

**Summary of Consolidated Financial Results for the  
First Quarter of the Fiscal Year Ending March 31, 2023  
(Three Months Ended June 30, 2022)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 10, 2022  
 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 Three Months Ended June 30, 2022 (April 1, 2022 – June 30, 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	%
Three months ended Jun. 30, 2022	4,332	8.4	508	4.2	542	7.6	327	(50.8)
Three months ended Jun. 30, 2021	3,998	16.2	487	7.0	503	4.4	664	121.9

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2022: 429 (down 40.1%)

Three months ended Jun. 30, 2021: 717 (up 163.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2022	42.66	-
Three months ended Jun. 30, 2021	85.50	-

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2022	26,826	20,767	73.5	2,572.16
As of Mar. 31, 2022	26,590	20,802	74.5	2,585.01

Reference: Shareholders' equity (million yen) As of Jun. 30, 2022: 19,716 As of Mar. 31, 2022: 19,820

**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, 2022	-	0.00	-	60.00	60.00
Fiscal year ending Mar. 31, 2023	-	-	-	-	-
Fiscal year ending Mar. 31, 2023 (forecasts)	-	0.00	-	60.00	60.00

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

**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

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 Jun. 30, 2022: 8,656,780 shares

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

(ii) Number of treasury shares at end of period

As of Jun. 30, 2022: 991,319 shares

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

(iii) Average number of shares outstanding during the period

Three months ended Jun. 30, 2022: 7,665,946 shares

Three months ended Jun. 30, 2021: 7,775,253 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

The Nihon Trim Group (the “Group”) is committed to “contributing to the creation of healthy and comfortable lives” under its corporate philosophy.

The Group commemorated its 40th anniversary on June 12 this year. We are truly grateful to all our stakeholders, including shareholders, as we believe that we owe our success entirely to the continued support of these stakeholders. Built on the spirit of entrepreneurship maintained since its foundation, the Group will keep taking on challenges to achieve sustainable growth over the next decade as it expands to become a global medical company.

In the water healthcare business segment, we have endeavored to contribute to a variety of sectors, including agriculture and industry, with a primary focus on health. To this end, we have applied the results of scientific studies on water and delivered electrolyzed hydrogen water (EHW), a type of functional water, to our customers. By spreading the use of our EHW apparatus, we contribute to preventive healthcare, which helps reduce the risk of developing lifestyle-related and other diseases, and ultimately to cutting down on healthcare expenditures. We now aim to increase the number of active users of our EHW apparatus from about 0.85 million today to 3.0 million, which will be worth annual sales of 20.0 billion yen from the water purification cartridges alone. In making progress towards this goal, we have set a milestone to increase sales of the EHW apparatus to 20.0 billion yen and the number of users to 1.20 million in the fiscal year ending March 31, 2027. To achieve this milestone, we will continue working on measures to build up evidence, strengthen web-based marketing, develop new sales channels, and develop products linked to these measures.

In the medical business segment, we are engaged in the electrolyzed water hemodialysis business using the functional water, which has drawn significant attention as a next-generation method of hemodialysis. We have implemented initiatives focused on the well-being of dialysis patients so we can help prepare them to return home and go to work, and we are promoting the widespread use of the electrolyzed water hemodialysis as a global standard treatment for dialysis patients. In the field of regenerative medicine, StemCell Institute Inc. (listed on TSE Growth Market, Securities Code: 7096), a private cord blood bank in Japan with a 99% domestic market share, has sought to contribute to the development of a new approach to medical care under the slogan of “Delivering new medical options to all lives.”

We believe that the Group can contribute to achieving 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 SDG and ESG initiatives. Specifically, we will earnestly promote concrete measures and disseminate related information.

