

May 14, 2024

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024**

[Japanese GAAP]

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Scheduled date of Annual General Meeting of Shareholders: June 25, 2024  
 Scheduled date of filing of Annual Securities Report: June 26, 2024  
 Scheduled date of dividend payment: June 26, 2024  
 Supplementary materials for financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors)

*(All amounts are rounded down to the nearest million yen)***1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)**

(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	%
Fiscal year ended Mar. 31, 2024	20,414	13.7	3,080	29.5	3,227	28.3	2,150	30.6
Fiscal year ended Mar. 31, 2023	17,951	10.3	2,378	19.0	2,515	20.2	1,646	(15.2)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2024: 2,470 (up 35.7%)

Fiscal year ended Mar. 31, 2023: 1,820 (down 15.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2024	280.51	–	9.9	10.7	15.1
Fiscal year ended Mar. 31, 2023	214.78	–	8.1	9.0	13.2

Reference: Investment gain (loss) by equity method (million yen) Fiscal year ended Mar. 31, 2024: 2

Fiscal year ended Mar. 31, 2023: 1

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	31,544	23,627	70.7	2,911.21
As of Mar. 31, 2023	29,046	22,128	72.4	2,743.39

Reference: Shareholders' equity (million yen) As of Mar. 31, 2024: 22,314 As of Mar. 31, 2023: 21,028

## (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2024	2,973	(882)	(998)	13,959
Fiscal year ended Mar. 31, 2023	1,937	(551)	(500)	12,795

**2. Dividends**

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2023	–	0.00	–	120.00	120.00	971	55.9	4.5
Fiscal year ended Mar. 31, 2024	–	0.00	–	85.00	85.00	688	30.3	3.0
Fiscal year ending Mar. 31, 2025 (forecasts)	–	0.00	–	95.00	95.00		29.5	

Note: The year-end dividend for the year ended Mar. 31, 2023 is made up of ordinary dividend 80.00 yen and commemorative dividend 40.00 yen.

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)**

(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	11,250	7.6	1,720	2.0	1,790	1.4	1,260	5.5	164.38
Full year	22,800	11.7	3,570	15.9	3,700	14.7	2,470	14.9	322.24

**\* 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) 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

(3) Number of outstanding shares (common shares)

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

As of Mar. 31, 2024: 8,656,780 shares

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

(ii) Number of treasury shares at end of period

As of Mar. 31, 2024: 991,758 shares

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

(iii) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2024: 7,665,091 shares

Fiscal year ended Mar. 31, 2023: 7,665,415 shares

Note: The Company has adopted the Employee Stock Ownership Plan (J-ESOP) since the previous quarterly consolidated accounting period. The company shares held by this trust is 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 financial report is not subject to audit 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. Overview of Results of Operations, etc., (4) Future Outlook” on page 5 of the attachments for assumptions for forecasts and notes of caution for usage.

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## 1. Overview of Results of Operations, etc.

### (1) Overview of Results of Operations for the Current Fiscal Year

The Nihon Trim Group (“the Group”) is committed to “contributing to the creation of healthy and comfortable lives” under its corporate philosophy. 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.

During the current fiscal year, the Group’s net sales increased 13.7% year on year to 20,414 million yen, hitting a record high. The Group’s operating profit increased 29.5% to 3,080 million yen, ordinary profit increased 28.3% to 3,227 million yen, and profit attributable to owners of parent increased 30.6% to 2,150 million yen.

With regard to the consolidated forecast announced on May 11, 2023, the results were better than expected with net sales, operating profit, ordinary profit, and profit attributable to owners of parent reaching 103.1%, 113.3%, 113.2%, and 115.0% of the consolidated forecast, respectively.

The EHW apparatus sales division recovered as the COVID-19 pandemic subsided, and the Group’s businesses demonstrated strong performance overall as evident in achievements such as PT.SUPER WAHANA TEHNO, a bottled water business in Indonesia, and StemCell Institute Inc. in the field of regenerative medicine hitting record highs in net sales. We believe that the Group is entering a new period of growth.

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.

For the fiscal year ending March 31, 2025, we plan to hit a new record high in net sales in addition to achieving record highs in operating profit and ordinary profit, with net sales of 22,800 million yen (up 11.7% year on year), operating profit of 3,570 million yen (up 15.9% year on year), ordinary profit of 3,700 million yen (up 14.7% year on year), and profit attributable to owners of parent of 2,470 million yen (up 14.9% year on year).

