

**Summary of Consolidated Financial Results for the First Quarter  
of the Fiscal Year Ending March 31, 2022  
(Three Months Ended June 30, 2021)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 11, 2021  
 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, 2021 (April 1, 2021 – June 30, 2021)**

(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, 2021	3,998	16.2	487	7.0	503	4.4	664	121.9
Three months ended Jun. 30, 2020	3,441	(17.5)	455	(37.4)	482	(26.9)	299	(27.6)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2021: 717 (up 163.4%)  
 Three months ended Jun. 30, 2020: 272 (down 36.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2021	85.50	-
Three months ended Jun. 30, 2020	38.21	-

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2021	25,777	19,726	73.4	2,434.45
As of Mar. 31, 2021	24,931	17,822	69.8	2,239.70

Reference: Shareholders' equity (million yen) As of Jun. 30, 2021: 18,928 As of Mar. 31, 2021: 17,414

**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, 2021	-	0.00	-	60.00	60.00
Fiscal year ending Mar. 31, 2022	-	-	-	-	-
Fiscal year ending Mar. 31, 2022 (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, 2022 (April 1, 2021 – March 31, 2022)**

(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	8,580	16.1	1,260	8.6	1,300	5.6	1,150	44.3	147.91
Full year	17,580	17.9	2,700	23.4	2,800	18.8	2,100	37.9	270.09

Note: Revisions to the most recently announced consolidated forecast: Yes

**\* 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: Yes
- (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, 2021: 8,656,780 shares

As of Mar. 31, 2021: 8,656,780 shares

(ii) Number of treasury shares at end of period

As of Jun. 30, 2021: 881,527 shares

As of Mar. 31, 2021: 881,527 shares

(iii) Average number of shares outstanding during the period

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

Three months ended Jun. 30, 2020: 7,841,498 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 increased 16.2% year-on-year to 3,998 million yen, operating profit increased 7.0% to 487 million yen, ordinary profit increased 4.4% to 503 million yen, and profit attributable to owners of parent increased 121.9% to 664 million yen.

Revenues of both the Water Healthcare Business and the Medical Business were slightly better than those estimated at the beginning of the current fiscal year although the business environment remained uncertain amid the COVID-19 crisis.

As for the hospital business in China, Han Kun International Holdings Limited (hereinafter, "Han Kun") has been working to develop a favorable business environment to strengthen its business platform with a view to business growth in the future. Nihon Trim and Trim Medical Holdings Inc. agreed to combine their receivables from Han Kun with those held by other partners, and all the receivables combined were transferred to a third-party corporation in July this year. As a result, during the first quarter of the current fiscal year, profit attributable to owners of parent increased 567 million yen backed by decreased tax expense. Nihon Trim is currently in negotiation with companies including a major global corporate group towards raising new funds. In the meantime, StemCell Institute Inc., a consolidated subsidiary of Nihon Trim, went public on Mothers of the Tokyo Stock Exchange (Securities code: 7096) on June 25 this year. In connection with this IPO, Nihon Trim has recognized tax expense of 222 million yen associated with the secondary offering of shares in StemCell Institute. Nihon Trim also has revised upward the forecast for profit attributable to owners of parent by 290 million yen, while taking into account tax expense of 54 million yen arising from the sale of additional shares in StemCell Institute by way of over-allotment; the sale of additional shares was implemented in July this year upon the exercise of a green-shoe option by Nomura Securities Co., Ltd.

Results by business segment were as follows.

#### [Water Healthcare Business]

In the electrolyzed hydrogen water (EHW) apparatus business in Japan, workplace and other sales have been severely restricted due to the COVID-19 crisis. However, we have continued to focus on sales mainly to local medium- and small-sized enterprises and our Health and Productivity proposals that aims at lump-sum introduction of the apparatus to corporate customers and to the homes of their employees. Sales to sports teams have continued to increase steadily, driven by the publication of a joint research paper with Ritsumeikan University titled "Effects of electrolyzed hydrogen water ingestion during endurance exercise in a heated environment on body fluid balance and exercise performance" April last year.

