

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2021
(Three Months Ended June 30, 2020)**

[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: Norio Tahara, Senior Managing Director and General Manager of Administration Division
 Tel: +81-(0) 6-6456-4600
 Scheduled date of filing of Quarterly Report: August 12, 2020
 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, 2020 (April 1, 2020 – June 30, 2020)

(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, 2020	3,441	(17.5)	455	(37.4)	482	(26.9)	299	(27.6)
Three months ended Jun. 30, 2019	4,172	(1.4)	728	(10.4)	660	(14.6)	414	(13.6)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2020: 272 (down 36.8%)

Three months ended Jun. 30, 2019: 431 (down 1.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2020	38.21	-
Three months ended Jun. 30, 2019	52.44	52.41

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2020	24,880	16,563	65.2	2,082.12
As of Mar. 31, 2020	22,416	17,123	74.9	2,128.85

Reference: Shareholders' equity (million yen) As of Jun. 30, 2020: 16,219 As of Mar. 31, 2020: 16,779

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, 2020	-	0.00	-	70.00	70.00
Fiscal year ending Mar. 31, 2021	-	-	-	-	-
Fiscal year ending Mar. 31, 2021 (forecasts)	-	0.00	-	35.00	35.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(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	6,190	(28.8)	360	(77.7)	410	(73.0)	260	(74.1)	32.99
Full year	14,510	(10.0)	1,770	(23.2)	1,870	85.5	1,220	458.4	154.78

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, 2020: 8,656,780 shares

As of Mar. 31, 2020: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Jun. 30, 2020: 866,958 shares

As of Mar. 31, 2020: 774,738 shares

(iii) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020: 7,841,498 shares

Three months ended Jun. 30, 2019: 7,895,342 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

During the first quarter of the current fiscal year, the Group's net sales decreased 17.5% year-on-year to 3,441 million yen, operating profit decreased 37.4% to 455 million yen, ordinary profit decreased 26.9% to 482 million yen, and profit attributable to owners of parent decreased 27.6% to 299 million yen.

The results of operations for the first quarter were much better than the initial plan made at the beginning of the current fiscal year. The estimates, announced on May 14, 2020 when the country was still under the state of emergency, were developed based on the assumption that the operating performance would remain subdued until the second quarter due to the ongoing pandemic but gradually normalize beginning in the third quarter. In fact, all of the operating profit, ordinary profit and profit attributable to owners of parent for the first quarter have already exceeded the cumulative amounts estimated to be earned by the end of the second quarter of the current fiscal year (with rates of progress of 126.6% for operating profit, 117.7% for ordinary profit, and 115.2% for profit attributable to owners of parent).

Since the beginning of the second quarter, the Group also has been performing strongly as in the first quarter, and therefore, we believe the results of operations for the first half also are highly likely to far exceed the estimates released in May. Nonetheless, we have left the full-year earnings estimates unchanged given that the number of infected cases is again on the rise across Japan and the outlook for the future is still uncertain.

Also, the medical business has been largely performing well, although somewhat affected by the COVID-19 crisis. The Group has been making steady strides to be a global medical company.

As for financial position, the Group borrowed 3.0 billion yen June this year. The Group is well-funded and completely free from financial concerns, underpinned by its sufficient retained earnings and strong cash flow; however, we decided to further increase its cash on hand with a view to financing future growth initiatives. More specifically, in the face of harsh operating environments, which will likely persist at least until the next fiscal year due to the lingering influence of COVID-19, the Group is determined to proactively make upfront investments in a new online sales channel, R&D, M&A and other initiatives from a mid- to long-term perspective.

The Group will continue expanding its business under the spirit of entrepreneurship it has embraced since its inception, while pursuing to achieve leaner and more resilient operations.

Results by business segment were as follows.

[Water Healthcare Business]

In this segment, the electrolyzed hydrogen water (EHW) business remained profitable in the first quarter. Although the number of seminars held by the workplace sales division decreased to 20% of the same period of the previous year, we secured the sales by a replacement campaign to existing users, steady sales growth of water purification cartridges, and other positive factors. Since the state of emergency was lifted, however, the number of seminars has been recovering steadily. In fact, the number of seminars held has recovered to nearly 30% and 60% of that held during the same period last year in June and July, respectively, due to our efforts to implement health and sanitary measures amid the COVID-19 crisis, and strengthened marketing activities to small and medium-sized enterprises. In addition, the number of units sold per seminar has surged, driven by growing health awareness among the participants in the seminars.

Nihon Trim's EHW apparatus, as a home-use controlled medical device, is recognized for its effect of improving the gastro-intestinal health, which is closely related to immune strength. Electrolyzed hydrogen water produced with our EHW apparatus was featured in an article about immunity in the latest issue of "Dr. Croissant" magazine released in May this year. In the society coexisting with COVID-19, we are confident that the demand for EHW apparatus will grow further. To cater to such growing demand and build a new sales channel without face-to-face interactions earlier, the Group has recently organized a project team dedicated to web-based initiatives, such as the construction of a web-based operating environment and optimization of sales and marketing activities, with a view to expanding the project and operating it as a business unit within the current fiscal year. To this aim, the Group is now determined to proactively make upfront investments.