As set in its basic capital policy, the Group intends to pay progressive dividends, as long as there is no significant impact on business performance, while ensuring financial soundness based on a target ROE (return on equity) of 10% or more and a DOE (dividend on equity ratio) of 3%.

ROE for the current fiscal year stood at 9.9%. For the next fiscal year, we plan to achieve 10.6%.

We plan to pay a dividend of 85 yen per share (resulting in a DOE of 3.0%). For the next fiscal year, we plan to increase our dividend forecast by 10 yen from 85 yen per share to 95 yen per share (resulting in a DOE of 3.1%).

Results by business segment were as follows.

#### Water Healthcare Business

In the EHW apparatus sales business, domestic sales of EHW apparatus for the current fiscal year increased 12.9% year on year to 9,020 million yen.

In the workplace sales division, marketing activities returned to normal and seminar numbers recovered to the pre-pandemic level. In addition, the development of new sales channels in the sports and beauty care fields continues to progress favorably. In the effort to increase sales personnel we have been focusing on since the previous fiscal

year, progress has been made on the recruitment of new personnel that satisfy the Company's requirements by strengthening partnerships with recruiting companies, and we are finally seeing brighter prospects on the realization of our target system. In the installation and referral sales division, we resumed events for users and are focusing on new referrals by current users. In the in-store event sales division, exhibition numbers and the number of visitors thereto have returned to pre-COVID levels and business performance is continuing to recover.

In the OEM and wholesale sales division, net sales increased significantly by 52.8% year on year to 1,300 million yen. The number of domestic shipments recovered due to the renewed ability to engage in active development of sales support activities for existing OEM partners as the COVID-19 pandemic subsided and the smooth start of business with new customers. For overseas business, shipments to Vietnam increased while deals with Hong Kong and the Philippines started. We are also discussing specific business opportunities in other Asian nations with a plan to further expand overseas business in the future.

In the web marketing division, the current sales volume has reached a level that can be maintained in a stable manner. In order to further grow business performance and work toward stepping up to the next stage, the division has focused on developing owned media while enhancing the purchase rate by increasing efficiency of the sales process.

With regard to water purification cartridges in Japan, which generate a consistent revenue stream once an EHW apparatus is installed, net sales for the current fiscal year increased 5.8% year on year to 5,348 million yen. This was attributable to the price revisions implemented in April 2023.

Overseas, net sales of PT. SUPER WAHANA TEHNO, a bottled water business in Indonesia, increased 38.4% year on year to a record high of 2,267 million yen. On the profitability front, a deficit progressed until the third quarter due to upfront investments in the first provision of TV commercials and other promotions. However, as a result of the substantial change in wholesale routes implemented in January 2023 and the strengthening of the promotions stated above having produced the intended results, we recorded an operating profit of 98 million yen for the full year. PT. SUPER WAHANA TEHNO has set a long-term target of 1 trillion rupiah (9,600 million yen, 1 rupiah = 0.0096 yen) in sales with the Sinar Mas Group, a local partner. For the next fiscal year, our policy is to continue aggressive upfront investments with an eye toward the future while further growing net sales.

In the field of research and development, we have continuously worked 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, such as "Essential Health Care Science Collaborative Research Program" with Kobe University. In January this year, in collaboration with Tohoku University School of Medicine and St. Luke's International Hospital, Antioxidants, a journal by Swiss-based publisher MDPI, released a reviewed paper on the results of research on the application of EHW for management of chronic kidney disease that has been conducted since 2006. Following this development in March, a reviewed paper was released in the same publication in collaboration with RIKEN on the results of contemporary research conducted on the diverse health benefits provided by EHW, including antioxidant, anti-inflammatory, analgesic, anti-fatigue, anti-apoptotic, anti-diabetic, and anti-tumor effects. Four additional papers are currently in the process of being submitted and we are preparing to submit two more in the near future.

As a result of the above, the water healthcare business recorded net sales of 17,777 million yen (up 13.5% year on year), with segment profit of 2,688 million yen (up 26.2% year on year).