During the first three months of the current fiscal year, the Group’s net sales increased 8.4% year on year to 4,332 million yen, operating profit increased 4.2% to 508 million yen, and ordinary profit increased 7.6% to 542 million yen while profit attributable to owners of parent decreased 50.8% to 327 million yen. In the EHW apparatus sales business, the operating performance of direct sales divisions, including the workplace sales division, recovered gradually as the COVID-19 crisis subsided somewhat during the first quarter and sales through face-to-face interactions began returning to normal. As a result, sales of the EHW apparatus recorded a year-on-year increase. Also, the existing customers for the OEM and wholesale sales division restored their pre-crisis operating performance. The significant year-on-year decrease in profit attributable to owners of parent is due to an extraordinary factor: a fall in tax expenses resulting from the transfer of receivables related to the hospital operation business in China and the sale of shares in StemCell Institute Inc. during the previous fiscal year. Nevertheless, net sales, operating profit, ordinary profit, and profit attributable to owners of parent all trended in line with the projections at the beginning of the current fiscal year. Although the surge in new coronavirus cases since early July has somewhat affected the EHW apparatus sales business, we have carried out sales activities more proactively than in the previous fiscal year.

Results by business segment were as follows.

## Water Healthcare Business

In the domestic EHW apparatus sales business, the number of seminars held by the workplace sales division during the first quarter, increased 32.7% year on year, a significant recovery from the previous year's level. The number of units sold by the same division also increased 39.6% year on year (sales are recognized at the point the EHW apparatus has been installed). We have been successful with sales expansion to companies and across sports-related organizations based on the Health and Productivity Management proposals, and thus, will continue to focus on this sales approach.

Meanwhile, we will also continue efforts to improve the skills of each of our sales personnel and strengthen our sales force to build a sales structure that enables us to achieve workplace sales of 5,000 units per month and installation and referral sales of 1,700 units per month.

In the OEM and wholesale sales division, we saw signs of recovery as the sales to existing customers exceeded expectations, with the production of some models temporarily failing to catch up with the demand. As such, we have continued to strengthen our follow-up for existing customers and pushed forward with negotiations to expand sales overseas.

The web marketing division has focused on developing owned media (media proprietary to the Group). As a result, the number of followers to the Group's Instagram has reached more than 13,000, and TRIM Mizulabo, a website providing information on water and health, now attracts more than 10,000 viewers each day. In the years ahead, we will endeavor to raise awareness of the EHW apparatus by maximizing the use of social media so we can shore up sales through our direct sales, OEM, and wholesale sales divisions. We are now striving to strengthen our branding and increase the efficiency of our sales process in a bid to achieve sales growth while maintaining the right balance with Cost per Customer Acquisition (CPA).

During the three months ended June 30, 2022, net sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, amounted to 1,244 million yen (up 1.6% year on year). We will continue to implement measures to raise the replacement rate.

While the overall sales of EHW apparatus remained strong, operating profit decreased year on year due to the recruitment and personnel costs incurred in implementing measures to strengthen the direct sales division mentioned above, coupled with increases in the costs for procuring parts and materials.

Overseas, net sales of PT. SUPER WAHANA TEHNO, a bottled water business in Indonesia, soared 38.7% year on year. Specifically, the sales volume of plastic bottles recovered as the spread of COVID-19 subsided and foot traffic improved. In addition, sales of gallon bottles have continued to grow steadily. We will remain committed to expanding the business in full collaboration with the Sinar Mas Group, a local partner.

In the field of research and development, we have worked earnestly on research aimed at identifying the mechanism for the benefits of EHW as well as looking for new business seeds jointly with RIKEN, the University of Tokyo, Tohoku University, Waseda University, Tokai University, and others. We have submitted a total of three papers for publication, including two joint research papers with Riken.

As a result of the above, the water healthcare business recorded net sales of 3,761 million yen (up 5.9% year on year) with operating profit of 436 million yen (down 4.1% year on year).

## Medical Business

In the electrolyzed water hemodialysis business, our systems were introduced to the new hemodialysis center of Kameda Medical Center, a local base hospital in the Minami-boso region of Chiba Prefecture, in May this year, and to Ishida Clinic, a core hemodialysis center in the Naka-karachi region of Hokkaido Prefecture, in July this year. Currently, about 2,700 patients are treated with electrolyzed water hemodialysis on 929 beds at 29 facilities.

