

**Summary of Consolidated Financial Results for
the Third Quarter of the Fiscal Year Ending March 31, 2024
(Nine Months Ended December 31, 2023)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 9, 2024
 Scheduled date of dividend payment: –
 Supplementary materials for quarterly results: Yes
 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, 2023
(April 1, 2023–December 31, 2023)**

(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, 2023	15,618	16.5	2,472	42.7	2,580	39.8	1,710	43.7
Nine months ended Dec. 31, 2022	13,411	7.2	1,733	1.2	1,845	3.8	1,189	(32.5)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2023: 1,971 (up 37.1%)

Nine months ended Dec. 31, 2022: 1,438 (down 24.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2023	223.13	–
Nine months ended Dec. 31, 2022	155.22	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2023	30,608	23,128	71.5	2,854.08
As of Mar. 31, 2023	29,046	22,128	72.4	2,743.39

Reference: Shareholders' equity (million yen) As of Dec. 31, 2023: 21,876 As of Mar. 31, 2023: 21,028

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, 2023	–	0.00	–	120.00	120.00
Fiscal year ending Mar. 31, 2024	–	0.00	–	–	–
Fiscal year ending Mar. 31, 2024 (forecasts)	–	–	–	85.00	85.00

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

The year-end dividend for the year ended Mar. 31, 2023 comprises an ordinary dividend of 80.00 yen and a commemorative dividend of 40.00 yen.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023–March 31, 2024)

(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	19,800	10.3	2,720	14.4	2,850	13.3	1,870	13.6	243.96

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 shares issued (common shares)

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

As of Dec. 31, 2023: 8,656,780 shares

As of Mar. 31, 2023: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Dec. 31, 2023: 991,713 shares

As of Mar. 31, 2023: 991,667 shares

(iii) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2023: 7,665,110 shares

Nine months ended Dec. 31, 2022: 7,665,513 shares

Note: The Company has adopted the Employee Stock Ownership Plan (J-ESOP) since the fourth quarter of the previous fiscal year. The company shares held by this trust are included in the number of treasury shares, which are to be deducted from the calculation of the number of treasury shares at end of period and the average number of shares outstanding during the period.

* 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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	4
(3) Explanation of the Future Outlook, including Consolidated Performance Forecasts	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Assumption for Going Concern	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	9

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 Nihon Trim Group (the “Group”) reported net sales of 15,618 million yen (up 16.5% year on year) with operating profit, ordinary profit, and profit attributable to owners of parent of 2,472 million yen (up 42.7% year on year), 2,580 million yen (up 39.8% year on year), and 1,710 million yen (up 43.7% year on year), respectively. Notably, the Group recorded a new record high in net sales for the first nine months of a fiscal year. The Group has also been performing well toward achieving the full-year consolidated forecast announced on May 11, 2023, with net sales, operating profit, ordinary profit, and profit attributable to owners of parent reaching 78.9%, 90.9%, 90.5%, and 91.5% of the initial forecast, respectively.

Setting a target of 32,000 million yen in consolidated net sales for the fiscal year ending March 31, 2027, we have focused on the following three points to achieve this goal and enhance our corporate value over the medium to long term.

1. Expanding business volume with increased efficiency of the direct sales divisions in our main business of EHW apparatus sales.
2. Expanding overseas operations of the OEM and wholesale sales division of the EHW apparatus sales business.
3. Promoting the widespread use of electrolyzed water hemodialysis as the first of its kind in the world and conducting research and development activities with an eye to having the treatment covered by public insurance.

Results by business segment were as follows.

Water Healthcare Business

In the EHW apparatus sales business, domestic sales of EHW apparatus during the first nine months of the current fiscal year increased 19.9% year on year to 6,960 million yen.

In the workplace sales division, we made progress in developing new sales channels in the sports and beauty care fields as marketing activities returned to normal and seminar numbers recovered to the pre-pandemic level. In the installation and referral sales division, we resumed events for users. In the in-store event sales division, the number of visitors to exhibitions and other events have returned to the pre-pandemic level.

In the OEM and wholesale sales division, net sales grew by a significant 84.4% year on year. As with the direct sales divisions, the number of shipments continued to rise due to increased sales support activities for existing OEM partners as the pandemic ended and favorable progress was made in deals with new OEM partners that started this fiscal year. For overseas business, shipments to Vietnam rose following previous inquiries and deals with Hong Kong and the Philippines got fully underway. We are also discussing specific business opportunities in other Southeast Asian nations with a plan to further expand overseas business in the future.

The web marketing division focuses on profit margins while maintaining the selling cost per unit. We continue to focus on developing the Group’s owned media while endeavoring to increase the purchase rate by improving the efficiency of our sales process.