Net sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, have been growing steadily to record a 12.2% year-on-year increase during this quarter. The Group will continue to further enhance its services to customers.

On top of the existing businesses, the Group recently has worked on the development of a new business segment to offer new products that cater to the growing sanitation needs in the society coexisting with COVID-19. The Group aims to release these products around the end of October this year, hoping that the business will contribute to earnings in the second half of the current fiscal year.

Overseas, the bottling business in Indonesia has been growing steadily to record a 22.2% year-on-year increase in net sales (on a local currency basis, actual net sales from January through March). Currently, while sales of plastic bottled beverages primarily to nationwide chain stores have been on the decline with the spread of COVID-19, sales of beverages in gallon bottles through home delivery have continued to grow. We will continue efforts to expand sales in cooperation with a local business partner.

With regard to research and development, a joint research paper with Ritsumeikan University, Faculty of Sport and Health Science was published on “*Temperature*,” a major international journal on physiology, in April this year. The paper is about how drinking electrolyzed hydrogen water helps significantly reduce energy consumption during endurance sports in an extremely hot weather. In addition, the Group also published a joint research paper with School of Engineering, The University of Tokyo on *Scientific Reports*, a British scientific journal in June this year, demonstrating that the electrode plates of its EHW apparatus are capable of producing hydrogen quite efficiently. On top of these joint researches, the Group is preparing seven additional joint research papers with Riken, Tohoku University, and other institutions, some of which are due to be published by the end of this fiscal year. We believe these joint research papers help further build up evidences and raise the awareness of electrolyzed hydrogen water, and ultimately drive expansion of our EHW apparatus.

As a result of the above, the water healthcare business recorded net sales of 3,056 million yen (down 19.1% year-on-year) with segment profit of 428 million yen (down 33.1% year-on-year).

[Medical Business]

In the electrolyzed water hemodialysis business, we installed our electrolyzed water hemodialysis systems for multiple patients to St Luke’s International Hospital, a core medical facility in the Kanto region, June this year. We believe this will have a significant ripple effect in the near future. Although the installation of the systems to some facilities were postponed to the second quarter and later due to restricted access to these medical facilities amid the COVID-19 crisis, the Group has continued to receive many inquiries for the system. The Group is now determined to strengthen both research and sales activities to promote and expand the use of its electrolyzed water hemodialysis systems.

In the area of regenerative medicine, StemCell Institute Inc., the largest private cord blood bank representing nearly 99% of the market share in Japan, has worked to strengthen and enhance its business platform from a medium- to long-term perspective. Also, web-based marketing measures, which the Group has focused on as a new sales approach, has started to contribute to net sales, although the business has been somewhat affected by restricted access to medical facilities amid the COVID-19 crisis. The Group also has worked on joint research with The Institute of Medical Science, The University of Tokyo, on autologous umbilical cord storage service, and has been making preparations necessary in order to launch the service next year, including the construction of a new CPC (Cell Processing Center). The Group is determined to expand the cell storage service to include not only cord blood but also umbilical cord and other cells by sophisticating its storage technology as a pioneer private cell bank” Moreover, the Group has pushed forward with the development of cell medicines utilizing its existing infrastructure as a cell bank and in collaboration with universities, pharmaceutical companies, ventures and other institutions. StemCell Institute Inc. obtained a formal approval for listing from Tokyo Stock Exchange March this year but postponed the listing by taking into account comprehensive factors, including the IPO market climate amid the COVID-19 pandemic. StemCell, however, considers further enhancing its corporate value and then going public at an optimum timing.

The Group also has launched a new service to undertake PCR testing using saliva August this year, which was covered in an article of the Nikkei morning newspaper dated August 4, 2020.

With regard to the hospital operation business in China, although the business has been affected by the COVID-19 crisis, the Group is committed to steadily expanding the business. The total amount of investments in the business was recognized as losses at the end of the previous fiscal year, and therefore, will not affect earnings for the current fiscal year.

As a result of the above, the medical business recorded net sales of 384 million yen (down 1.9% year-on-year) with segment profit of 26 million yen (down 69.3% 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 2,464 million yen, or 11.0%, from the end of the previous fiscal year to 24,880 million yen. The main factor is an increase of 2,492 million yen in cash and deposits.

Total liabilities increased 3,024 million yen, or 57.1%, from the end of the previous fiscal year to 8,317 million yen. The main factor is an increase of 3,000 million yen in current portion of long-term borrowings.