June this year, we launched the new product "Trim Ion Refine," a compact version of the highest-end model "Trim Ion Grace" which has adopted the electrolyzed water hemodialysis technology to generate high density hydrogen water and thus is qualified as a controlled medical device. Trim Ion Refine also is affordable and popular as it is priced at about 75% of that of Trim Ion Grace.

In the OEM and wholesale sales division, we have been striving to develop new large accounts, while supporting existing customers in their sales efforts. We are currently negotiating on new contracts, including OEM and joint development of new products, with about 20 companies.

Web marketing, which we have focused on since the previous fiscal year amid the prolonged COVID-19 crisis, has been quite successful - with both the number of requests for brochures, a leading KPI, and the actual number of units sold having reached record highs. We have been steadily paving the way to establish web marketing as a new core sales channel. Specifically, through this channel, we have been striving to reach a new customer base to which we had little access through conventional sales channels, such as workplace sales. In fact, our web marketing, such as livestream marketing on Instagram, has received positive responses from the audience. In July this year, we added new colors "Champagne Gold" and "Platinum Green" to Trim Ion Cure, only available on our shopping website. Now that the number of active users for our owned media has reached as many as slightly less than 10,000 per day, we are determined to upgrade its owned media content to ultimately raise awareness of its EHW apparatus and

improve sales efficiency.

During the first quarter of the current fiscal year, net sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, amounted to 1,226 million yen (down 4.0% year-on-year). This year-on-year decrease in sales is attributable to the temporary surge in sales of the water purification cartridges during the same period last year driven by a rise in health consciousness and an increase in stay-at-home demand under the first state-of-emergency declaration. In fact, many of the users who had not replaced the cartridges for a long time or using the models whose replacement cycle is long rushed to replace their cartridges under the state of emergency. We believe the sales will normalize and grow steadily going forward. We will seek to further improve customer satisfaction and raise the cartridge replacement rate by continuing to enhance customer communication through measures such as the delivery of information to users.

In sales of the EHW apparatus in Japan, we will push forward with sales measures and development initiatives aimed at incremental growth of users to expand the sales of water purification cartridges, which generate a consistent revenue stream as mentioned above, while looking to secure revenues from the sale of the EHW apparatus.

Overseas, in the bottling business in Indonesia, net sales declined 3.7% year-on-year to 297 million yen (during the three months from January through March 2021). During the same period last year (January through March 2020), the COVID-19 had yet to have social impact on the country. Since around March last year, however, the novel coronavirus has been widespread and it has remained uncertain when the virus will be contained. Under these circumstances, sales of beverages in gallon bottles have been growing steadily, helped by strong stay-at-home demand. As for plastic bottled beverages, although sales to in-store sales agents declined due to restrictions on going out, its overall sales have been recovering since April 2021 as the social activities are bouncing back to the new normal post COVID-19 pandemic. Indonesia, which is the world's fourth largest nation in terms of population, has a significant potential for sustainable economic growth, and therefore, the market will likely recover rapidly after the COVID-19 is contained. We will continue to proactively implement measures to expand and diversify the business, including forward-looking investments, in cooperation with local partner Sinar Mas Group.

In the field of research and development, we have published joint research papers with universities. For instance, in May this year, we published a joint research paper with Waseda University on *Antioxidants*, a scientific journal. The paper is about how electrolyzed hydrogen water reduces the damage of alcohol to cultured hepatocyte and the elucidation of this mechanism. Also, in July this year, we published a joint research paper with Tohoku University about how drinking electrolyzed hydrogen water helps improve high insulin resistance in type 2 diabetes on *Diabetology International*, an English journal issued by the Japan Diabetes Society. In the paper, it is noted that drinking electrolyzed hydrogen water is expected to improve the clinical conditions of type 2 diabetics. By the end of this fiscal year, we plan to publish a total of five joint research papers with research partners, such as Tohoku University, and Riken, a national research and development agency, about the effects of drinking electrolyzed hydrogen water. The results of these research and development activities will contribute greatly to expanding and promoting EHW. We will also focus on delivery of information about EHW, which includes press releases by research partners.

