of shares of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	(3,522)	(8,531)	2,622	(9,430)	-	64,782	55,351
Total changes during period	(3,522)	(8,531)	2,622	(9,430)	-	64,782	699,311
Balance at end of period	2,194	(77,320)	(5,600)	(80,726)	28,720	379,535	17,822,486

FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	992,597	645,814	19,329,963	(3,473,417)	17,494,956
Cumulative effects of changes in accounting policies			(330,199)		(330,199)
Restated balance	992,597	645,814	18,999,763	(3,473,417)	17,164,757
Changes during period					
Dividends of surplus			(466,515)		(466,515)
Profit attributable to owners of parent			1,940,910		1,940,910
Purchase of treasury shares				(346,320)	(346,320)
Capital increase of consolidated subsidiaries		501,436			501,436
Purchase of shares of consolidated subsidiaries					-
Sale of shares of consolidated subsidiaries		1,053,986			1,053,986
Net changes in items other than shareholders' equity					
Total changes during period	-	1,555,423	1,474,395	(346,320)	2,683,499
Balance at end of period	992,597	2,201,238	20,474,159	(3,819,738)	19,848,256

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,194	(77,320)	(5,600)	(80,726)	28,720	379,535	17,822,486
Cumulative effects of changes in accounting policies							(330,199)
Restated balance	2,194	(77,320)	(5,600)	(80,726)	28,720	379,535	17,492,286
Changes during period							
Dividends of surplus							(466,515)
Profit attributable to owners of parent							1,940,910
Purchase of treasury shares							(346,320)
Capital increase of consolidated subsidiaries						158,534	659,971
Purchase of shares of consolidated subsidiaries							-
Sale of shares of consolidated subsidiaries						258,596	1,312,583
Net changes in items other than shareholders' equity	29	50,666	2,096	52,792	-	157,083	209,876
Total changes during period	29	50,666	2,096	52,792	-	574,214	3,310,506
Balance at end of period	2,223	(26,653)	(3,503)	(27,934)	28,720	953,750	20,802,792

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	2,368,895	2,091,773
Depreciation	201,912	427,841
Amortization of goodwill	37,119	37,119
Increase (decrease) in allowance for doubtful accounts	7,568	(2,395)
Increase (decrease) in provision for bonuses	(5,571)	6,135
Increase (decrease) in provision for loss on contract	(65,908)	(55,272)
Increase (decrease) in retirement benefit liability	19,287	25,885
Increase (decrease) in provision for retirement benefits for directors (and other officers)	15,041	17,819
Interest and dividend income	(20,575)	(21,664)
Interest expenses	11,691	3,794
Share of loss (profit) of entities accounted for using equity method	1,968	(128)
Surrender value of insurance policies	(56,697)	-
Subsidy income	(27,491)	(134)
Loss (gain) on sale of investment securities	(10,193)	-
Share issuance costs	-	6,219
Going public expenses	-	9,378
Decrease (increase) in trade receivables	(154,708)	(2,397,501)
Decrease (increase) in accounts receivable-installment	385,013	2,582,333
Decrease (increase) in inventories	(3,437)	(284,362)
Increase (decrease) in trade payables	92,418	(380,218)
Increase (decrease) in accrued consumption taxes	(87,164)	(28,903)
Other, net	305,751	(6,301)
Subtotal	3,014,921	2,031,416
Interest and dividends received	44,499	44,167
Subsidies received	27,491	134
Interest paid	(11,691)	(3,794)
Income taxes paid	(395,886)	(926,656)
Net cash provided by (used in) operating activities	2,679,334	1,145,267
Cash flows from investing activities		
Payments into time deposits	(750,000)	-
Proceeds from withdrawal of time deposits	750,000	750,000
Proceeds from redemption of securities	-	300,000
Purchase of property, plant and equipment	(752,717)	(416,805)
Proceeds from sale of property, plant and equipment	15,276	13,915
Purchase of intangible assets	(160,065)	(120,209)
Purchase of investment securities	(105,100)	-
Proceeds from sales of investment securities	19,569	1,000
Loan advances	(1,730)	(136,050)
Payments of leasehold and guarantee deposits	(10,316)	(10,029)
Proceeds from refund of leasehold and guarantee deposits	2,928	3,827
Proceeds from cancellation of insurance funds	56,697	-
Other, net	48,345	46,591
Net cash provided by (used in) investing activities	(887,111)	432,240

	(Thousands of yen)	
	FY3/21	FY3/22
	(Apr. 1, 2020 - Mar. 31, 2021)	(Apr. 1, 2021 - Mar. 31, 2022)
Cash flows from financing activities		
Proceeds from long-term borrowings	3,000,000	-
Repayments of long-term borrowings	(2,003,660)	(1,011,930)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	-	1,777,309
Proceeds from share issuance to non-controlling shareholders	-	644,373
Purchase of treasury shares	(327,500)	(346,320)
Dividends paid	(551,639)	(465,874)
Other, net	(7,854)	(29,185)
Net cash provided by (used in) financing activities	109,346	568,373
Effect of exchange rate change on cash and cash equivalents	(15,373)	55,417
Net increase (decrease) in cash and cash equivalents	1,886,195	2,201,299
Cash and cash equivalents at beginning of period	7,790,829	9,677,024
Cash and cash equivalents at end of period	9,677,024	11,878,323

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

Not applicable.

