

Nihon Trim (6788)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2018		14,027	1,606	1,681	1,181	143.36	60.00	2,147.35
FY03/2019		15,179	2,250	2,121	1,250	157.05	60.00	2,162.68
FY03/2020CoE		16,360	2,630	2,530	1,480	185.89	70.00	-
FY03/2019	YoY	8.2%	40.1%	26.2%	5.8%	-	-	-
FY03/2020CoE	YoY	7.8%	16.9%	19.2%	18.4%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2019		7,900	1,375	1,330	827	-	-	-
Q3 to Q4 FY03/2019		7,279	874	791	423	-	-	-
Q1 to Q2 FY03/2020CoE		8,420	1,450	1,400	840	-	-	-
Q3 to Q4 FY03/2020CoE		7,940	1,180	1,130	640	-	-	-
Q1 to Q2 FY03/2020CoE	YoY	6.6%	5.4%	5.2%	1.6%	-	-	-
Q3 to Q4 FY03/2020CoE	YoY	9.1%	35.0%	42.8%	51.2%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (19 July 2019)

Shift to Medical

Nihon Trim, trying to get at shift to global medical company, is seeing steady increases of earnings. Sales of the mainstay Electrolyzed Reduced Water (ERW) Systems are likely remaining buoyant in the foreseeable future and the number of the Systems being utilized is to consistently rise, driving replacement demand for Cartridges or one of the key drivers for earnings as a whole for the Company at the same time. Meanwhile, sales associated with operations to run private cord blood bank are surging, albeit small in value at the moment. Still, in fact, this suggests that the Company is now shifting to medical entity. In the first place, the mainstay ERW Systems are medical devices proven effective for discomfort of stomach, but it is not always understood that the Systems are totally different from water purifiers to simply reduce dissolved substances, etc. contained in tap water. The Company is keen on improving own branding as medical entity in order to facilitate penetration of own ERW Systems. On top of this, the Company is also keen on elucidating mechanism and physical property of electrolyzed reduced water together with external research institutes for the sake of the same. With respect to operations overseas, the Company sees consistently increased sales of bottled water in Indonesia, while currently planning to invest in local capacity to cope with increased demand. The Company continues placing emphasis on the Medical Domain side, while being eager to make progress with operations overseas at the same time in order to steadily shift to global medical company.

IR representative:

Norio Tahara, senior managing director (+81 6 6456 4633 / norio.tahara@nihon-trim.co.jp)