In the area of hygiene, we released the results of a test using the hypochlorous acid water generator TRIM JIA and conducted with the cooperation of Nara Medical University, June this year. The test showed that hypochlorous acid water inactivated 99.9% of the novel coronavirus.

As a result of the above, the water healthcare business recorded net sales of 3,553 million yen (up 16.2% year-on-year) with segment profit of 455 million yen (up 6.2% year-on-year).

[Medical Business]

In the electrolyzed water hemodialysis business, we have aimed to establish electrolyzed water hemodialysis as a next-generation global standard treatment. We have installed our electrolyzed water hemodialysis systems for 727 beds in 25 medical facilities. Currently, the total number of patients treated with our electrolyzed water hemodialysis systems has reached more than 2,200, which exceeds the numbers of patients treated with conventional methods, such as about 720 patients treated with dialysis at home, about 600 patients treated with long-term dialysis,

and about 1,860 patients receiving the hybrid treatment combining PD and HD. As these numbers show, electrolyzed water hemodialysis has been increasingly adopted as a new treatment method. At the 66th Annual Meeting of the Japanese Society for Dialysis Therapy held in June this year, the results of a survey targeted at 950 patients at 10 facilities treated with electrolyzed water hemodialysis during 2020 were reported. According to the report, the crude death rate of these patients during the year was 3.7%, which is far less than the average crude death rate in Japan of 10.1%. The results of many other surveys at medical facilities showing that electrolyzed water hemodialysis helps improve the QOL of targeted patients were also reported, including a case in which the electrolyzed water hemodialysis helped improve peripheral blood flow and nutritional conditions of patients. In July this year, we also published a joint research paper with St. Luke's International Hospital, Tohoku University Hospital, and Yokodai Central Clinic operated by Houshinkai, Inc. on *Renal Replacement Therapy*, a western language academic journal of the Japanese Society for Dialysis Therapy. The paper has revealed that electrolyzed water hemodialysis helps curb the rise in oxidant stress and mitigate fatigue from dialysis, whereby making a significant progress in terms of elucidation of the mechanism. The paper has been highly evaluated, and thus, was selected as a featured article for the journal.

We have worked to strengthen cooperative relations with sales agents and pushed forward with web marketing, although preventive measures against COVID-19, such as restrictions on visiting medical facilities, have continued to affect our sales activities. We are now negotiating concrete terms with 41 facilities.

In the area of regenerative medicine, StemCell Institute Inc. went public on Mothers of the Tokyo Stock Exchange on June 25 this year. As of the end of July, the Group's shareholding in StemCell Institute Inc. stood at 72.57%. The valuation of its shares has far exceeded the offering price, and the company has been striving to enhance its business from a medium- to long-term perspective so as to meet the expectations of all its shareholders. During the first quarter of the current fiscal year, the company performed strongly, having recorded higher net sales than any first quarter in history and 119.3% year-on-year increase in operating profit. StemCell Institute Inc. has announced its earnings results for the first quarter of the fiscal year ending March 31, 2022 on August 5, as we did on the same date. For details, please refer to the Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 of StemCell Institute Inc.

As for the hospital business in China, the number of outpatients has been increasing gradually since the hospital started to provide the treatment covered by public insurance in February this year. We aim to turn the business profitable on monthly basis by the end of the current fiscal year. The number of diabetics is projected to reach 320 million in 2025 in China, and the number of patients receiving hemodialysis has been soaring. Under this circumstance, we believe that Japanese-style medical services, such as electrolyzed water hemodialysis, have a significant growth potential. We will continue efforts to enhance the hospital business in China in cooperation with our partners.

As a result of the above, the medical business recorded net sales of 444 million yen (up 15.6% year-on-year) with segment profit of 32 million yen (up 19.5% 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 845 million yen, or 3.4%, from the end of the previous fiscal year to 25,777 million yen. The main factor is an increase of 676 million yen in cash and deposits.

