

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2019
(Three Months Ended June 30, 2018)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 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 Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(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, 2018	4,234	16.9	812	18.2	773	7.6	479	5.0
Three months ended Jun. 30, 2017	3,623	(15.5)	687	(27.5)	718	(22.1)	456	(24.1)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2018: 438 (down 4.5%)

Three months ended Jun. 30, 2017: 459 (down 26.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2018	59.35	59.32
Three months ended Jun. 30, 2017	54.84	54.84

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2018	23,900	17,199	70.4	2,105.85
As of Mar. 31, 2018	24,038	17,788	72.5	2,147.35

Reference: Shareholders' equity (million yen) As of Jun. 30, 2018: 16,835 As of Mar. 31, 2018: 17,425

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, 2018	-	0.00	-	60.00	60.00
Fiscal year ending Mar. 31, 2019	-				
Fiscal year ending Mar. 31, 2019 (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, 2019 (April 1, 2018 – March 31, 2019)

(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	7,820	12.6	1,090	8.8	1,040	(2.9)	590	(11.3)	72.70
Full year	15,340	9.4	2,130	32.6	2,030	20.7	1,210	2.4	149.11

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, 2018: 8,656,780 shares

As of Mar. 31, 2018: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Jun. 30, 2018: 662,343 shares

As of Mar. 31, 2018: 541,743 shares

(iii) Average number of shares outstanding during the period

Three months ended Jun. 30, 2018: 8,072,564 shares

Three months ended Jun. 30, 2017: 8,323,610 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. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of the Future Outlook, including Consolidated Performance Forecasts" on page 4 of the attachments for assumptions for forecasts and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the current fiscal year, net sales of Nihon Trim Co., Ltd. and its consolidated subsidiaries (the Nihon Trim Group) increased 16.9% year-on-year to 4,234 million yen, operating profit increased 18.2% to 812 million yen, ordinary profit increased 7.6% to 773 million yen, and profit attributable to owners of parent increased 5.0% to 479 million yen. It is noted that non-operating expenses include share of loss of entities accounted for using equity method in the amount of 59 million yen, which was attributable to the hospital operation in China.

In the water healthcare business, sales of electrolyzed hydrogen water (EHW) apparatus in June 2018 hit a monthly record high thanks to lump-sum purchase by corporate clients who adopted our “Health and Productivity Management” approach, recovery of sales efficiency, and an increase in the average unit selling price with launching TRIM ION GRACE in September 2017. We will continue to focus on further improving sales efficiency and expanding sales to corporate clients so that we could shift the operation from recovery phase since the second half of the previous fiscal year back to growth phase. Sales in the bottling business in Indonesia rose solidly by 34.4% year-on-year.

In the medical business, the publication in *Scientific Reports*, a British scientific online journal, in January 2018 gave us a momentum that facilitated negotiation with dialysis facilities in the electrolyzed water hemodialysis business. At the moment, we are under negotiation with 205 hospitals.

In the advanced medical care field, Trim Medical Holdings Inc., our strategic holding company, is developing its business with an aim to go public in the near future. StemCell Institute Inc., which engages in the cord blood storage business, is steadily growing with record-high sales in June 2018. Furthermore, we are actively developing the hospital business in China toward a full-scale operation. To this end, we will start accepting outpatients on July 25.

Overall, the Nihon Trim Group is making steady strides toward becoming a global medical company.

Results by business segment were as follows.

[Water Healthcare Business]

The business of electrolyzed hydrogen water (EHW) apparatus is driven by two divisions: the direct sales divisions consisting of workplace sales (DS Division), installation and referral sales (HS Division), and store sales (SS Division); and the OEM and wholesale sales division. Among those divisions, the DS Division is successfully realizing a business model we have sought to establish. Under this business model, we achieve sales from a B2C channel that has been developed in the course of establishing a B2B channel. More specifically, for example, B2B sales of 172 units to an auto dealer, who had adopted our Health and Productivity Management proposal, stimulated B2C sales, which led to more than 500 units sold to their employees. Going forward, we will seek comparable deals under this business model. In the OEM and wholesale sales division, we will continue to try reaching new major corporate customers at home and abroad. Sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, are steadily growing.

With respect to sales of EHW apparatus overseas, we are striving to expand our sales channels in new markets such as India, Thailand, and Cambodia. As sales in the bottling business in Indonesia is steadily growing as described above, we will strengthen the quality control and production systems for further substantial expansion of our business in this country.

