

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2018
(Nine Months Ended December 31, 2017)**

[Japanese GAAP]

Company name: NIHON TRIM CO., LTD. Listing: Tokyo Stock Exchange, First Section
 Securities code: 6788 URL: <http://www.nihon-trim.co.jp/>
 Representative: Shinkatsu Morisawa, President
 Contact: Kojiro Oda, Senior Managing Director and General Manager of Administration Division
 Tel: +81-(0) 6-6456-4600
 Scheduled date of filing of Quarterly Report: February 9, 2018
 Scheduled date of dividend payment: -
 Supplementary materials for quarterly results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (April 1, 2017 – December 31, 2017)

(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, 2017	10,521	(8.8)	1,541	(34.1)	1,648	(28.5)	1,027	(33.1)
Nine months ended Dec. 31, 2016	11,535	3.8	2,339	4.8	2,307	(1.4)	1,536	3.6

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2017: 1,073 (down 32.5%)

Nine months ended Dec. 31, 2016: 1,590 (up 13.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2017	123.98	123.94
Nine months ended Dec. 31, 2016	182.59	182.45

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2017	23,919	17,735	72.3	2,127.96
As of Mar. 31, 2017	24,018	18,135	73.9	2,130.27

Reference: Shareholders' equity (million yen) As of Dec. 31, 2017: 17,287 As of Mar. 31, 2017: 17,754

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, 2017	-	0.00	-	60.00	60.00
Fiscal year ending Mar. 31, 2018	-	0.00	-		
Fiscal year ending Mar. 31, 2018 (forecasts)				60.00	60.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(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	14,080	(7.7)	1,880	(35.8)	1,950	(32.9)	1,240	(37.0)	149.09

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

*** Notes**

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

Newly added: -

Excluded: -

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

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

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

(4) Number of outstanding shares (common shares)

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

As of Dec. 31, 2017: 8,656,780 shares

As of Mar. 31, 2017: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Dec. 31, 2017: 532,743 shares

As of Mar. 31, 2017: 322,588 shares

(iii) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2017: 8,286,318 shares

Nine months ended Dec. 31, 2016: 8,412,592 shares

* The quarterly financial report is not subject to the quarterly review procedures.

* 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. 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
Subsequent Events	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, net sales of Nihon Trim Co., Ltd. and its consolidated subsidiaries (the Nihon Trim Group) decreased 8.8% year-on-year to 10,521 million yen, operating profit decreased 34.1% to 1,541 million yen, ordinary profit decreased 28.5% to 1,648 million yen, and profit attributable to owners of parent decreased 33.1% to 1,027 million yen.

Sales of electrolyzed hydrogen water (EHW) apparatus for the third quarter progressed in line with the revised plan announced on October 26, 2017. Our ongoing approaches to corporate customers with proposals on Health and Productivity Management are beginning to pay off, with our products being introduced into various industries. We are focusing on promoting the further introduction of the apparatus for the future.

Our EHW apparatus is a home-use controlled medical device recognized as effective against gastrointestinal symptoms. For over 20 years, we have conducted joint research programs with research institutes including Tohoku University, Kyushu University and Tokyo University; and published a number of accomplishments mainly in international academic journals. Amid increasing calls for higher levels of empirical evidence, we started massive clinical trials on the benefits of drinking EHW in Susaki City, Kochi Prefecture in November last year. This followed a joint research project starting in June 2017 with RIKEN (the Institute of Physical and Chemical Research) on the mechanism of the benefits of EHW. We will continue to gather more empirical evidence to further promote our EHW apparatus.

In the electrolyzed water hemodialysis business, in January 2018, we published the results of the five-year prognosis survey on electrolyzed water hemodialysis jointly conducted with Tohoku University on *Scientific Reports*, a British scientific online journal issued by the Nature Publishing Group. This survey reported that, compared to conventional hemodialysis, Electrolyzed Water Hemodialysis® (EWH) helped dialysis patients to suppress the mortality risk and the risk of developing cardio-cerebrovascular diseases (such as congestive heart failure, ischemic heart disease, cerebral apoplexy, and ischemic lower-limb amputation) by 41%. The survey also reported that EWH lowered high blood pressure after hemodialysis and reduced the required daily dosage of antihypertensive drugs. Since its publication in January, we have received significant responses with an increasing number of inquiries on our EWH system. We believe this will give a tremendous boost in promoting our EWH system.

In the advanced medical care business, we are strengthening our medical business with Trim Medical Holdings Inc. playing a pivotal role. Regarding the hospital operation in China, we are now at the final stage of opening a hospital, and also proceeding with preparations to promptly develop multiple facilities in this country.