Total liabilities decreased 1,057 million yen, or 14.9%, from the end of the previous fiscal year to 6,051 million yen. The main factor is a decrease of 996 million yen in current portion of long-term borrowings.

Net assets increased 1,903 million yen, or 10.7%, from the end of the previous fiscal year to 19,726 million yen. The main factors are recordings of profit attributable to owners of parent of 664 million yen and capital surplus of 1,624 million yen, which were partially offset by payment of dividends of 466 million yen.

**(3) Explanation of the Future Outlook, including Consolidated Performance Forecasts**

Nihon Trim has reviewed the current performance trends and made an upward revision to the first half and full-year consolidated forecasts for the fiscal year ending March 31, 2022, which was announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021” dated May 13, 2021. For more information, please refer to the press release titled “Notice of upward revision to consolidated forecasts and recognition of deferred income tax benefit” (Japanese version only) dated today August 5, 2021.

Earnings forecasts are based on assumptions judged to be valid and information currently available to Nihon Trim. Actual results may differ significantly from these forecasts for a number of factors.

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

(Thousands of yen)

	FY3/21 (As of Mar. 31, 2021)	First quarter of FY3/22 (As of Jun. 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	10,427,024	11,103,463
Notes and accounts receivable-trade	1,947,502	1,360,496
Accounts receivable-installment	2,582,333	2,569,359
Securities	300,335	511,372
Finished goods	291,322	530,158
Raw materials and supplies	685,695	764,030
Other	231,179	275,219
Allowance for doubtful accounts	(23,634)	(20,170)
Total current assets	16,441,758	17,093,929
Non-current assets		
Property, plant and equipment		
Land	2,465,454	2,466,920
Other, net	1,754,220	1,784,771
Total property, plant and equipment	4,219,674	4,251,692
Intangible assets		
Goodwill	460,268	450,988
Other	246,370	321,216
Total intangible assets	706,638	772,205
Investments and other assets		
Investment securities	2,594,034	2,077,388
Other	1,019,433	1,632,137
Allowance for doubtful accounts	(49,698)	(49,698)
Total investments and other assets	3,563,769	3,659,827
Total non-current assets	8,490,083	8,683,725
Total assets	24,931,841	25,777,655
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	846,867	604,446
Current portion of long-term borrowings	1,007,350	10,880
Income taxes payable	577,471	305,426
Advances received	2,399,395	2,557,077
Provision for bonuses	163,408	60,115
Provision for product warranties	45,000	48,000
Provision for sales returns	13,000	-
Provision for loss on contract	55,272	38,870
Other	1,225,436	1,634,225
Total current liabilities	6,333,201	5,259,042
Non-current liabilities		
Long-term borrowings	11,930	6,300
Provision for retirement benefits for directors (and other officers)	227,645	229,168
Retirement benefit liability	301,791	307,373
Other	234,786	249,633
Total non-current liabilities	776,153	792,474
Total liabilities	7,109,355	6,051,517

	(Thousands of yen)	
	FY3/21	First quarter of FY3/22
	(As of Mar. 31, 2021)	(As of Jun. 30, 2021)
Net assets		
Shareholders' equity		
Share capital	992,597	992,597
Capital surplus	645,814	2,270,625
Retained earnings	19,329,963	19,198,018
Treasury shares	(3,473,417)	(3,473,417)
Total shareholders' equity	17,494,956	18,987,823
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,194	1,841
Foreign currency translation adjustment	(77,320)	(55,247)
Remeasurements of defined benefit plans	(5,600)	(5,936)
Total accumulated other comprehensive income	(80,726)	(59,342)
Share acquisition rights	28,720	28,720
Non-controlling interests	379,535	768,937
Total net assets	17,822,486	19,726,138
Total liabilities and net assets	24,931,841	25,777,655