Net sales of water purification cartridges in Japan, which generate a consistent revenue stream once an EHW apparatus is installed, remained strong, amounting to 4,150 million yen (up 8.8% year on year). This was attributable to the price revisions implemented in April 2023.

PT. SUPER WAHANA TEHNO, a bottled water business in Indonesia, hit new record highs in monthly net sales of both plastic bottles and gallon bottles, with net sales of 1,637 million yen (up 21.5% year on year) during the first nine months of the current fiscal year (January 1–September 30, 2023). This was due to the substantial changes in wholesale routes for plastic bottles implemented in January 2023 and the second provision of TV commercials in July and August of this fiscal year. On the profitability front, PT. SUPER WAHANA TEHNO recorded an operating loss of 26 million yen (compared with an operating profit of 124 million yen a year earlier). This was attributable to aggressive upfront investments in marketing, including the provision of TV commercials,

with an eye toward the next fiscal year and beyond. With the effects of the more aggressive marketing measures steadily becoming apparent, net sales are expected to continue growing in the fourth quarter, and operating loss will certainly narrow further.

In the field of research and development, we established the Essential Health Care Science Collaborative Research Program with Kobe University. In addition, we have continued to work 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, and others. Antioxidants, a journal by Swiss-based academic journal publisher MDPI, is currently soliciting papers for a special issue on hydrogen. Two papers related to the Company have been accepted and will be released soon. Furthermore, we plan to submit five more papers to the journal. We are also preparing three joint papers with the University of Tokyo and Waseda University and will issue press releases once the papers are published.

As a result of the above, the water healthcare business recorded net sales of 13,616 million yen (up 16.4% year on year) with segment profit of 2,139 million yen (up 41.0% year on year).

Medical Business

In the electrolyzed water hemodialysis business, we are working on expanding the fields of activities by holding seminars, including nephrology conferences, at organizations around the country such as the Association for Clinical Engineers and by other means. We are also focusing on seeking new contract opportunities by bolstering cooperation with agencies. Meanwhile, we are engaged in public relations activities to raise awareness of electrolyzed water hemodialysis among dialysis patients. On July 7, 2024, the first academic meeting of the Association of Electrolyzed Water-Hemodialysis (EW-HD) Study Group will be held under the theme of “15 years after the clinical introduction of electrolyzed water hemodialysis: the second chapter of electrolyzed water hemodialysis begins.” We believe that this will further promote awareness and understanding of electrolyzed water hemodialysis and provide a major boost to its promotion.

We pride ourselves that electrolyzed water hemodialysis is a revolutionary technology that can significantly enhance the well-being of dialysis patients. We will thus continue to strengthen our efforts to collect evidence and improve dialysis machines, aiming to expand their use as a next generation therapy that sets the global standard for dialysis treatment.

In the field of regenerative medicine, StemCell Institute Inc. (listed on TSE Growth Market, Securities Code: 7096, our share: 72.1%) reached new record highs in net sales and profit. StemCell Institute and the Group both published their earnings results for the nine months ended December 31, 2023, on February 7 this year. For details, please refer to the StemCell Institute’s Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024.

As for the hospital business in China, we continue operating through cooperation with local partners.

As a result of the above, the medical business recorded net sales of 2,002 million yen (up 16.6% year on year) with segment profit of 333 million yen (up 54.7% year on year).

The Group is committed to its corporate philosophy of “contributing to the creation of healthy and comfortable lives.” To this end, the Group operates its business under the main theme of health and medical care. The Group’s mission is to contribute to people’s well-being through its businesses including Electrolyzed Hydrogen Water (EHW), Electrolyzed Water Hemodialysis, and regenerative medicine. Under the slogan “Society always needs our products,” the Group will contribute to the realization of a sustainable society and achieve sustainable enhancement of its corporate and shareholder value.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year on a consolidated basis increased 1,561 million yen, or 5.4%, from the end of the previous fiscal year to 30,608 million yen. The main factors were increases in notes and accounts receivable-trade of 506 million yen, long-term time deposits included in other under investments and other assets of 500 million yen, and cash and deposits of 454 million yen.

Total liabilities increased 561 million yen, or 8.1%, from the end of the previous fiscal year to 7,479 million yen. The main factors were increases in advances received of 277 million yen, accounts payable-other included in other under current liabilities of 136 million yen, and provision for share-based payments of 64 million yen.

Net assets increased 999 million yen, or 4.5%, from the end of the previous fiscal year to 23,128 million yen. The main factors were the recognition of profit attributable to owners of parent of 1,710 million yen and increases in non-controlling interests of 151 million yen as well as a foreign currency translation adjustment of 82 million yen, which were partially offset by a fall in retained earnings resulting from dividend payments of 971 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, 2024, which was announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023,” dated May 11, 2023.