The Nihon Trim Group is making steady strides toward becoming a global medical company. All of us at Nihon Trim will make every effort with an entrepreneurial spirit to accelerate the company's growth.

Business segment performance was as follows.

[Water Healthcare Business]

<Electrolyzed hydrogen water (EHW) apparatus>

(Japan)

In the direct sales divisions consisting of workplace sales (DS Division), installation and referral sales (HS Division) and store sales (SS Division), the DS Division is enjoying an increasing number of bulk purchase deals with corporate customers, including one with an auto dealer who adopted our Health and Productivity Management proposal and purchased 44 units. The SS Division is gradually getting back to a favorable cycle as it started yielding positive results by employing younger sales staff dispatched from temporary staff agencies. We will pursue recovery of sales efficiency as a top agenda through renewal of sales tools, sales training and other measures to strengthen sales support. In the OEM and wholesale sales division, we are continuing to work on strengthening sales support to existing business partners.

On the other hand, sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, are increasing steadily. In order to further enhance customer satisfaction and cartridge replacement rate, we will continue to develop new services as well as to improve our existing follow-up system.

(Overseas)

With respect to sales of EHW apparatus overseas at the moment, we started business with major customers in China and Vietnam. We will continue to expand sales and develop new customers overseas with a particular focus on the ASEAN markets.

Regarding the bottled water business in Indonesia, in order to expand our share in the domestic market, we are continuing to work on reinforcement of our service system by developing new sales channels, strengthening PR activities, and enhancing customer satisfaction.

<Agriculture>

In the agriculture sector, various data on the application of EHW to agricultural products revealed an increased level of antioxidants, sugar content, and yields in leafy and stem vegetables. Regarding the Kangen Vegetables Project conducted in cooperation with industry, academia, and government in Kochi Prefecture, we have entered the second season of cultivation of bell peppers at the next-generation, large Dutch-style vegetable growing facility in Nankoku City to validate the cultivating technique and growing method with an aim to improve production efficiency. In the experiment at the Noshiro City Agricultural Technology Center revealed that application of EHW for cultivating tomatoes increased the crop yield by 1.8 times when compared to tap water or groundwater. This result was headlined by the local Hokuu Shinbun on December 7, 2017. We will not only continue to take on the challenge of fully commercializing the Kangen Vegetable business, but also improve the production efficiency and engage in further promotion of the EHW apparatus for Kangen Vegetables®.

Overall, sales in the water healthcare business decreased 9.8% year-on-year to 9,835 million yen and operating profit decreased 32.6% to 1,555 million yen.

[Medical Business]

<Advanced medical care>

A survey conducted in September 2017 by the Health Service Bureau of the Ministry of Health, Labour and Welfare revealed that the number of cord blood held by StemCell Institute Inc., a private cord blood bank, accounted for approximately 99% of the domestic total (on a basis of the annual number of the new cord blood storage). The safety of cord blood, as a source of stem cells, is well recognized in regenerative medicine. Stem cells in cord blood are confirmed to have inflammatory suppression and the paracrine effect, in which substance secreted from administered cells stimulate the patient's cells and repair their function. Overseas, a number of clinical studies using stem cells are currently underway for treatment of cranial nerve-related disorders including autism spectrum disorder (ASD), hypoxic-ischemic encephalopathy (HIE) and cerebral palsy. Last year, a study group of Duke University (U.S.A.), a pioneer in this field, published the world's first study on the Phase II clinical trial for the treatment of cerebral palsy using autologous cord blood, giving a great impact on regenerative medicine. Likewise, the current fiscal year has seen a major breakthrough in regenerative medicine, with the same university also publishing the results of Phase I clinical trial on ASD. The incidence rate of ASD is said to be 1 to 2 out of 100 births in Japan, and regenerative medicine using cord blood is drawing attention as a completely new approach to pathological conditions including cerebral palsy for which treatments have not existed so far.

In the field of advanced medical care, we are preparing Trim Medical Holdings Inc. for an IPO. Trim Medical Holdings is the holding company of StemCell Institute Inc., Human Life CORD Japan Inc. that develops sell-derived products in Japan, and STREX Inc. that manufactures and sells regenerative medicine equipment. Along with these activities, we aim to make regenerative medicine and cellular therapy one of the main pillars of our business.