2.0 Company Profile

Shift to Global Medical Company

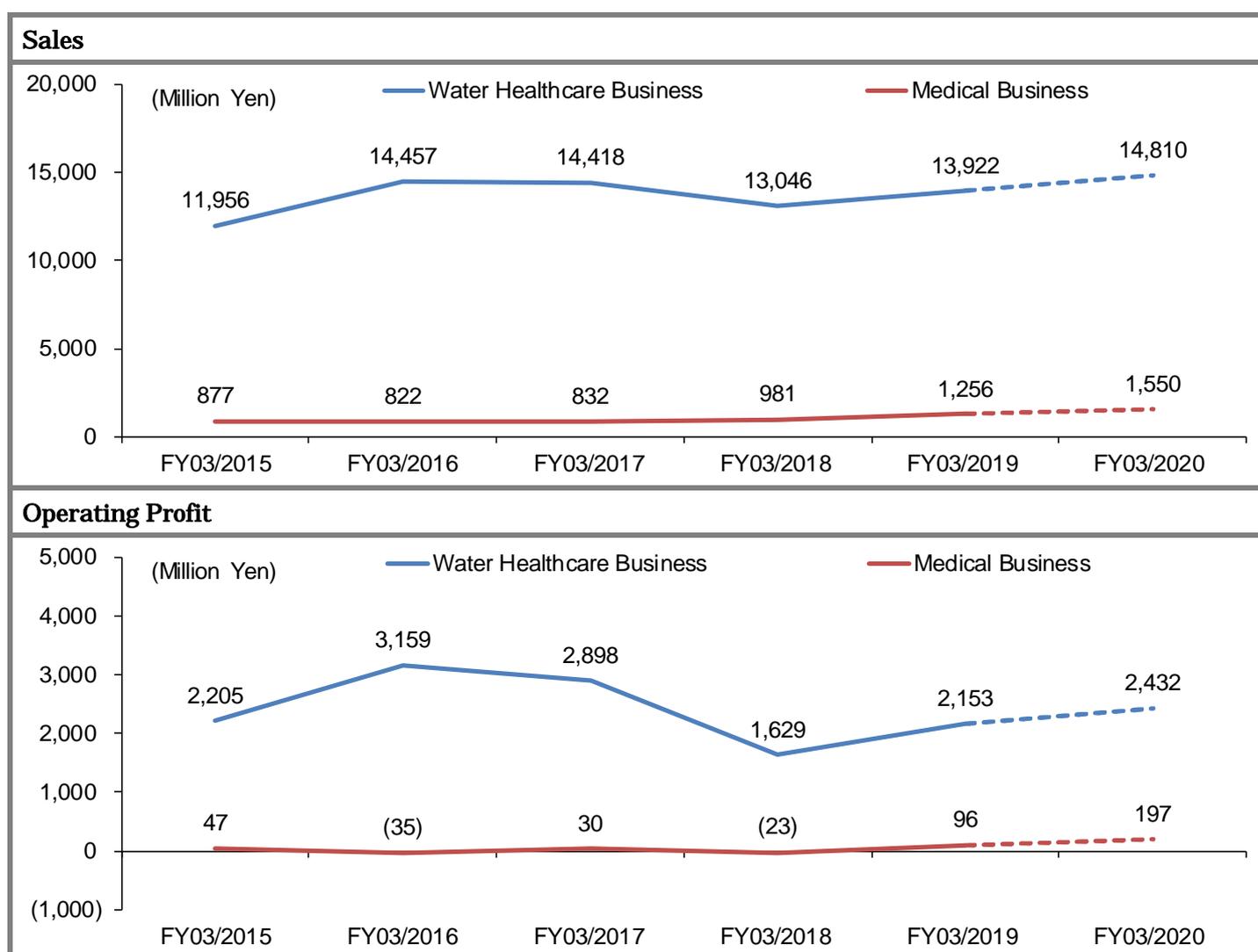
Company Name	Nihon Trim Co., Ltd. Website IR Information Share Price (Japanese)	
Established	12 June 1982	
Listing	1 March 2004: Tokyo Stock Exchange 1st section (ticker: 6788) 4 February 2003: Tokyo Stock Exchange 2nd section 28 November 2000: JASDAQ over-the-counter registration	
Capital	¥ 992m (as of the end of March 2019)	
No. of Shares	8,656,780 shares, including 761,438 treasury shares (as of the end of March 2019)	
Main Features	<ul style="list-style-type: none"> ● Leading the market for Electrolyzed Reduced Water (ERW) Systems, being identified as medical devices by Ministry of Health, Labour and Welfare with market share of 59.2% in Japan ● The mainstay B2C sales channel of proprietary work-area vending ● Focus on Medical Domain as well as on operations overseas 	
Business Segments	<ul style="list-style-type: none"> . Water Healthcare Business . Medical Business 	
Top Management	President : Shinkatsu Morisawa	
Shareholders	Laboremus Co., Ltd. 24.49%, Japan Trustee (trust account) 15.76%, Shinkatsu Morisawa 14.21%, Treasury shares 8.80% , Japan Master (trust account) 4.01% (as of the end of March 2019)	
Headquarters	Kita-ku, Osaka-city, Osaka-prefecture, JAPAN	
No. of Employees	Consolidated: 500, Parent: 344 (as of the end of March 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