In the agricultural sector, we have continued to deliver tangible results in the Kangen Vegetable Project conducted in cooperation with industry, academia, and government in Kochi Prefecture. Specifically in the cultivation of bell peppers at the large-sized, next-generation vegetable growing facility in Nankoku City, the EHW grown fields had 7% more yield than the tap water grown fields. We regard this as a significant achievement because it has been revealed that EHW can further improve the production efficiency in the already highly-productive, next-generation vegetable growing facility under controlled cultivating environment in terms of temperature, humidity, and carbon dioxide levels. We will also focus on developing a sales agent network to

fully commercialize the Kangen Vegetable business and promote the EHW apparatus for Kangen Vegetables, while validating the cultivating technique and growing method utilizing EHW.

Regarding the research and development activities, several projects are making steady strides. Notably, we are conducting a joint research with RIKEN, a national research and development agency, aiming at the mechanism elucidation of the effect of EHW. We are also executing a clinical trial in Susaki City, Kochi Prefecture, to see if drinking EHW could prevent lifestyle-related diseases. Furthermore, in the sports sector, College of Sport and Health Science, Ritsumeikan University and Nihon Trim conducted a joint research to compare energy consumptions of two subject groups where both groups do exercise of the same load on hot summer days, but one group drinks EHW and the other drinks tap water. The data collected showed that subjects who took EHW consumed less energy than those who drunk tap water, and therefore drinking EHW made their energy efficiency improve during exercise. The results of this research were presented this July at the 23rd Annual Congress of the European College of Sport Science held in Ireland.

These researches will greatly contribute to expansion of EHW applications and phenomenal market penetration of its apparatus. We will accelerate our research activities by further strengthening cooperation with research institutions.

As a result, the water healthcare business posted net sales of 3,964 million yen (up 16.0% year-on-year) with operating profit of 798 million yen (up 14.8% year-on-year).

[Medical Business]

While we address the full-scale development of electrolyzed water hemodialysis operations, Trim Medical Holdings Inc. is aggressively involved in the hospital operation business with growth prospects expected mainly overseas as well as expansion of the business foundation in the field of regenerative medicine, cellular therapy, and reproductive medicine with phenomenal market growth expected in the future.

In the electrolyzed water hemodialysis business, we published a research paper in January 2018 on *Scientific Reports*, a British scientific online journal issued by the Nature Publishing Group. We have subsequently received many responses from those who have learned that our products can contribute to improving not only patients' quality of life but also the efficiency of hospital management. At the 63rd Annual Meeting of the Japanese Society for Dialysis Therapy held in Kobe in June 2018, we collected more than 500 survey forms filled in by respondents, about triple the number last year. At a luncheon seminar, all the 250 seats were occupied, which demonstrated the high level of interest in our electrolyzed water hemodialysis systems. We have seen steady growth in the number of medical institutions with which we are negotiating for installation of our systems. As of the date of release of this quarterly financial report, 205 medical institutions are under negotiation. Assuming that all the deals under negotiation will be successfully closed, we estimate sales will reach approximately 4.5 billion yen. As electrolyzed water hemodialysis systems are capital investments for medical facilities, some deals may take several years to complete until they are ready to have an actual system installed. We will strengthen sales operating system to expand the adoption of our electrolyzed water hemodialysis systems with the aim of making them a global standard of the next generation.

In the field of advanced medical care, StemCell Institute Inc., the largest private cord blood bank in Japan, is steadily growing, and posted record-high sales in June 2018. According to the Health Service Bureau of the Ministry of Health, Labour and Welfare, the number of cord blood held by StemCell Institute Inc. accounts for approximately 99% of the domestic total (on a basis of the annual number of the new cord blood storage). The number of storages was 44,028 individuals at the end of June 2018. Following Kochi Medical School's conduct of the first phase trial (Phase I) using the autologous cord blood for cerebral damage caused by infantile paralysis preparations are proceeding for conduct of a clinical research (Phase I) using autologous cord blood for autism spectrum disorder (ASD), which has been newly planned in Japan. We expect to see further progress in research for the practical use of regenerative medicine using cord blood. With the improved recognition of cord blood, the demand for its storage will gradually increase for the future of a baby or its family. In preparation for this, we will

also approach the global quality standardization of storage services and the expansion of business infrastructure, including collection and storage.