The luncheon seminar, held in July this year during the 67th Annual Meeting of the Japanese Society for Dialysis Therapy, was a huge success, attended by nearly 220 medical practitioners, nurses, and medical technicians; the venue was so crowded that some people had to stand. At the seminar, the results of an on-site survey on electrolyzed water hemodialysis were presented. They showed that among a total of 1,392 patients treated with electrolyzed water hemodialysis, the annual crude death rate (CDR) was as low as 4.2%, markedly lower than the overall CDR of

patients treated with traditional hemodialysis of 9.9% (based on the JSDT statistical data in 2020), suggesting that the life expectancy of dialysis patients could be extended. In addition, the results of clinical experiments showing the benefits of electrolyzed water hemodialysis were presented at the seminar. In one of the experiments, patients who had been treated with electrolyzed water hemodialysis were treated with traditional hemodialysis for eight weeks and then moved back to electrolyzed water hemodialysis. The symptoms of these patients worsened when they were treated with traditional hemodialysis—severe fatigue was one such symptom—but recovered after being treated with electrolyzed water hemodialysis once more. The results of other experiments also showed the substantial benefits of electrolyzed water hemodialysis in terms of the Quality of Life (QOL) of dialysis patients, such as a reduction in discomfort and fatigue during dialysis, which resulted in greater awareness of and interest in electrolyzed water hemodialysis among the audience. Accordingly, we have submitted price estimates to 69 facilities (totaling approximately 1.3 billion yen) and are currently under negotiation with them. Japan has a total of 4,500 dialysis facilities nationwide. We will work further to promote the adoption of electrolyzed water hemodialysis by these facilities.

In the regenerative medicine business segment, StemCell Institute Inc. achieved record-high quarterly net sales. The company published its earnings results for the three months ended June 30, 2022, on August 4 this year, the same date as did the Group. For details, please refer to the StemCell Institute’s Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023. Note that the market capitalization of StemCell Institute, based on the closing price on August 3, 2022, amounts to 23,362 million yen, of which the Group holds 72.1% (16,834 million yen). While we expect the company to grow markedly in the years ahead, we will also proactively make investments in new fields.

As for the hospital business in China, both the number of outpatients and the occupancy rate have continued to pick up. We aim to turn a profit on a monthly basis during the fiscal year ending March 31, 2023.

As a result of the above, the medical business recorded net sales of 570 million yen (up 28.3% year on year) with operating profit of 71 million yen (up 122.4% year on year).

## **(2) Explanation of Financial Position**

Total assets at the end of the first quarter of the current fiscal year on a consolidated basis increased 235 million yen, or 0.9%, from the end of the previous fiscal year to 26,826 million yen. The main factors were a decrease in securities of 502 million yen, an increase in notes and accounts receivable—trade of 380 million yen, an increase in cash and deposits of 295 million yen, and an increase in investment securities of 98 million yen.

Total liabilities increased 270 million yen, or 4.7%, from the end of the previous fiscal year to 6,058 million yen. The main factor was an increase in accounts payable—other, included in current liabilities, of 368 million yen.

Net assets decreased 35 million yen, or 0.2%, from the end of the previous fiscal year to 20,767 million yen. The main factors were the recognition of profit attributable to owners of parent of 327 million yen, an increase in non-controlling interests of 67 million yen, and the payment of dividends of 460 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, 2023, which was announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022,” dated May 12, 2022.

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

(Thousands of yen)

	FY3/22 (As of Mar. 31, 2022)	First quarter of FY3/23 (As of Jun. 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	11,878,323	12,174,253
Notes and accounts receivable-trade	3,861,929	4,242,746
Securities	502,520	—
Finished goods	565,610	577,739
Raw materials and supplies	858,048	887,303
Other	515,314	493,282
Allowance for doubtful accounts	(21,530)	(22,716)
Total current assets	18,160,216	18,352,609
Non-current assets		
Property, plant and equipment		
Land	2,573,876	2,576,320
Other, net	1,773,769	1,770,076
Total property, plant and equipment	4,347,646	4,346,397
Intangible assets		
Goodwill	423,149	413,869
Other	294,241	278,293
Total intangible assets	717,390	692,163
Investments and other assets		
Investment securities	2,069,977	2,168,645
Other	1,345,413	1,316,043
Allowance for doubtful accounts	(49,698)	(49,698)
Total investments and other assets	3,365,692	3,434,990
Total non-current assets	8,430,729	8,473,551
Total assets	26,590,946	26,826,160
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	474,847	467,608
Current portion of long-term borrowings	4,200	4,200
Income taxes payable	350,646	148,519
Advances received	2,943,568	3,041,310
Provision for bonuses	169,544	63,185
Provision for product warranties	51,000	53,000
Other	902,583	1,346,258
Total current liabilities	4,896,390	5,124,081
Non-current liabilities		
Long-term borrowings	3,150	2,100
Provision for retirement benefits for directors (and other officers)	245,464	252,626
Retirement benefit liability	326,027	334,648
Other	317,120	345,479
Total non-current liabilities	891,762	934,854
Total liabilities	5,788,153	6,058,936

