

**Summary of Consolidated Financial Results for
the Second Quarter of the Fiscal Year Ending March 31, 2024
(Six Months Ended September 30, 2023)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: November 10, 2023
 Scheduled date of dividend payment: –
 Supplementary materials for quarterly results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors)

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

**1. Consolidated Financial Results for the Six Months Ended September 30, 2023
(April 1, 2023–September 30, 2023)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2023	10,452	15.1	1,686	38.1	1,764	36.3	1,193	40.8
Six months ended Sep. 30, 2022	9,081	8.0	1,220	0.6	1,294	3.3	847	(41.8)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2023: 1,386 (up 32.5%)
 Six months ended Sep. 30, 2022: 1,046 (down 32.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	155.76	–
Six months ended Sep. 30, 2022	110.60	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2023	30,053	22,543	71.0	2,784.40
As of Mar. 31, 2023	29,046	22,128	72.4	2,743.39

Reference: Shareholders' equity (million yen) As of Sep. 30, 2023: 21,342 As of Mar. 31, 2023: 21,028

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	–	0.00	–	120.00	120.00
Fiscal year ending Mar. 31, 2024	–	0.00	–	–	–
Fiscal year ending Mar. 31, 2024 (forecasts)	–	–	–	85.00	85.00

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

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

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	19,800	10.3	2,720	14.4	2,850	13.3	1,870	13.6	243.96

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

*** Notes**

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

Newly added: –

Excluded: –

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

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

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

(4) Number of shares issued (common shares)

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

As of Sep. 30, 2023: 8,656,780 shares

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

(ii) Number of treasury shares at end of period

As of Sep. 30, 2023: 991,667 shares

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

(iii) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023: 7,665,113 shares

Six months ended Sep. 30, 2022: 7,665,694 shares

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

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements, and other special items

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company, and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of the Future Outlook, including Consolidated Performance Forecasts” on page 4 of the attachments for assumptions for forecasts and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the current fiscal year, the Nihon Trim Group (the Group) reported net sales of 10,452 million yen (up 15.1% year on year) with operating profit, ordinary profit, and profit attributable to owners of parent of 1,686 million yen (up 38.1% year on year), 1,764 million yen (up 36.3% year on year), and 1,193 million yen (up 40.8% year on year), respectively. Notably, the Group recorded new highs in quarterly net sales, operating profit, and ordinary profit.

In the workplace sales division of the electrolyzed hydrogen water (EHW) apparatus sales business, net sales far exceeded those for the same period a year ago. This was because the number of units ordered each month remained above the level a year earlier, after hitting a monthly all-time high of 5,064 units ordered in June 2023. Furthermore, the price revision also contributed to boosting net sales. The other direct sales divisions, the indirect sales divisions, and the Group's businesses have also been performing favorably, and thus strong progress has been made at a pace faster than the initial forecast announced on May 11, 2023.

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

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

Results by business segment were as follows.

Water Healthcare Business

In the EHW apparatus sales business, domestic sales of EHW apparatus during the first half of the current fiscal year increased 19.8% year on year to 4,808 million yen.

As stated above, the workplace sales division received a larger number of units ordered every month compared with a year ago, after achieving a record high in monthly number of units ordered in June 2023. This was largely due to the recovery in the number of seminars held during the first half of the current fiscal year to the pre-pandemic level, backed by the normalization of marketing activities as the pandemic ended. The strong orders were also greatly attributable to the effect of the efforts we have made since last year to enhance sales capabilities. Both in the installation and referral sales division and the in-store event sales division, visitors to exhibitions and other events have returned to the pre-pandemic level, resulting in a performance surpassing the same period a year ago. Against the backdrop of this situation, we will strive to strengthen our sales capabilities and increase sales personnel.

In the OEM and wholesale sales division, net sales soared 65.9% year on year. Behind this was a significant increase in the number of shipments owing to successful campaign measures taken by existing OEM partners and the favorable progress of deals with new OEM partners that started in May 2023. For overseas business, we expect multiple deals to start at once in the second half of the current fiscal year, not only in Vietnam, where we have already received inquiries, but also in other Southeast Asian countries including India, Thailand, the Philippines, and Myanmar, partly due to the recent depreciation of yen.