<Electrolyzed water hemodialysis>

With the help of the above-mentioned study published on *Scientific Reports*, the electrolyzed water hemodialysis business focuses on strengthening sales activities. Today, Japan has as many as 340 thousand dialysis patients and 4,396 dialysis facilities. We are concentrating first on making proposals to large-scale hospitals that could play a pivotal role in both the Kanto and the Kansai areas. As an increasing number of dialysis patients is also posing a major issue in other countries, we are reasonably confident that the electrolyzed water hemodialysis could replace the conventional hemodialysis treatment as the global standard of the next generation.

<Hospital operation in China>

Regarding hospital operation in China, we have overcome a delay in construction and other difficulties and now can safely expect that our first hospital in Beijing will open this coming March. We are also selecting prospective properties in a bid to develop multiple facilities in the future. In this business, we operate China's first full-fledged Japanese-style hospitals and have received a lot of attention as it is supported by major Japanese companies and Cabinet Secretariat, Office of Healthcare Policy of the Japanese government. As the effect of this business on the Nihon Trim Group's earnings is uncertain at this moment, we have not incorporated the effect in the earnings forecast for the current fiscal year.

Overall, sales in the medical business increased 8.0% year-on-year to 685 million yen and operating loss was 13 million yen (compared with operating profit of 30 million yen one year earlier).

To ensure sustainable growth in the future, the Nihon Trim Group aims to join the ranks of leading international medical services companies. We will expand the EHW apparatus, medical care and agriculture businesses, while aggressively developing Asian and other overseas markets. Simultaneously we will take actions to enter new business domains such as advanced medical care, possibly through M&As.

(2) Explanation of Financial Position

Total assets at the end of the third quarter on a consolidated basis decreased 99 million yen, or 0.4%, from the end of the previous fiscal year to 23,919 million yen. The main factors include decreases of 604 million yen in notes and accounts receivable-trade, and 500 million yen in long-term deposits included in the investment and other assets section, which were partially offset by increases of 599 million yen in cash and deposits, 149 million yen in raw materials and supplies, 123 million yen in finished goods, and 95 million yen in accounts receivable-installment.

Total liabilities increased 300 million yen, or 5.1%, from the end of the previous fiscal year to 6,183 million yen. The main factor includes an increase of 289 million yen in notes and accounts payable-trade.

Net assets decreased 399 million yen, or 2.2%, from the end of the previous fiscal year to 17,735 million yen. The main factors include payment of dividends of 500 million yen and purchase of treasury shares of 996 million yen, which were partially offset by recordings of profit attributable to owners of parent of 1,027 million yen and profit attributable to non-controlling interests of 52 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, 2018, which was released on October 26, 2017 under the title of "Notice of difference between forecast and actual results of operations for the first half of the fiscal year ending March 31, 2018 and revision to the full-year consolidated forecast" (Japanese version only).

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	Third quarter of FY3/18 (As of Dec. 31, 2017)
Assets		
Current assets		
Cash and deposits	11,480,112	12,079,485
Notes and accounts receivable-trade	2,287,875	1,683,088
Accounts receivable-installment	2,363,687	2,458,860
Finished goods	300,811	424,352
Raw materials and supplies	508,735	657,786
Other	296,403	328,744
Allowance for doubtful accounts	(8,692)	(8,883)
Total current assets	17,228,934	17,623,434
Non-current assets		
Property, plant and equipment		
Land	2,503,670	2,502,203
Other, net	1,039,215	1,036,329
Total property, plant and equipment	3,542,885	3,538,533
Intangible assets		
Goodwill	563,318	580,906
Other	71,920	44,726
Total intangible assets	635,238	625,633
Investments and other assets		
Other	2,625,573	2,145,540
Allowance for doubtful accounts	(13,893)	(13,893)
Total investments and other assets	2,611,679	2,131,646
Total non-current assets	6,789,804	6,295,813
Total assets	24,018,738	23,919,248
Liabilities		
Current liabilities		
Notes and accounts payable-trade	812,088	1,101,223
Current portion of bonds	300,000	300,000
Current portion of long-term loans payable	1,426,258	1,439,818
Income taxes payable	176,492	243,907
Provision for bonuses	145,091	49,807
Provision for product warranties	44,000	14,000
Provision for sales returns	48,000	49,000
Other	1,372,045	1,283,396
Total current liabilities	4,323,976	4,481,152
Non-current liabilities		
Long-term loans payable	-	14,880
Provision for directors' retirement benefits	175,715	183,910
Net defined benefit liability	225,126	242,831
Other	1,158,330	1,260,780
Total non-current liabilities	1,559,171	1,702,402
Total liabilities	5,883,148	6,183,555