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	First quarter of FY3/23 (As of Jun. 30, 2022)
Net assets		
Shareholders' equity		
Share capital	992,597	992,597
Capital surplus	2,201,238	2,201,178
Retained earnings	20,474,159	20,341,151
Treasury shares	(3,819,738)	(3,824,441)
Total shareholders' equity	19,848,256	19,710,485
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,223	2,434
Foreign currency translation adjustment	(26,653)	7,000
Remeasurements of defined benefit plans	(3,503)	(3,151)
Total accumulated other comprehensive income	(27,934)	6,282
Share acquisition rights	28,720	28,720
Non-controlling interests	953,750	1,021,736
Total net assets	20,802,792	20,767,224
Total liabilities and net assets	26,590,946	26,826,160

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

(Thousands of yen)

	First three months of FY3/22 (Apr. 1, 2021– Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Net sales	3,998,489	4,332,578
Cost of sales	1,161,446	1,350,061
Gross profit	2,837,042	2,982,516
Selling, general and administrative expenses	2,349,522	2,474,399
Operating profit	487,519	508,116
Non-operating income		
Interest and dividend income	5,618	5,512
Share of profit of entities accounted for using equity method	210	566
Rental income from real estate	19,588	20,615
Foreign exchange gains	114	1,874
Other	11,323	9,949
Total non-operating income	36,856	38,518
Non-operating expenses		
Interest expenses	1,845	300
Depreciation of assets for rent	3,431	3,763
Provision of allowance for doubtful accounts	418	—
Share issuance costs	3,422	—
Going public expenses	9,202	—
Other	2,323	494
Total non-operating expenses	20,643	4,557
Ordinary profit	503,732	542,076
Extraordinary income		
Gain on sale of non-current assets	—	628
Total extraordinary income	—	628
Profit before income taxes	503,732	542,705
Income taxes-current	272,344	112,208
Income taxes-deferred	(456,263)	56,476
Total income taxes	(183,919)	168,685
Profit	687,651	374,019
Profit attributable to non-controlling interests	22,881	46,984
Profit attributable to owners of parent	664,769	327,035

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

	(Thousands of yen)	
	First three months of FY3/22 (Apr. 1, 2021– Jun. 30, 2021)	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)
Profit	687,651	374,019
Other comprehensive income		
Valuation difference on available-for-sale securities	(352)	210
Foreign currency translation adjustment	30,616	54,453
Remeasurements of defined benefit plans, net of tax	(1,232)	333
Share of other comprehensive income of entities accounted for using equity method	421	253
Total other comprehensive income	29,452	55,251
Comprehensive income	717,104	429,271
Comprehensive income attributable to:		
Owners of parent	686,153	361,252
Non-controlling interests	30,950	68,018

**(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 for which discrete financial information is available and which is regularly reviewed by the Group's highest decision-making body in order to determine 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 three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)

(Thousands of yen)

	Reportable segment			Adjustments	Amounts recorded in quarterly consolidated statement of income (Note)
	Water Healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	3,761,595	570,982	4,332,578	-	4,332,578
Inter-segment sales and transfers	-	-	-	-	-
Total	3,761,595	570,982	4,332,578	-	4,332,578
Segment profit	436,941	71,174	508,116	-	508,116

Note: The segment profit subtotal 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.*