The web marketing division, which saw a sales decline in reaction to a rush demand before the price revisions in March 2023, has now returned to normal. Accordingly, net sales of the division surpassed those for the same period a year ago. We continue to focus on developing the Group's owned media in a bid to increase the sales volume while endeavoring to increase the purchase rate by improving the efficiency of our sales process.

Net sales of water purification cartridges in Japan, which generate a consistent revenue stream once an EHW apparatus is installed, amounted to 2,820 million yen (up 9.2% year on year). The sales of the cartridges have now returned to normal despite a temporary decline affected by a reaction to a last-minute surge in demand before the

price revisions in April 2023.

In PT. SUPER WAHANA TEHNO, a bottled water business in Indonesia, the number of shipments grew after a slowdown in plastic bottle sales during the first half of the fiscal year ending December 31, 2023 (January 1–June 30). The slowdown was caused by substantial changes in wholesale routes for plastic bottles in January 2023 to acquire new agencies and improve profitability, which have now been completed. On top of this, the first provision of TV commercials in February and March this year began to bear fruit and contributed to sales. As a result, net sales amounted to 963 million yen (up 15.1% year on year), hitting new record highs in monthly net sales of both plastic bottles and gallon bottles. On the profitability front, PT. SUPER WAHANA TEHNO recorded an operating loss of 100 million yen in the first quarter of the current fiscal year (January 1–March 31). This was attributable to aggressive upfront investments in marketing with an eye toward the next fiscal year and beyond, including the provision of TV commercials. In the second quarter (April 1–June 30), however, it recorded an operating profit of 46 million yen due to the effects of above-mentioned changes in wholesale routes and strengthened marketing measures. Consequently, PT. SUPER WAHANA TEHNO reported an operating loss of 54 million yen during the first half of the fiscal year ending December 31, 2023, compared with an operating profit of 101 million yen a year earlier. In this way, operating loss in the first quarter resulting from the upfront investments has narrowed faster than expected.

In the field of research and development, we established the Essential Health Care Science Collaborative Research Program with Kobe University in April this year. In addition, we have continued to work on research aimed at identifying the mechanism for the benefits of EHW as well as looking for new business seeds jointly with RIKEN, the University of Tokyo, Tohoku University, Waseda University, and others. At present, we have submitted one paper for publication and plan to submit four more papers by the end of this fiscal year.

As a result of the above, the water healthcare business recorded net sales of 9,160 million yen (up 15.6% year on year) with segment profit of 1,491 million yen (up 37.8% year on year).

Medical Business

In the electrolyzed water hemodialysis business, we have been carrying on business talks with a number of facilities. They are among those that participated in the 68th Annual Meeting of the Japanese Society for Dialysis Therapy, held at Kobe International Conference Center in June 2023, and they showed great interest in introducing electrolyzed water hemodialysis. Additionally, we are working on expanding the fields of activities by, for example, holding seminars at organizations such as the Japanese Society of Nephrology, the Japanese Society of Renal Rehabilitation, and the Association for Clinical Engineers around the country. We are also focusing on seeking new contract opportunities by bolstering cooperation with agencies. Meanwhile, we will endeavor to raise awareness of electrolyzed water hemodialysis among dialysis patients by conducting public relations activities.

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

In the field of regenerative medicine, StemCell Institute Inc. (listed on TSE Growth Market, Securities Code 7096, our share 72.1%) reached another new record high in quarterly net sales in the second quarter of the fiscal year ending March 31, 2024, as it did in the first quarter. The company published its earnings results for the six months ended September 30, 2023, on November 8 this year, the same date as did the Group. For details, please refer to the StemCell Institute’s Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024.

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

As a result of the above, the medical business recorded net sales of 1,292 million yen (up 11.9% year on year) with segment profit of 194 million yen (up 40.9% year on year).

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

the Group will contribute to the realization of a sustainable society and achieve sustainable enhancement of its corporate and shareholder value.

(2) Explanation of Financial Position

Total assets at the end of the second quarter of the current fiscal year on a consolidated basis increased 1,006 million yen, or 3.5%, from the end of the previous fiscal year to 30,053 million yen. The main factors were increases in cash and deposits of 473 million yen, notes and accounts receivable-trade of 431 million yen, and finished goods of 102 million yen.