Net assets decreased 559 million yen, or 3.3%, from the end of the previous fiscal year to 16,563 million yen. The main factors are payment of dividends of 551 million yen and purchase of treasury shares of 280 million yen, which were partially offset by recording of profit attributable to owners of parent of 299 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, 2021, which was announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020” dated May 14, 2020.

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

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
Assets		
Current assets		
Cash and deposits	8,540,829	11,033,775
Notes and accounts receivable-trade	1,803,718	1,601,872
Accounts receivable-installment	2,967,347	2,854,630
Securities	-	302,035
Finished goods	371,078	323,531
Raw materials and supplies	603,401	743,223
Other	204,678	290,441
Allowance for doubtful accounts	(16,485)	(19,133)
Total current assets	14,474,567	17,130,376
Non-current assets		
Property, plant and equipment		
Land	2,467,898	2,462,032
Other, net	1,099,304	1,267,605
Total property, plant and equipment	3,567,202	3,729,637
Intangible assets		
Goodwill	497,387	488,108
Other	72,228	80,110
Total intangible assets	569,616	568,218
Investments and other assets		
Investment securities	2,829,500	2,523,352
Other	1,025,113	978,877
Allowance for doubtful accounts	(49,619)	(49,619)
Total investments and other assets	3,804,994	3,452,609
Total non-current assets	7,941,813	7,750,466
Total assets	22,416,381	24,880,843
Liabilities		
Current liabilities		
Notes and accounts payable-trade	759,700	809,010
Current portion of long-term borrowings	11,390	3,011,840
Income taxes payable	189,204	96,825
Advances received	2,061,308	2,152,935
Provision for bonuses	168,980	59,530
Provision for product warranties	31,000	31,000
Provision for sales returns	24,000	19,000
Provision for loss on contract	121,180	103,803
Other	1,240,079	1,362,133
Total current liabilities	4,606,844	7,646,079
Non-current liabilities		
Long-term borrowings	11,550	10,500
Provision for retirement benefits for directors (and other officers)	212,604	213,124
Retirement benefit liability	288,063	288,662
Other	174,144	159,011
Total non-current liabilities	686,362	671,298
Total liabilities	5,293,207	8,317,378

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
Net assets		
Shareholders' equity		
Share capital	992,597	992,597
Capital surplus	645,641	645,641
Retained earnings	18,358,675	18,106,524
Treasury shares	(3,145,917)	(3,426,164)
Total shareholders' equity	16,850,996	16,318,599
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,716	7,769
Foreign currency translation adjustment	(68,789)	(99,523)
Remeasurements of defined benefit plans	(8,222)	(7,464)
Total accumulated other comprehensive income	(71,295)	(99,217)
Share acquisition rights	28,720	28,720
Non-controlling interests	314,753	315,362
Total net assets	17,123,174	16,563,464
Total liabilities and net assets	22,416,381	24,880,843

(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 FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Net sales	4,172,737	3,441,806
Cost of sales	1,181,292	1,010,237
Gross profit	2,991,444	2,431,569
Selling, general and administrative expenses	2,263,335	1,975,787
Operating profit	728,109	455,781
Non-operating income		
Interest and dividend income	8,353	5,286
Rental income from real estate	19,625	19,588
Foreign exchange gains	566	1,517
Other	8,487	10,693
Total non-operating income	37,032	37,086
Non-operating expenses		
Interest expenses	489	446
Share of loss of entities accounted for using equity method	96,475	1,037
Depreciation of assets for rent	4,050	3,922
Provision of allowance for doubtful accounts	-	2,615
Other	3,464	2,132
Total non-operating expenses	104,480	10,154
Ordinary profit	660,662	482,713
Profit before income taxes	660,662	482,713
Income taxes-current	199,962	92,204
Income taxes-deferred	41,241	63,792
Total income taxes	241,203	155,997
Profit	419,458	326,716
Profit attributable to non-controlling interests	5,411	27,123
Profit attributable to owners of parent	414,047	299,592

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

	(Thousands of yen)	
	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Profit	419,458	326,716
Other comprehensive income		
Valuation difference on available-for-sale securities	(168)	2,053
Foreign currency translation adjustment	7,563	(57,175)
Remeasurements of defined benefit plans, net of tax	620	758
Share of other comprehensive income of entities accounted for using equity method	3,540	(73)
Total other comprehensive income	11,555	(54,436)
Comprehensive income	431,014	272,279
Comprehensive income attributable to:		
Owners of parent	423,287	271,670
Non-controlling interests	7,726	608

(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 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 FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

(Thousands of yen)

	Reportable segment			Adjustments	Total
	Water Healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	3,056,861	384,944	3,441,806	-	3,441,806
Inter-segment sales and transfers	-	-	-	-	-
Total	3,056,861	384,944	3,441,806	-	3,441,806
Segment profit	428,987	26,794	455,781	-	455,781

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.