### **Medical Business**

In the electrolyzed water hemodialysis (\*1) business, net sales decreased 48.0% year on year to 60 million yen as a result of the introduction of multipatient equipment being limited to two facilities, Shonan Kamakura General Hospital in the Tokushukai Group and Tokyo Nephrology Clinic, as four more facilities that were expected to introduce equipment in this fiscal year made the decision to postpone introduction to the next fiscal year or later based on their individual situations. Currently, we are focusing on building foundations for the widespread use of electrolyzed water hemodialysis. Specifically, we are working on expanding the fields of activities to raise awareness by holding seminars, including nephrology conferences, at organizations around the country such as the Association for Clinical Engineers and by other means. We are also seeking new contract opportunities by bolstering cooperation with agencies, and engaged in public relations activities to raise awareness of electrolyzed water hemodialysis among

dialysis patients.

In the academic field, the first academic meeting of the Association of Electrolyzed Water-Hemodialysis (EW-HD) Study Group will be held on July 7, 2024 under the theme of “15 years after the clinical introduction of electrolyzed water hemodialysis: the second chapter of electrolyzed water hemodialysis begins.” We believe that this will further promote awareness and understanding of electrolyzed water hemodialysis and provide a major boost to its promotion.

We take pride in our electrolyzed water hemodialysis, 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.

(\*1) Electrolyzed water hemodialysis offers a next-generation of new dialysis treatment using electrolyzed RO water with a unique feature of containing dissolved hydrogen, which is produced by our technology, to dilute dialysate. It is unconventional technology that focuses attention on the functions of water as a solvent for the first time in the world. We obtained data that showed that electrolyzed water hemodialysis reduced the dosage of drugs after the treatment and the annual crude death rate (CDR) of patients compared to traditional hemodialysis, which has drawn attention.

In the field of regenerative medicine, StemCell Institute Inc. (listed on TSE Growth Market, Securities Code: 7096, our share: 72.1%) achieved a new record high in revenue. The company published its earnings results for the fiscal year ended March 31, 2024, on May 14 this year, the same date as did the Group. For details, please refer to the StemCell Institute’s Summary of Financial Results for the Fiscal Year Ended March 31, 2024.

As for the hospital business in China, operations are currently suspended due to the necessity to relocate following the termination of certain lease agreements. The total amount of investment involved in this business has already been recorded as share of loss of entities accounted for using equity method and therefore has no impact on the consolidated financial results.

As a result of the above, the medical business recorded net sales of 2,636 million yen (up 15.3% year on year) with segment profit of 392 million yen (up 58.1% year on year).

## **(2) Overview of Financial Position for the Current Fiscal Year**

Total assets increased 2,497 million yen, or 8.6%, from the end of the previous fiscal year to 31,544 million yen at the end of the current fiscal year on a consolidated basis.

### **(i) Assets**

Current assets increased 3,025 million yen, or 15.2%, from the end of the previous fiscal year to 22,919 million yen. The main factors were an increase in securities of 1,302 million yen, an increase in cash and deposits of 1,163 million yen, and an increase in notes and accounts receivable–trade of 597 million yen.

Non-current assets decreased 527 million yen, or 5.8%, from the end of the previous fiscal year to 8,624 million yen. The main factor was a decrease in investment securities of 1,034 million yen, despite an increase in long-term time deposits included in other under investments and other assets of 500 million yen.

### **(ii) Liabilities**

Current liabilities increased 724 million yen, or 12.3%, from the end of the previous fiscal year to 6,630 million yen. The main factors were increases in advances received of 368 million yen, income taxes payable of 199 million yen, accounts payable–other included in other under current liabilities of 79 million yen.

Non-current liabilities increased 274 million yen, or 27.1%, from the end of the previous fiscal year to 1,287 million yen. The main factors were increases in provision for share-based payments of 88 million yen and long-term guarantee deposits included in other of 66 million yen.

### **(iii) Net assets**

Net assets increased 1,498 million yen, or 6.8%, from the end of the previous fiscal year to 23,627 million yen. The main factors were the recognition of profit attributable to owners of parent of 2,150 million yen and an increase in non-controlling interests of 212 million yen, which were partially offset by a decrease resulting from dividend

payments of 971 million yen.

### (3) Overview of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter “net cash”) increased 1,163 million yen from the end of the previous fiscal year to 13,959 million yen at the end of the current fiscal year on a consolidated basis.