Total liabilities increased 592 million yen, or 8.6%, from the end of the previous fiscal year to 7,510 million yen. The main factors were increases in advances received of 198 million yen, accounts payable-other included in other current liabilities of 144 million yen, and income taxes payable of 85 million yen.

Net assets increased 414 million yen, or 1.9%, from the end of the previous fiscal year to 22,543 million yen. The main factors were the recognition of profit attributable to owners of parent of 1,193 million yen and increases in non-controlling interests of 100 million yen as well as a foreign currency translation adjustment of 74 million yen, which were partially offset by a fall in retained earnings resulting from dividend payments of 971 million yen.

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

There are no revisions to the full-year consolidated forecast for the fiscal year ending March 31, 2024, which was announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023,” dated May 11, 2023.

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

(Thousands of yen)

	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	12,795,930	13,269,917
Notes and accounts receivable-trade	5,160,185	5,591,694
Securities	–	1,006,113
Finished goods	488,000	590,957
Raw materials and supplies	1,089,184	1,063,322
Other	387,770	274,085
Allowance for doubtful accounts	(26,712)	(26,979)
Total current assets	19,894,358	21,769,111
Non-current assets		
Property, plant and equipment		
Land	2,575,831	2,581,697
Other, net	1,800,577	1,917,674
Total property, plant and equipment	4,376,409	4,499,372
Intangible assets		
Goodwill	386,029	367,470
Other	274,707	234,748
Total intangible assets	660,737	602,218
Investments and other assets		
Investment securities	2,801,696	1,882,415
Other	1,363,477	1,349,638
Allowance for doubtful accounts	(49,698)	(49,113)
Total investments and other assets	4,115,475	3,182,940
Total non-current assets	9,152,622	8,284,531
Total assets	29,046,980	30,053,642
Liabilities		
Current liabilities		
Accounts payable-trade	525,012	520,851
Income taxes payable	541,156	626,983
Advances received	3,334,295	3,532,683
Provision for bonuses	178,458	180,895
Provision for product warranties	73,000	92,000
Other	1,253,451	1,355,498
Total current liabilities	5,905,375	6,308,913
Non-current liabilities		
Provision for share-based payments	–	43,300
Provision for retirement benefits for directors (and other officers)	280,159	284,099
Retirement benefit liability	360,343	382,193
Other	372,479	491,937
Total non-current liabilities	1,012,982	1,201,530
Total liabilities	6,918,358	7,510,443

	(Thousands of yen)	
	FY3/23	Second quarter of FY3/24
	(As of Mar. 31, 2023)	(As of Sep. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	992,597	992,597
Capital surplus	1,823,945	1,823,945
Retained earnings	21,660,473	21,882,624
Treasury shares	(3,448,032)	(3,448,032)
Total shareholders' equity	21,028,983	21,251,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,159	18,081
Foreign currency translation adjustment	(89)	74,567
Remeasurements of defined benefit plans	(1,627)	(1,059)
Total accumulated other comprehensive income	(557)	91,588
Non-controlling interests	1,100,196	1,200,475
Total net assets	22,128,622	22,543,199
Total liabilities and net assets	29,046,980	30,053,642

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Six-month Period)**

(Thousands of yen)

	First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)
Net sales	9,081,037	10,452,775
Cost of sales	2,787,798	3,082,010
Gross profit	6,293,238	7,370,764
Selling, general and administrative expenses	5,072,426	5,684,573
Operating profit	1,220,812	1,686,191
Non-operating income		
Interest and dividend income	11,192	13,591
Share of profit of entities accounted for using equity method	3,439	8,514
Rental income from real estate	41,230	41,337
Foreign exchange gains	4,570	2,865
Surrender value of insurance policies	–	5,305
Other	22,975	27,621
Total non-operating income	83,407	99,236
Non-operating expenses		
Interest expenses	548	1,640
Depreciation of assets for rent	7,526	7,217
Provision of allowance for doubtful accounts	–	300
Loss on cancellation of insurance policies	–	4,758
Other	1,163	6,824
Total non-operating expenses	9,237	20,741
Ordinary profit	1,294,983	1,764,686
Extraordinary income		
Gain on sale of non-current assets	628	2,012
Gain on sale of investment securities	–	22,327
Gain on reversal of share acquisition rights	28,720	–
Gain on reversal of office transfer expenses	–	1,829
Total extraordinary income	29,348	26,168
Profit before income taxes	1,324,331	1,790,855
Income taxes-current	312,530	587,988
Income taxes-deferred	85,535	(25,201)
Total income taxes	398,065	562,787
Profit	926,266	1,228,068
Profit attributable to non-controlling interests	78,453	34,155
Profit attributable to owners of parent	847,812	1,193,912