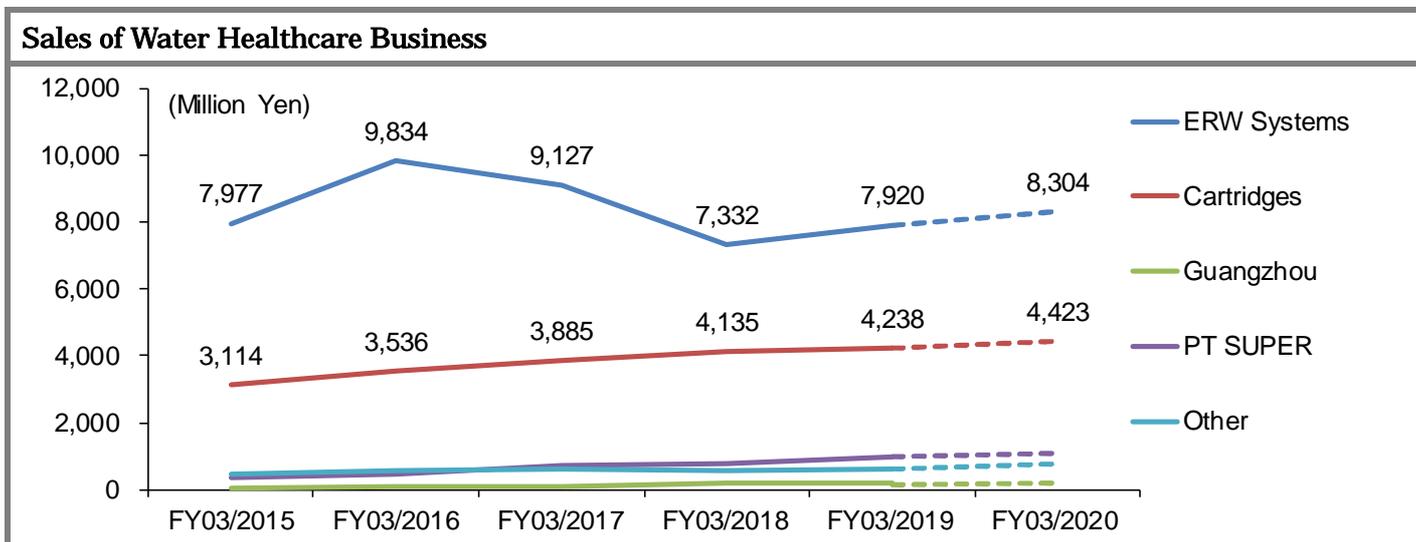
FY03/2019 Results

In FY03/2019, sales came in at ¥15,179m (up 8.2% YoY), operating profit ¥2,250m (up 40.1%), recurring profit ¥2,121m (up 26.2%) and profit attributable to owners of parent ¥1,250m (up 5.8%), while operating profit margin 14.8% (up 3.4% points). By business segment, Water Healthcare Business saw sales of ¥13,922m (up 6.7%), operating profit of ¥2,153m (up 32.1%) and operating profit margin of 15.5% (up 3.0% points), while Medical Business sales of ¥1,256m (up 28.0%), operating profit of ¥96m (versus negative ¥23m during the previous year) and operating profit margin of 7.7% (up 10.1% points). On the Water Healthcare Business side, the Company launched “TRIM ION GRACE” in September 2017, whose volume increases so far have been substantial enough to cut back on cost rate for the Company as a whole, having resulted in gross profit margin of 71.5% (up 1.6% points). Meanwhile, as the increases of SG&A expenses were rather suppressed, operating profit margin improved further as above-mentioned.



Source: Company Data, WRJ Calculation

On the Water Healthcare Business side, sales of Electrolyzed Reduced Water (ERW) Systems came in at ¥7,920m (up 8.0%) and Cartridges ¥4,238m (up 2.5%). Both of them are of sales in Japan, while the Company runs operations overseas with Trim (Guangzhou) Water & Health and PT SUPER WAHANA TEHNO.