#### Cash flows from operating activities

Net cash provided by operating activities was 2,973 million yen (1,937 million yen provided in the previous fiscal year).

The main factors include profit before income taxes of 3,253 million yen, depreciation of 440 million yen, and a 368 million yen increase in advances received, which were partially offset by a 578 million yen increase in trade receivables and income taxes paid of 833 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 882 million yen (551 million yen used in the previous fiscal year).

The main factors were payments into time deposits of 500 million yen, purchase of property, plant and equipment of 386 million yen, and purchase of investment securities of 199 million yen, which were partially offset by proceeds from sales of investment securities of 72 million yen.

#### Cash flows from financing activities

Net cash used in financed activities was 998 million yen (500 million yen used in the previous fiscal year).

The main factor was dividends paid of 970 million yen.

#### Reference: Trends in Cash flow indicators

	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24
Shareholders' equity ratio	74.9	69.8	74.5	72.4	70.7
Shareholders' equity ratio based on market value	100.0	128.0	74.2	80.0	98.4
Debt repayment period (years)	0.0	0.4	0.0	0.0	0.0

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets  
 Shareholders' equity ratio based on market value: Market capitalization / Total assets  
 Debt repayment period: Interest-bearing debt / Operating cash flows

- \* All indicators are calculated based on consolidated figures.
- \* Market capitalization is calculated by multiplying the closing price at the end of period by the number of shares outstanding at the end of period (excluding treasury stock).
- \* Operating cash flows are the figures for operating cash flows in the consolidated statement of cash flows. Interest-bearing debt includes all debt on the consolidated balance sheet that incurs interest.
- \* Disclosure of interest coverage ratio (operating cash flows / interest payments) is omitted because the amount of interest payments is insignificant.

### (4) Future Outlook

The Group will continue to make forward-looking investments from a medium- to long-term perspective in order to achieve sustainable growth and increase corporate value by contributing to the achievement of Sustainable Development Goals (SDGs) through our business as well as further business expansion. We have set our medium-term consolidated net sales target for the fiscal year ending March 31, 2027, at 32,000 million yen. With regard to the consolidated forecast for the fiscal year ending March 31, 2025, we plan to hit a new record high in net sales in addition to achieving record highs in operating profit and ordinary profit, with net sales of 22,800 million yen (up 11.7% year on year), operating profit of 3,570 million yen (up 15.9% year on year), ordinary profit of 3,700 million yen (up 14.7% year on year), and profit attributable to owners of parent of 2,470 million yen (up 14.9% year on year).

Forecasts by business segment are as follows.

#### Water Healthcare Business

In the EHW apparatus sales business, the market environment has seen improvement for the following reasons, and we believe that demand for EHW apparatus will grow to an increasingly significant extent in the future.

(1) Awareness of intestinal health is growing due to the intestinal health boom in recent years. An EHW apparatus is a controlled medical device that has been approved for its effects on improvement of gastrointestinal conditions.

(2) Cases have been prevalent in recent years that put a spotlight on the effects of hydrogen, as evident in the Ministry of Health, Labour and Welfare recognizing therapy utilizing hydrogen gas as advanced medicine and the Consumer Affairs Agency accepting the notification submitted for hydrogen jelly as functional food. EHW is rich in hydrogen, and ample evidence has been generated through more than 25 years of industry-academia joint research.

(3) Awareness of water safety has grown even stronger as water pollution in certain regions resulting from organic fluorine compounds (PFOS/PFOA), chemical substances that are long-lasting and possibly permanent, have been covered extensively by media sources for about the past two years and identified as a legitimate social issue. The activated carbon filters used in our cartridges can effectively filter out certain organic fluorine compounds.

(4) The market for bottled water and water servers is continuing to expand, and an EHW apparatus offers a greater medical effect than the general market and significant advantages in terms of cost (the cost of our main product, TRIM ION Refine, when used for a period of five years is approximately 10 yen per liter (\*2)).

(5) Using an EHW apparatus reduces the frequency of occasions to buy plastic bottles and other products, providing an opportunity to be more eco-friendly. In addition, the use of personal bottles can further contribute to decarbonization, making this a product that also conforms to the SDGs.