Human Life CORD Japan Inc., which aims to develop Japanese cell medicine, concluded a joint research agreement with The Institute of Medical Science, The University of Tokyo in September 2017. Recently, the NIKKEI online edition and other media outlets reported that The Institute of Medical Science, The University of Tokyo, would start an investigator-initiated clinical trial (phase I) on patients with severe acute graft-versus-host disease (GVHD) using umbilical cord-derived mesenchymal stem cells (MSC). This clinical trial is scheduled to continue until the end of the fiscal year 2019. After safety is confirmed and proof of concept is established, Human Life CORD Japan Inc. will proceed with a sponsor initiated clinical trial for umbilical cord-derived MSC as regenerative medicine products and seek to apply for approval.

STREX Inc., which manufactures and sells regenerative medicine equipment, conducts product development to meet the needs of researchers in the field of regenerative medicine and reproductive medicine, growing on a steady pace.

Overall, we are vigorously developing the field of regenerative medicine and cellular therapy to make them one of the pillars of the future Nihon Trim Group.

Regarding hospital operation in China, on May 9, 2018 we held an opening ceremony for our flagship hospital, Beijing HanKun Hospital. This business has received a lot of attention as China's first full-fledged Japanese-style hospitals, and attendees at the opening ceremony included Head of the Office of Healthcare Policy, Cabinet Secretariat of the Japanese government, Counselor of the Chinese Embassy of Japan, President of the Japan Hospital Association.

We estimate sales of approximately 4 to 5 billion yen from the flagship hospital in Beijing in full operation with roughly 20% operating margin. As a next development, we have already embarked on preparations for opening three hospitals in China.

As a result, the medical business posted net sales of 269 million yen (up 31.0% year-on-year) with operating profit of 14 million yen (compared with operating loss of 7 million yen one year earlier).

To ensure sustainable growth in the future, the Nihon Trim Group will aggressively take actions to develop overseas markets and to enter new business domains such as the field of advanced medical care with M&A as a possible option as well as to expand the EHW apparatus, medical care and agriculture businesses.

(2) Explanation of Financial Position

Total assets at the end of the first quarter on a consolidated basis decreased 137 million yen, or 0.6%, from the end of the previous fiscal year to 23,900 million yen. The main factor was a decrease of 763 million yen in cash and deposits, which was partially offset by increases of 528 million yen in notes and accounts receivable-trade, and 165 million yen in accounts receivable-installment.

Total liabilities increased 451 million yen, or 7.2%, from the end of the previous fiscal year to 6,701 million yen. The main factors were increases of 313 million yen in accounts payable-other included in other of current liabilities and 93 million yen in notes and accounts payable-trade.

Net assets decreased 589 million yen, or 3.3%, from the end of the previous fiscal year to 17,199 million yen. The main factors were purchase of treasury shares of 556 million yen and payment of dividends of 486 million yen, which were partially offset by recording of profit attributable to owners of parent of 479 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, 2019, which was announced in the "Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018" released on April 26, 2018.

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

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	11,520,948	10,757,147
Notes and accounts receivable-trade	1,886,108	2,414,235
Accounts receivable-installment	2,495,764	2,661,710
Finished goods	308,092	324,772
Raw materials and supplies	626,833	601,506
Other	221,069	233,282
Allowance for doubtful accounts	(8,244)	(8,436)
Total current assets	17,050,574	16,984,218
Non-current assets		
Property, plant and equipment		
Land	2,502,203	2,499,270
Other, net	1,066,597	1,087,895
Total property, plant and equipment	3,568,801	3,587,166
Intangible assets		
Goodwill	571,626	562,346
Other	38,361	35,180
Total intangible assets	609,988	597,527
Investments and other assets		
Other	2,822,948	2,745,709
Allowance for doubtful accounts	(13,893)	(13,893)
Total investments and other assets	2,809,054	2,731,815
Total non-current assets	6,987,844	6,916,509
Total assets	24,038,419	23,900,728
Liabilities		
Current liabilities		
Notes and accounts payable-trade	822,267	915,674
Current portion of long-term loans payable	13,840	1,497,428
Income taxes payable	404,451	284,237
Provision for bonuses	148,140	62,109
Provision for product warranties	9,000	7,000
Provision for sales returns	52,000	59,000
Provision for loss on contract	275,773	261,165
Other	1,359,646	1,865,310
Total current liabilities	3,085,119	4,951,926
Non-current liabilities		
Long-term loans payable	1,497,138	12,950
Provision for directors' retirement benefits	187,568	188,959
Net defined benefit liability	251,215	251,357
Other	1,228,811	1,296,410
Total non-current liabilities	3,164,733	1,749,677
Total liabilities	6,249,853	6,701,604