Changes in Accounting Policies**Application of the Accounting Standard for Revenue Recognition**

Nihon Trim has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers. Following the changes in accounting policies, sales of EHW apparatus and water purification cartridges, which were recognized together with repair and warranty services and recognized upon shipment, will be recognized upon fulfillment of relevant obligations when products are received by customers or installation of products is completed, independently of the obligations relevant to the repair and warranty services for EHW apparatus. Revenues from the repair and warranty services for EHW apparatus will be recognized over the warranty period. In addition, for some transactions with sales agents, although we had traditionally recognized the amount of payment by customers less the amount of commissions to sales agents as revenues, we changed the method to recognize the gross amount of payment by customers as revenues and recognize the amount of commissions to sales agents as expense. Also, with StemCell Institute, the split fees, which were traditionally recognized upon cell separation, will be recognized over the period of installment payment.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures prescribed in the proviso of Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting policies, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new accounting policies are then applied beginning with this amount of retained earnings.

As a result, net sales increased 618,455 thousand yen, cost of sales increased 50,056 thousand yen, and selling, general and administrative expenses increased 423,266 thousand yen. Operating profit, ordinary profit and profit before income taxes increased 145,132 thousand yen each in the current fiscal year. In addition, there was a decrease of 330,199 thousand yen in retained earnings at the beginning of the current fiscal year.

Due to the application of the revenue recognition accounting standard, "accounts receivable-installment," which was presented in "current assets" in the consolidated balance sheet for the previous consolidated fiscal year, is included in "notes and accounts receivable-trade" from this consolidated fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous consolidated fiscal year using the new presentation.

Application of the Accounting Standard for Fair Value Measurement

Nihon Trim has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

Business Combinations

Transaction under common control

Issuance of new shares by way of primary offering by a consolidated subsidiary and sale of shareholding in the subsidiary by another consolidated subsidiary

As part of its IPO on Mothers of the Tokyo Stock Exchange on June 25, 2021, StemCell Institute Inc., a consolidated subsidiary of Nihon Trim, issued new shares (256,200 shares of common stock) to sell in a primary offering. In addition, as part of the IPO, Trim Medical Holdings Inc., another consolidated subsidiary of Nihon Trim, sold part of its shareholding (664,000 shares of common stock) in StemCell Institute in a secondary offering.

(1) Summary of transaction

1) Main purpose of transaction

The main purpose of the transaction is to increase awareness and creditworthiness of StemCell Institute Inc., diversify the methods of funding its capital investments, R&D, etc., on its own for further expanding its business, and ultimately improve the corporate value of the Nihon Trim Group.

2) Name and content of business of the company party to business combination

Name of the company party to the business combination:

StemCell Institute Inc. (a consolidated subsidiary of Nihon Trim)

Content of business: Cell banking business, engaged in treatment and storage of perinatal tissue-derived stem cells

3) Date of business combination

June 25, 2021, July 27, 2021 and November 15, 2021

4) Legal method of combination

Issuance of new shares by way of primary offering and sales of part of shares in a subsidiary to a non-controlling shareholder resulting in no changes in the scope of consolidation

5) Name of the company after combination

Unchanged

(2) Summary of accounting treatment

The transaction was treated as a transaction with a non-controlling shareholder among transactions under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

Segment and Other Information

(Segment 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. Calculation methods for net sales, profit or loss, assets, liabilities and other items of each reportable segment

The accounting method used for reportable operating segments is generally the same as the methods adopted in the preparation of consolidated financial statements.

Profits for reportable segments are operating profit figures.

3. Information related to net sales, profit or loss, assets, liabilities and other items of each reportable segment

FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)

(Thousands of yen)

	Reportable segment			Adjustments	Amounts recorded in consolidated financial statements
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	14,367,738	1,909,222	16,276,960	-	16,276,960
Inter-segment sales and transfers	-	-	-	-	-
Total	14,367,738	1,909,222	16,276,960	-	16,276,960
Segment profit	1,821,600	177,347	1,998,947	-	1,998,947
Segment assets	19,003,379	6,135,539	25,138,918	1,452,027	26,590,946
Other items					
Depreciation	315,492	97,516	413,008	14,832	427,841
Increase in property, plant and equipment and intangible assets	413,357	171,819	585,176	-	585,176

Per Share Information

(Yen)

	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Net assets per share	2,239.70	2,585.01
Net income per share	195.45	250.58

Notes 1: Diluted net income per share is not presented since the Company has no outstanding dilutive securities.

2: The following is a reconciliation of net income per share.

	FY3/21 (Apr. 1, 2020 - Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	1,523,031	1,940,910
Profit not attributable to common shareholders (thousands of yen)	-	-
Profit attributable to common shareholders of parent (thousands of yen)	1,523,031	1,940,910
Average number of common shares outstanding during the period (shares)	7,792,494	7,745,783
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	No. 7 Share acquisition rights issued pursuant to the Board of Directors' resolution on September 2, 2015 Number of share acquisition rights: 200 (common shares: 20,000 shares)	No. 7 Share acquisition rights issued pursuant to the Board of Directors' resolution on September 2, 2015 Number of share acquisition rights: 200 (common shares: 20,000 shares)

Subsequent Events

Not applicable.

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.