(\*2) TRIM ION Refine: Product, 239,800 yen (tax incl.); Cartridge (6t), 11,000 yen (tax incl.)  
 $(239,800 \text{ yen} + [11,000 \text{ yen} \times 4 \text{ cartridges}]) \div (365 \text{ days} \times 5 \text{ years} \times 16\text{L}) + \text{electricity/water bill} = \text{approx. } 10 \text{ yen/L}$

Under the conditions presented by this environment, the workplace sales division, installation and referral sales division, and in-store event sales division in the EHW apparatus sales business will, on top of improving business performance in the fiscal year ending March 31, 2025, engage in efforts that focus on a medium-term perspective, including increasing personnel, enhancing sales capabilities, developing new partnerships with agents, and cultivating new sales channels in order to achieve our target of 32,000 million yen for the fiscal year ending March 31, 2027.

In the OEM and wholesale sales division, we will strengthen sales support for existing domestic partners and focus on further revitalization to turn from recovery to growth. For overseas business, we are currently in negotiations with several new major customers, and expect to see a significant growth in business performance in the future. In April 2024, these divisions conducted an organizational restructuring to establish the MS Division as an entity independent from the Operations Department, which had previously also been in charge of all after-sales maintenance, in order to maintain an eye toward future growth and enable the persons in charge to devote their undivided attention to sales activities.

In the web marketing division, we plan to change our primary advertising agency to increase sales volumes. In the future, we will pursue development that is optimized company-wide while taking synergies with direct sales divisions into consideration.

With regard to sales of water purification cartridges, which generate a consistent revenue stream once an EHW apparatus is installed, we expect continuous stable sales growth in the next fiscal year.

For a bottled water business in Indonesia, we have revised our medium- to long-term plan, and changed the timing for achieving the target of 1 trillion rupiah (9,600 million yen, 1 rupiah = 0.0096 yen) in net sales from 2030 to 2034. In addition, we are discussing the new construction of our own factories in collaboration with our local partner Sinar Mas Group to strengthen the production system, increase efficiency and secure a stable supply.

Through the efforts mentioned above, for the fiscal year ending March 31, 2025, we plan to increase both sales and profit in the water healthcare business, with net sales of 19,480 million yen (up 9.6% year on year) and segment profit of 2,950 million yen (up 9.7% year on year).

## Medical Business

In the electrolyzed water hemodialysis business, in addition to the facilities that are already determined to introduce electrolyzed water hemodialysis systems, we have identified several more facilities that are almost certain to pursue introduction in the near future, and we expect further expansion of this business in the future. We will seek new candidates for introduction by leveraging opportunities such as the 69th Annual Meeting of the Japanese Society for Dialysis Therapy to be held in Yokohama in June this year and the first academic meeting of the Association of



Electrolyzed Water-Hemodialysis (EW-HD) Study Group to be held in July. We will continue to strengthen our efforts to collect evidence and improve dialysis machines, aiming to expand their use as the next generation of global standard therapy.

In the field of regenerative medicine, StemCell Institute plans to achieve record-high earnings in the next fiscal year by further expanding its existing business and vigorously developing new businesses. The company published its earnings forecast for the fiscal year ending March 31, 2025, on May 14 this year, the same date as did the Group. For details, please refer to the StemCell Institute's Summary of Financial Results.

Through the efforts mentioned above, for the fiscal year ending March 31, 2025, we plan to increase both sales and profit in medical business, with net sales of 3,320 million yen (up 25.9% year on year) and segment profit of 620 million yen (up 58.0% year on year).

## **2. Basic Approach for the Selection of Accounting Standards**

The Group will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

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

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	12,795,930	13,959,093
Notes and accounts receivable-trade	5,160,185	5,758,101
Securities	-	1,302,898
Finished goods	488,000	604,471
Raw materials and supplies	1,089,184	1,064,684
Other	387,770	255,646
Allowance for doubtful accounts	(26,712)	(25,056)
Total current assets	19,894,358	22,919,840
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,396,011	2,444,567
Accumulated depreciation	(1,282,873)	(1,366,194)
Buildings and structures, net	1,113,137	1,078,373
Land	2,575,831	2,579,253
Other	2,312,128	2,541,806
Accumulated depreciation	(1,624,688)	(1,768,831)
Other, net	687,440	772,974
Total property, plant and equipment	4,376,409	4,430,601
Intangible assets		
Goodwill	386,029	348,910
Other	274,707	243,763
Total intangible assets	660,737	592,674
Investments and other assets		
Investment securities	2,801,696	1,767,309
Deferred tax assets	378,714	420,258
Other	984,763	1,463,189
Allowance for doubtful accounts	(49,698)	(49,113)
Total investments and other assets	4,115,475	3,601,644
Total non-current assets	9,152,622	8,624,920
Total assets	29,046,980	31,544,761