**(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 FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	3,441,806	3,998,489
Cost of sales	1,010,237	1,161,446
Gross profit	2,431,569	2,837,042
Selling, general and administrative expenses	1,975,787	2,349,522
Operating profit	455,781	487,519
Non-operating income		
Interest and dividend income	5,286	5,618
Share of profit of entities accounted for using equity method	-	210
Rental income from real estate	19,588	19,588
Foreign exchange gains	1,517	114
Other	10,693	11,323
Total non-operating income	37,086	36,856
Non-operating expenses		
Interest expenses	446	1,845
Share of loss of entities accounted for using equity method	1,037	-
Depreciation of assets for rent	3,922	3,431
Provision of allowance for doubtful accounts	2,615	418
Share issuance costs	-	3,422
Going public expenses	-	9,202
Other	2,132	2,323
Total non-operating expenses	10,154	20,643
Ordinary profit	482,713	503,732
Profit before income taxes	482,713	503,732
Income taxes-current	92,204	272,344
Income taxes-deferred	63,792	(456,263)
Total income taxes	155,997	(183,919)
Profit	326,716	687,651
Profit attributable to non-controlling interests	27,123	22,881
Profit attributable to owners of parent	299,592	664,769

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

	(Thousands of yen)	
	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)
Profit	326,716	687,651
Other comprehensive income		
Valuation difference on available-for-sale securities	2,053	(352)
Foreign currency translation adjustment	(57,175)	30,616
Remeasurements of defined benefit plans, net of tax	758	(1,232)
Share of other comprehensive income of entities accounted for using equity method	(73)	421
Total other comprehensive income	(54,436)	29,452
Comprehensive income	272,279	717,104
Comprehensive income attributable to:		
Owners of parent	271,670	686,153
Non-controlling interests	608	30,950

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

Not applicable.

**Significant Changes in Shareholders' Equity**

As part of its IPO on Mothers of the Tokyo Stock Exchange on June 25, 2021, StemCell Institute Inc., a consolidated subsidiary of Nihon Trim, issued new shares to sell in a primary offering. In addition, as part of the IPO, Trim Medical Holdings Inc., another consolidated subsidiary of Nihon Trim, sold part of its shareholding in StemCell Institute in a secondary offering. As a result, during the first quarter of the fiscal year ending March 31, 2022, capital surplus increased 1,624,811 thousand yen to 2,270,625 thousand yen at the end of the first quarter of the current fiscal year.

**Changes in Accounting Policies****Application of the Accounting Standard for Revenue Recognition**

Nihon Trim has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers. Following the changes in accounting policies, sales of EHW apparatus and water purification cartridges, which were recognized together with repair and warranty services and recognized upon shipment, will be recognized upon fulfillment of relevant obligations including the reception of products by customers and the completion of installation of products, independently of the obligations relevant to the repair and warranty services, while revenues from the repair and warranty services will be recognized over the warranty period. In addition, in transactions where part of sales agents acted as representatives, although we had traditionally recognized the amount of payment by customers less the amount of commissions to sales agents as revenues, we will recognize the gross amount of payment by customers as revenues and recognize the amount of commissions to sales agents as expense. Also, with StemCell Institute, the split fees, which were traditionally recognized upon cell separation, will be recognized over the period of installment payment.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional measures prescribed in the proviso of Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting policies, if it is applied prior to the first quarter of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year. The new accounting policies are then applied beginning with this amount of retained earnings.

As a result, net sales increased 193,733 thousand yen, cost of sales increased 27,535 thousand yen, and selling, general and administrative expenses increased 106,036 thousand yen. Operating profit, ordinary profit and profit before income taxes increased 60,161 thousand yen each in the first quarter of the current fiscal year. In addition, there was a decrease of 330,199 thousand yen in retained earnings at the beginning of the current fiscal year.

Furthermore, in accordance with the transitional measures prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), Nihon Trim has not presented information on revenue from contracts with customers broken down for the first quarter of the previous fiscal year.

**Application of the Accounting Standard for Fair Value Measurement**

Nihon Trim has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly consolidated financial statements.