	(Thousands of yen)	
	FY3/17 (As of Mar. 31, 2017)	Third quarter of FY3/18 (As of Dec. 31, 2017)
Net assets		
Shareholders' equity		
Capital stock	992,597	992,597
Capital surplus	606,369	607,529
Retained earnings	17,156,173	17,680,620
Treasury shares	(967,521)	(1,958,106)
Total shareholders' equity	17,787,619	17,322,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,539	11,235
Foreign currency translation adjustment	(31,929)	(38,919)
Remeasurements of defined benefit plans	(10,122)	(7,320)
Total accumulated other comprehensive income	(33,511)	(35,004)
Subscription rights to shares	23,158	28,720
Non-controlling interests	358,324	419,335
Total net assets	18,135,590	17,735,692
Total liabilities and net assets	24,018,738	23,919,248

(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 FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)
Net sales	11,535,624	10,521,509
Cost of sales	2,803,187	2,839,434
Gross profit	8,732,436	7,682,075
Selling, general and administrative expenses	6,392,706	6,140,315
Operating profit	2,339,730	1,541,760
Non-operating income		
Interest and dividend income	3,340	18,294
Real estate rent	70,794	70,231
Share of profit of entities accounted for using equity method	1,594	-
Foreign exchange gains	-	857
Insurance premiums refunded cancellation	6,552	28,265
Other	15,016	18,782
Total non-operating income	97,297	136,432
Non-operating expenses		
Interest expenses	7,953	4,839
Interest on bonds	786	789
Foreign exchange losses	103,664	-
Depreciation of assets for rent	8,066	7,919
Share of loss of entities accounted for using equity method	-	9,868
Other	8,989	5,891
Total non-operating expenses	129,460	29,307
Ordinary profit	2,307,567	1,648,885
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	69,456	-
Gain on sales of non-current assets	1,898	-
Total extraordinary income	71,354	-
Extraordinary losses		
Loss on sales of non-current assets	94	-
Loss on retirement of non-current assets	-	162
Total extraordinary losses	94	162
Profit before income taxes	2,378,827	1,648,722
Income taxes-current	732,819	515,808
Income taxes-deferred	50,297	53,159
Total income taxes	783,116	568,967
Profit	1,595,711	1,079,755
Profit attributable to non-controlling interests	59,658	52,446
Profit attributable to owners of parent	1,536,052	1,027,308

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

	(Thousands of yen)	
	First nine months of FY3/17 (Apr. 1, 2016 – Dec. 31, 2016)	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)
Profit	1,595,711	1,079,755
Other comprehensive income		
Valuation difference on available-for-sale securities	3,287	2,696
Foreign currency translation adjustment	5,266	(9,238)
Remeasurements of defined benefit plans, net of tax	2,718	2,801
Share of other comprehensive income of entities accounted for using equity method	(16,359)	(2,828)
Total other comprehensive income	(5,086)	(6,569)
Comprehensive income	1,590,624	1,073,185
Comprehensive income attributable to:		
Owners of parent	1,533,998	1,025,815
Non-controlling interests	56,625	47,370

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

Not applicable.

Significant Changes in Shareholders' Equity

The Company acquired 21,100 treasury shares upon resolution of the Board of Directors meeting on December 12, 2016; and 191,000 treasury shares upon resolution of the Board of Directors meeting on October 26, 2017. These transactions resulted in an increase of 990,584 thousand yen in treasury shares for the first nine months of the current fiscal year and a balance of 1,958,106 thousand yen in treasury shares as of December 31, 2017.

Segment and Other Information

1. Overview of reportable segment

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

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

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

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

First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	9,835,618	685,891	10,521,509	-	10,521,509
Inter-segment sales and transfers	-	-	-	-	-
Total	9,835,618	685,891	10,521,509	-	10,521,509
Segment profit (loss)	1,555,662	(13,902)	1,541,760	-	1,541,760

Subsequent Events*Cancellation and execution of material contracts*

Effective January 10, 2018, the Company reached an agreement with UNY Co., Ltd. (UNY) to cancel the lease contract (with a lease term from June 23, 2000 to June 22, 2020) with UNY concerning the land and building held by the Company in Ise City, Mie Prefecture. As the Company is no longer required to refund any lease and guarantee deposits in accordance with the cancellation clause of the contract, it is going to recognize extraordinary income of 109,256 thousand yen in the fourth quarter of the current fiscal year.

Concerning the properties above, the Company has newly entered into a lease contract (with a lease term from January 10, 2018 to January 9, 2038) with Nagasakiya Co., Ltd.

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.