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

	(Thousands of yen)	
	First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)
Profit	926,266	1,228,068
Other comprehensive income		
Valuation difference on available-for-sale securities	149	22,638
Foreign currency translation adjustment	118,228	134,495
Remeasurements of defined benefit plans, net of tax	665	406
Share of other comprehensive income of entities accounted for using equity method	859	729
Total other comprehensive income	119,901	158,270
Comprehensive income	1,046,168	1,386,338
Comprehensive income attributable to:		
Owners of parent	921,435	1,286,059
Non-controlling interests	124,732	100,279

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/23 (Apr. 1, 2022–Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	1,324,331	1,790,855
Depreciation	192,021	208,740
Amortization of goodwill	18,559	18,559
Increase (decrease) in allowance for doubtful accounts	1,653	(792)
Increase (decrease) in provision for bonuses	9,178	2,436
Increase (decrease) in provision for share-based payments	–	43,300
Interest and dividend income	(11,192)	(13,591)
Interest expenses	548	1,640
Share of loss (profit) of entities accounted for using equity method	(3,439)	(8,514)
Loss (gain) on sale of investment securities	–	(22,327)
Subsidy income	–	(1,049)
Gain on reversal of share acquisition rights	(28,720)	–
Decrease (increase) in trade receivables	(545,850)	(398,201)
Decrease (increase) in inventories	(12,500)	(60,461)
Increase (decrease) in trade payables	(20,730)	(22,973)
Increase (decrease) in advances received	185,722	198,362
Increase (decrease) in accrued consumption taxes	97,180	(63,182)
Other, net	67,613	299,013
Subtotal	1,274,375	1,971,814
Interest and dividends received	22,333	18,369
Subsidies received	–	1,049
Interest paid	(548)	(1,640)
Income taxes paid	(118,651)	(495,857)
Net cash provided by (used in) operating activities	1,177,509	1,493,735
Cash flows from investing activities		
Proceeds from redemption of securities	500,000	–
Purchase of investment securities	(16)	(99,900)
Proceeds from sale of investment securities	–	72,327
Purchase of property, plant and equipment	(128,496)	(227,074)
Purchase of intangible assets	(50,635)	(4,876)
Purchase of shares of subsidiaries and associates	(100,000)	–
Proceeds from cancellation of insurance funds	–	63,482
Other, net	10,666	46,690
Net cash provided by (used in) investing activities	231,516	(149,350)
Cash flows from financing activities		
Repayments of long-term borrowings	(7,350)	–
Purchase of treasury shares	(5,436)	–
Dividends paid	(459,512)	(970,623)
Other, net	(14,095)	(13,927)
Net cash provided by (used in) financing activities	(486,395)	(984,550)
Effect of exchange rate change on cash and cash equivalents	91,268	114,152
Net increase (decrease) in cash and cash equivalents	1,013,899	473,986
Cash and cash equivalents at beginning of period	11,878,323	12,795,930
Cash and cash equivalents at end of period	12,892,223	13,269,917

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

1. Overview of reportable segment

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

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

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

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

First six months of FY3/24 (Apr. 1, 2023–Sep. 30, 2023)

(Thousands of yen)

	Reportable segment			Adjustments	Amounts recorded in quarterly consolidated statement of income (Note)
	Water Healthcare	Medical	Subtotal		
Net sales					
Sales to external customers	9,160,245	1,292,529	10,452,775	–	10,452,775
Inter-segment sales and transfers	–	–	–	–	–
Total	9,160,245	1,292,529	10,452,775	–	10,452,775
Segment profit	1,491,902	194,288	1,686,191	–	1,686,191

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

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.