	(Thousands of yen)	
	FY3/23	FY3/24
	(As of Mar. 31, 2023)	(As of Mar. 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	525,012	550,221
Income taxes payable	541,156	740,198
Advances received	3,334,295	3,702,438
Provision for bonuses	178,458	185,000
Provision for product warranties	73,000	84,000
Other	1,253,451	1,368,342
<b>Total current liabilities</b>	<b>5,905,375</b>	<b>6,630,202</b>
<b>Non-current liabilities</b>		
Provision for share-based payments	–	88,800
Provision for retirement benefits for directors (and other officers)	280,159	299,572
Retirement benefit liability	360,343	407,417
Asset retirement obligations	55,886	56,079
Other	316,593	435,342
<b>Total non-current liabilities</b>	<b>1,012,982</b>	<b>1,287,211</b>
<b>Total liabilities</b>	<b>6,918,358</b>	<b>7,917,414</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	992,597	992,597
Capital surplus	1,823,945	1,823,945
Retained earnings	21,660,473	22,838,855
Treasury shares	(3,448,032)	(3,448,320)
<b>Total shareholders' equity</b>	<b>21,028,983</b>	<b>22,207,077</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,159	64,947
Foreign currency translation adjustment	(89)	49,075
Remeasurements of defined benefit plans	(1,627)	(6,603)
<b>Total accumulated other comprehensive income</b>	<b>(557)</b>	<b>107,420</b>
<b>Non-controlling interests</b>	<b>1,100,196</b>	<b>1,312,848</b>
<b>Total net assets</b>	<b>22,128,622</b>	<b>23,627,347</b>
<b>Total liabilities and net assets</b>	<b>29,046,980</b>	<b>31,544,761</b>

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income****Consolidated Statement of Income**

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 - Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 - Mar. 31, 2024)
Net sales	17,951,681	20,414,865
Cost of sales	5,520,012	6,194,668
Gross profit	12,431,669	14,220,196
Selling, general and administrative expenses	10,053,163	11,139,709
Operating profit	2,378,505	3,080,486
Non-operating income		
Interest income	21,398	30,310
Dividend income	410	480
Commission income	1,804	1,711
Share of profit of entities accounted for using equity method	1,089	2,488
Rental income from real estate	82,598	82,625
Foreign exchange gains	2,435	3,701
Surrender value of insurance policies	7,219	5,305
Subsidy income	3,807	1,349
Gain on sale of non-current assets	23,380	34,195
Other	11,095	19,976
Total non-operating income	155,238	182,144
Non-operating expenses		
Interest expenses	879	2,206
Depreciation of assets for rent	14,949	14,436
Provision of allowance for doubtful accounts	300	300
Loss on cancellation of insurance policies	-	4,758
Other	2,558	13,747
Total non-operating expenses	18,686	35,448
Ordinary profit	2,515,057	3,227,183
Extraordinary income		
Gain on sale of non-current assets	732	1,992
Gain on sale of investment securities	-	22,327
Gain on reversal of share acquisition rights	28,720	-
Gain on reversal of office transfer expenses	-	1,746
Total extraordinary income	29,452	26,066
Extraordinary losses		
Office relocation expenses	21,407	-
Total extraordinary losses	21,407	-
Profit before income taxes	2,523,101	3,253,249
Income taxes-current	648,722	1,025,197
Income taxes-deferred	99,267	(76,865)
Total income taxes	747,989	948,332
Profit	1,775,112	2,304,917
Profit attributable to non-controlling interests	128,753	154,774
Profit attributable to owners of parent	1,646,358	2,150,143

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 - Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 - Mar. 31, 2024)
Profit	1,775,112	2,304,917
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,996)	86,991
Foreign currency translation adjustment	43,074	83,878
Remeasurements of defined benefit plans, net of tax	3,690	(5,632)
Share of other comprehensive income of entities accounted for using equity method	332	619
Total other comprehensive income	45,101	165,856
Comprehensive income	1,820,213	2,470,774
Comprehensive income attributable to:		
Owners of parent	1,673,734	2,258,121
Non-controlling interests	146,478	212,652