## 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 FY3/22 (Apr. 1, 2021 – Jun. 30, 2021)

	Reportable segment			Adjustments	(Thousands of yen)
	Water Healthcare	Medical	Subtotal		Amounts recorded in quarterly consolidated statement of income (Note)
Net sales					
Sales to external customers	3,553,554	444,935	3,998,489	-	3,998,489
Inter-segment sales and transfers	-	-	-	-	-
Total	3,553,554	444,935	3,998,489	-	3,998,489
Segment profit	455,510	32,008	487,519	-	487,519

Note: The segment profit is consistent with the operating profit of the quarterly consolidated statement of income.

## Business Combinations

### Transaction under common control

Issuance of new shares by way of primary offering by a consolidated subsidiary and sale of shareholding in the subsidiary by another consolidated subsidiary

As part of its IPO on Mothers of the Tokyo Stock Exchange on June 25, 2021, StemCell Institute Inc., a consolidated subsidiary of Nihon Trim, issued new shares (256,200 shares of common stock) to sell in a primary offering. In addition, as part of the IPO, Trim Medical Holdings Inc., another consolidated subsidiary of Nihon Trim, sold part of its shareholding (513,700 shares of common stock) in StemCell Institute in a secondary offering.

#### (1) Summary of transaction

##### 1) Main purpose of transaction

The main purpose of the transaction is to increase awareness and creditworthiness of StemCell Institute Inc., diversify the methods of funding its capital investments, R&D, etc., on its own for further expanding its business, and ultimately improve the corporate value of the Nihon Trim Group.

##### 2) Name and content of business of the company party to business combination

Name of the company party to the business combination: StemCell Institute Inc. (a consolidated subsidiary of Nihon Trim)

Content of business: Cell banking business, engaged in treatment and storage of perinatal tissue-derived stem cells

##### 3) Date of business combination

June 25, 2021

##### 4) Legal method of combination

Issuance of new shares by way of primary offering and sales of part of shares in a subsidiary to a non-controlling shareholder resulting in no changes in the scope of consolidation

##### 5) Name of the company after combination

Unchanged

## (2) Summary of accounting treatment

The transaction was treated as a transaction with a non-controlling shareholder among transactions under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

**Subsequent Events**

## Sales of part of shares in a subsidiary

As part of the IPO of StemCell Institute Inc. (hereinafter, “StemCell Institute”), a consolidated subsidiary of Nihon Trim, Trim Medical Holdings Inc. (hereinafter, “Trim Medical Holdings”), another consolidated subsidiary of Nihon Trim, sold part of its shareholding (shares of common stock) in StemCell Institute in a secondary offering. Of the shares sold in the secondary offering in relation to the shares sold by way of overallotment, Trim Medical Holdings had granted a green-shoe option to Nomura Securities Co., Ltd. Upon exercise of the green-shoe option on July 21, 2021, part of Trim Medical Holdings’ shares in StemCell Institute were sold to Nomura Securities Co., Ltd. with July 27, 2021 as the settlement date.

## (1) Summary of transaction

## 1) Name and content of business of the subsidiary

Name of the subsidiary: StemCell Institute Inc. (a consolidated subsidiary of Nihon Trim)

Content of business: Cell banking business, engaged in treatment and storage of perinatal tissue-derived stem cells

## 2) Date of sale of shares

July 27, 2021

## 3) Number of shares sold

124,600 shares

## 4) Amount of sales proceeds

320,969 thousand yen

## 5) Shareholding after the sale

72.57%

## 6) Legal method of combination

Sale of part of shares in a subsidiary to a non-controlling shareholder resulting in no changes in the scope of consolidation

## (2) Summary of accounting treatment

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), as a transaction falling under transactions with non-controlling shareholders among transactions under common control, we will subtract the amount corresponding to the shares sold from the current amount of Nihon Trim’s shareholding in the subsidiary and add the corresponding amount to non-controlling interests, and then recognize the difference between the decrease in the amount of the shareholding due to the sales and the amount of sales proceeds as capital surplus.

*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.*