	(Thousands of yen)	
	FY3/18 (As of Mar. 31, 2018)	First quarter of FY3/19 (As of Jun. 30, 2018)
Net assets		
Shareholders' equity		
Capital stock	992,597	992,597
Capital surplus	636,631	636,631
Retained earnings	17,835,206	17,842,578
Treasury shares	(2,006,146)	(2,562,643)
Total shareholders' equity	17,458,288	16,909,163
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,019	10,237
Foreign currency translation adjustment	(35,231)	(81,952)
Remeasurements of defined benefit plans	(7,222)	(2,363)
Total accumulated other comprehensive income	(32,434)	(74,078)
Share acquisition rights	28,720	28,720
Non-controlling interests	333,990	335,319
Total net assets	17,788,565	17,199,124
Total liabilities and net assets	24,038,419	23,900,728

(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 FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	3,623,063	4,234,007
Cost of sales	910,286	1,178,807
Gross profit	2,712,776	3,055,200
Selling, general and administrative expenses	2,025,463	2,243,028
Operating profit	687,312	812,171
Non-operating income		
Interest and dividend income	4,508	6,148
Real estate rent	23,410	9,883
Share of profit of entities accounted for using equity method	3,200	-
Foreign exchange gains	-	909
Other	6,369	7,458
Total non-operating income	37,488	24,399
Non-operating expenses		
Interest expenses	1,743	1,101
Interest on bonds	266	-
Share of loss of entities accounted for using equity method	-	55,920
Foreign exchange losses	351	-
Depreciation of assets for rent	2,639	4,090
Other	1,453	2,232
Total non-operating expenses	6,454	63,344
Ordinary profit	718,346	773,226
Extraordinary losses		
Loss on sales of non-current assets	-	4,934
Loss on retirement of non-current assets	-	6,486
Total extraordinary losses	-	11,420
Profit before income taxes	718,346	761,805
Income taxes-current	207,854	247,492
Income taxes-deferred	35,538	21,014
Total income taxes	243,393	268,506
Profit	474,953	493,299
Profit attributable to non-controlling interests	18,481	14,219
Profit attributable to owners of parent	456,471	479,079

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

(Thousands of yen)

	First three months of FY3/18 (Apr. 1, 2017 – Jun. 30, 2017)	First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)
Profit	474,953	493,299
Other comprehensive income		
Valuation difference on available-for-sale securities	77	217
Foreign currency translation adjustment	(11,999)	(28,332)
Remeasurements of defined benefit plans, net of tax	933	4,858
Share of other comprehensive income of entities accounted for using equity method	(4,634)	(31,474)
Total other comprehensive income	(15,621)	(54,730)
Comprehensive income	459,331	438,568
Comprehensive income attributable to:		
Owners of parent	445,926	437,434
Non-controlling interests	13,404	1,134

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

Not applicable.

Significant Changes in Shareholders' Equity

The Company acquired 50,000 treasury shares upon resolution of the Board of Directors meeting on April 27, 2018; and 70,600 treasury shares upon resolution of the Board of Directors meeting on May 25, 2018. These transactions resulted in an increase of 556,497 thousand yen in treasury shares for the first quarter of the current fiscal year and the balance of 2,562,643 thousand yen in treasury shares as of June 30, 2018.

Additional Information

(Application of *Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.*)

The Company started using *Partial Amendments to Accounting Standard for Tax Effect Accounting* (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements at the beginning of the first quarter of the current fiscal year. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Segment and Other Information

1. Overview of reportable segment

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

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

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

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

First three months of FY3/19 (Apr. 1, 2018 – Jun. 30, 2018)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	3,964,580	269,426	4,234,007	-	4,234,007
Inter-segment sales and transfers	-	-	-	-	-
Total	3,964,580	269,426	4,234,007	-	4,234,007
Segment profit	798,116	14,054	812,171	-	812,171

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.