**(3) Consolidated Statement of Changes in Equity**

FY3/23 (Apr. 1, 2022 - Mar. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	992,597	2,201,238	20,474,159	(3,819,738)	19,848,256
Changes during period					
Dividends of surplus			(460,044)		(460,044)
Profit attributable to owners of parent			1,646,358		1,646,358
Purchase of treasury shares				(1,298,167)	(1,298,167)
Disposal of treasury shares		(377,233)		1,669,872	1,292,639
Purchase of shares of consolidated subsidiaries		(59)			(59)
Net changes in items other than shareholders' equity					
Total changes during period	–	(377,292)	1,186,314	371,705	1,180,726
Balance at end of period	992,597	1,823,945	21,660,473	(3,448,032)	21,028,983

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,223	(26,653)	(3,503)	(27,934)	28,720	953,750	20,802,792
Changes during period							
Dividends of surplus							(460,044)
Profit attributable to owners of parent							1,646,358
Purchase of treasury shares							(1,298,167)
Disposal of treasury shares							1,292,639
Purchase of shares of consolidated subsidiaries							(59)
Net changes in items other than shareholders' equity	(1,064)	26,564	1,875	27,376	(28,720)	146,446	145,102
Total changes during period	(1,064)	26,564	1,875	27,376	(28,720)	146,446	1,325,829
Balance at end of period	1,159	(89)	(1,627)	(557)	–	1,100,196	22,128,622

FY3/24 (Apr. 1, 2023 - Mar. 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	992,597	1,823,945	21,660,473	(3,448,032)	21,028,983
Changes during period					
Dividends of surplus			(971,761)		(971,761)
Profit attributable to owners of parent			2,150,143		2,150,143
Purchase of treasury shares				(287)	(287)
Disposal of treasury shares					-
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,178,382	(287)	1,178,094
Balance at end of period	992,597	1,823,945	22,838,855	(3,448,320)	22,207,077

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,159	(89)	(1,627)	(557)	-	1,100,196	22,128,622
Changes during period							
Dividends of surplus							(971,761)
Profit attributable to owners of parent							2,150,143
Purchase of treasury shares							(287)
Disposal of treasury shares							-
Purchase of shares of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	63,788	49,165	(4,975)	107,978	-	212,652	320,630
Total changes during period	63,788	49,165	(4,975)	107,978	-	212,652	1,498,724
Balance at end of period	64,947	49,075	(6,603)	107,420	-	1,312,848	23,627,347

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 - Mar. 31, 2023)	(Apr. 1, 2023 - Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,523,101	3,253,249
Depreciation	389,402	440,426
Amortization of goodwill	37,119	37,119
Increase (decrease) in allowance for doubtful accounts	5,089	(2,517)
Increase (decrease) in provision for bonuses	8,914	6,542
Increase (decrease) in provision for share-based payments	-	88,800
Increase (decrease) in retirement benefit liability	38,311	36,554
Increase (decrease) in provision for retirement benefits for directors (and other officers)	34,695	19,412
Interest and dividend income	(21,808)	(30,790)
Interest expenses	879	2,206
Share of loss (profit) of entities accounted for using equity method	(1,089)	(2,488)
Loss (gain) on sale of investment securities	-	(22,327)
Loss (gain) on cancellation of insurance policies	(7,219)	(547)
Subsidy income	(3,807)	(1,349)
Gain on reversal of share acquisition rights	(28,720)	-
Office relocation expenses	21,407	-
Decrease (increase) in trade receivables	(1,288,202)	(578,243)
Decrease (increase) in inventories	(141,563)	(80,915)
Increase (decrease) in trade payables	41,816	13,424
Increase (decrease) in advances received	390,634	368,125
Increase (decrease) in accrued consumption taxes	186,116	11,718
Other, net	(34,584)	209,485
Subtotal	2,150,495	3,767,884
Interest and dividends received	37,652	40,003
Subsidies received	3,807	1,349
Interest paid	(879)	(2,206)
Income taxes paid	(253,596)	(833,401)
Net cash provided by (used in) operating activities	1,937,478	2,973,629
Cash flows from investing activities		
Payments into time deposits	-	(500,000)
Proceeds from redemption of securities	500,000	-
Purchase of property, plant and equipment	(263,551)	(386,049)
Proceeds from sale of property, plant and equipment	26,540	38,252
Purchase of intangible assets	(58,279)	(46,482)
Purchase of shares of subsidiaries and associates	(100,016)	-
Purchase of investment securities	(643,010)	(199,900)
Proceeds from sales of investment securities	-	72,327
Loan advances	(5,404)	-
Payments of leasehold and guarantee deposits	(53,401)	(7,854)
Proceeds from refund of leasehold and guarantee deposits	2,582	28,932
Proceeds from cancellation of insurance funds	18,725	63,482
Other, net	24,679	54,463
Net cash provided by (used in) investing activities	(551,136)	(882,828)