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

(Thousands of yen)

	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	12,795,930	13,249,946
Notes and accounts receivable-trade	5,160,185	5,667,096
Securities	–	1,304,497
Finished goods	488,000	615,753
Raw materials and supplies	1,089,184	1,052,961
Other	387,770	203,085
Allowance for doubtful accounts	(26,712)	(27,363)
Total current assets	19,894,358	22,065,977
Non-current assets		
Property, plant and equipment		
Land	2,575,831	2,581,697
Other, net	1,800,577	1,890,312
Total property, plant and equipment	4,376,409	4,472,010
Intangible assets		
Goodwill	386,029	358,190
Other	274,707	235,395
Total intangible assets	660,737	593,585
Investments and other assets		
Investment securities	2,801,696	1,695,912
Other	1,363,477	1,830,058
Allowance for doubtful accounts	(49,698)	(49,113)
Total investments and other assets	4,115,475	3,476,857
Total non-current assets	9,152,622	8,542,453
Total assets	29,046,980	30,608,430
Liabilities		
Current liabilities		
Accounts payable-trade	525,012	488,131
Income taxes payable	541,156	539,276
Advances received	3,334,295	3,612,078
Provision for bonuses	178,458	66,481
Provision for product warranties	73,000	94,000
Other	1,253,451	1,439,412
Total current liabilities	5,905,375	6,239,380
Non-current liabilities		
Provision for share-based payments	–	64,800
Provision for retirement benefits for directors (and other officers)	280,159	291,816
Retirement benefit liability	360,343	389,309
Other	372,479	494,584
Total non-current liabilities	1,012,982	1,240,509
Total liabilities	6,918,358	7,479,890

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
Net assets		
Shareholders' equity		
Share capital	992,597	992,597
Capital surplus	1,823,945	1,823,945
Retained earnings	21,660,473	22,398,990
Treasury shares	(3,448,032)	(3,448,179)
Total shareholders' equity	21,028,983	21,767,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,159	28,334
Foreign currency translation adjustment	(89)	81,991
Remeasurements of defined benefit plans	(1,627)	(939)
Total accumulated other comprehensive income	(557)	109,386
Non-controlling interests	1,100,196	1,251,800
Total net assets	22,128,622	23,128,540
Total liabilities and net assets	29,046,980	30,608,430

(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 FY3/23 (Apr. 1, 2022–Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023–Dec. 31, 2023)
Net sales	13,411,374	15,618,263
Cost of sales	4,115,484	4,652,983
Gross profit	9,295,889	10,965,280
Selling, general and administrative expenses	7,562,493	8,492,280
Operating profit	1,733,396	2,472,999
Non-operating income		
Interest and dividend income	17,379	22,163
Share of profit of entities accounted for using equity method	1,190	2,146
Rental income from real estate	61,845	61,952
Foreign exchange gains	4,835	2,639
Surrender value of insurance policies	7,219	5,305
Other	34,139	42,644
Total non-operating income	126,609	136,851
Non-operating expenses		
Interest expenses	695	2,751
Depreciation of assets for rent	11,289	10,826
Provision of allowance for doubtful accounts	300	300
Loss on cancellation of insurance policies	–	4,758
Other	1,825	10,585
Total non-operating expenses	14,109	29,221
Ordinary profit	1,845,895	2,580,630
Extraordinary income		
Gain on sale of non-current assets	628	2,012
Gain on sale of investment securities	–	22,327
Gain on reversal of share acquisition rights	28,720	–
Gain on reversal of office transfer expenses	–	1,829
Total extraordinary income	29,348	26,168
Profit before income taxes	1,875,244	2,606,798
Income taxes-current	422,725	834,392
Income taxes-deferred	154,502	(19,436)
Total income taxes	577,228	814,956
Profit	1,298,016	1,791,842
Profit attributable to non-controlling interests	108,153	81,563
Profit attributable to owners of parent	1,189,862	1,710,278

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

	(Thousands of yen)	
	First nine months of FY3/23 (Apr. 1, 2022–Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023–Dec. 31, 2023)
Profit	1,298,016	1,791,842
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,913)	37,052
Foreign currency translation adjustment	143,373	141,964
Remeasurements of defined benefit plans, net of tax	956	281
Share of other comprehensive income of entities accounted for using equity method	781	685
Total other comprehensive income	140,197	179,984
Comprehensive income	1,438,213	1,971,826
Comprehensive income attributable to:		
Owners of parent	1,272,944	1,820,223
Non-controlling interests	165,268	151,603

(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 nine months of FY3/24 (Apr. 1, 2023–Dec. 31, 2023)

(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	13,616,121	2,002,141	15,618,263	–	15,618,263
Inter-segment sales and transfers	–	–	–	–	–
Total	13,616,121	2,002,141	15,618,263	–	15,618,263
Segment profit	2,139,360	333,639	2,472,999	–	2,472,999

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.