	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 - Mar. 31, 2023)	(Apr. 1, 2023 - Mar. 31, 2024)
Cash flows from financing activities		
Repayments of long-term borrowings	(7,350)	-
Purchase of treasury shares	(1,298,196)	(287)
Proceeds from disposal of treasury shares	1,292,639	-
Dividends paid	(459,708)	(970,733)
Other, net	(27,873)	(27,163)
Net cash provided by (used in) financing activities	(500,489)	(998,184)
Effect of exchange rate change on cash and cash equivalents	31,753	70,545
Net increase (decrease) in cash and cash equivalents	917,607	1,163,162
Cash and cash equivalents at beginning of period	11,878,323	12,795,930
Cash and cash equivalents at end of period	12,795,930	13,959,093

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

Not applicable.

**Segment and Other Information**

(Segment 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. Calculation methods for net sales, profit or loss, assets, liabilities, and other items of each reportable segment

The accounting method used for reportable operating segments is generally the same as the methods adopted in the preparation of consolidated financial statements.

Profits for reportable segments are operating profit figures.

## 3. Information related to net sales, profit or loss, assets, liabilities and other items of each reportable segment

FY3/24 (Apr. 1, 2023 - Mar. 31, 2024)

(Thousands of yen)

	Reportable segment			Adjustments	Amounts recorded in consolidated financial statements (Note)
	Water Healthcare	Medical	Subtotal		
Net sales					
Net sales to external customers	17,777,955	2,636,909	20,414,865	—	20,414,865
Inter-segment net sales and transfers	—	—	—	—	—
Total	17,777,955	2,636,909	20,414,865	—	20,414,865
Segment profit	2,688,103	392,383	3,080,486	—	3,080,486
Segment assets	22,905,605	7,216,513	30,122,119	1,422,641	31,544,761
Other items					
Depreciation	305,212	120,777	425,989	14,436	440,426
Increase in property, plant and equipment and intangible assets	280,593	147,819	428,412	—	428,412

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

**Per Share Information**

(Yen)

	FY3/23 (Apr. 1, 2022 - Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 - Mar. 31, 2024)
Net assets per share	2,743.39	2,911.21
Net income per share	214.78	280.51

- Notes: 1. Diluted net income per share for FY3/23 is not presented since the Company has no outstanding dilutive securities. In addition, diluted net income per share for FY3/24 is not presented since the Company has no outstanding dilutive securities.
2. The following is a reconciliation of net income per share.
3. For the purpose of calculating net assets per share, the number of shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for Employee Stock Ownership Plan (J-ESOP) was included in the number of treasury shares, which was to be deducted from the total number of shares issued at end of period (432,900 shares as of March 31, 2023 and 432,900 shares as of March 31, 2024). In addition, for the purpose of calculating net income per share, the number of shares of the Company held as trust assets was included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares outstanding during the period (17,790 shares as of March 31, 2023 and 432,900 shares as of March 31, 2024).

	FY3/23 (Apr. 1, 2022 - Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 - Mar. 31, 2024)
Net income per share		
Profit attributable to owners of parent (thousands of yen)	1,646,358	2,150,143
Profit not attributable to common shareholders (thousands of yen)	–	–
Profit attributable to common shareholders of parent (thousands of yen)	1,646,358	2,150,143
Average number of common shares outstanding during the period (shares)	7,665,415	7,665,091
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	No. 7 Share Acquisition Rights issued pursuant to the Board of Directors' resolution on September 2, 2015 expired on September 11, 2022 due to the expiration of the exercise period.	–

**Subsequent Events**

Not applicable.

*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.*