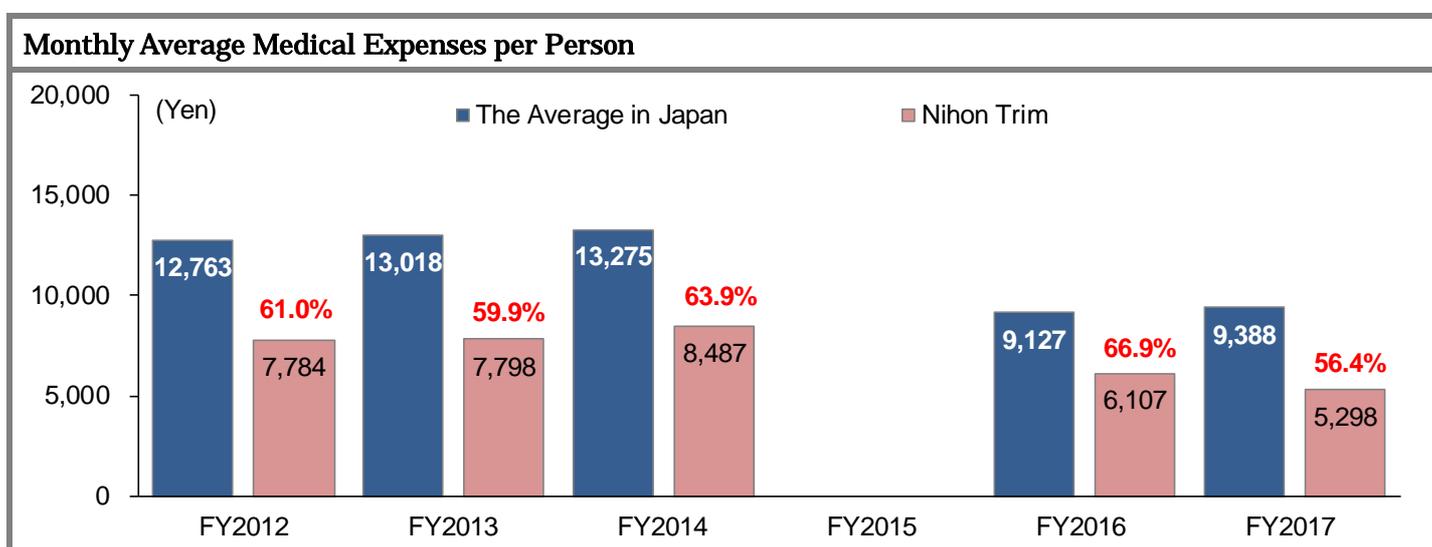
Source: Company Data, WRJ Calculation

Sales of the mainstay ERW Systems have seen a V-shaped recovery, while the strengths are expected to persist in FY03/2020. Now, the Company is convinced that damages stemming from harmful rumor have been wholly gone for some time and recent trading appears remaining buoyant. With arrival of boom on electrolyzed reduced water, sales in FY03/2016 came in at no less than ¥9,834m, which was followed by slowing sales in FY03/2017 and FY03/2018. This is due to the spread of harmful rumor on electrolyzed reduced water, triggered by negative information having come out of a media in May 2016.

Meanwhile, the market for ERW Systems in Japan has a good opportunity of growth over the long term and the Company, holding the leading market share, is expected to benefit from the growth to a large extent. According to Yano Research Institute’s survey of “2019 Now and Future of Water Purifiers and ERW Systems”, the Company accounts for 59.2% of the market ERW Systems in Japan on a value basis. Meanwhile, the Company believes in superiorities of ERW Systems comprising those of a) health effect, b) cost effectiveness and c) ecology, suggesting a high probability for the penetration rate to consistently increase going forward. Compared with estimated penetration rate of 6% at the moment, the Company is going for 20% (10m units being utilized) in the foreseeable future.

The first issue of a) health effect is of “effectiveness for discomfort of stomach”, which is certified by government exclusively for water generated by ERW Systems not for that of all the rest of water treatment devices. On top of this, research is going on for other aspects of effectiveness like those of health maintenance and/or health promotion, suggesting a possibility for them to get additionally certified in the future. In regards to b) cost effectiveness, the Company claims that ERW Systems are so competitive, going for some ¥7 per liter (including power and water bills), assuming the use of “TRIM ION GRACE”, currently accounting for more than half of ERW Systems sales with the Company, for 5 years. Simply compared with home-delivered water and/or that of plastic bottles, the Company aggressively claims that ERW Systems are far too reasonable, although highly extensive consumption assumed here, including that on cooking, washing vegetables, rice boiling, etc. on top of that of drinking by all the family. In regards to c) ecology, the Company is going for reduced volume for plastic bottles made, consumed and disposed of. In other words, the Company is going for increased penetration rate for own ERW Systems through changeover from other existing schemes.

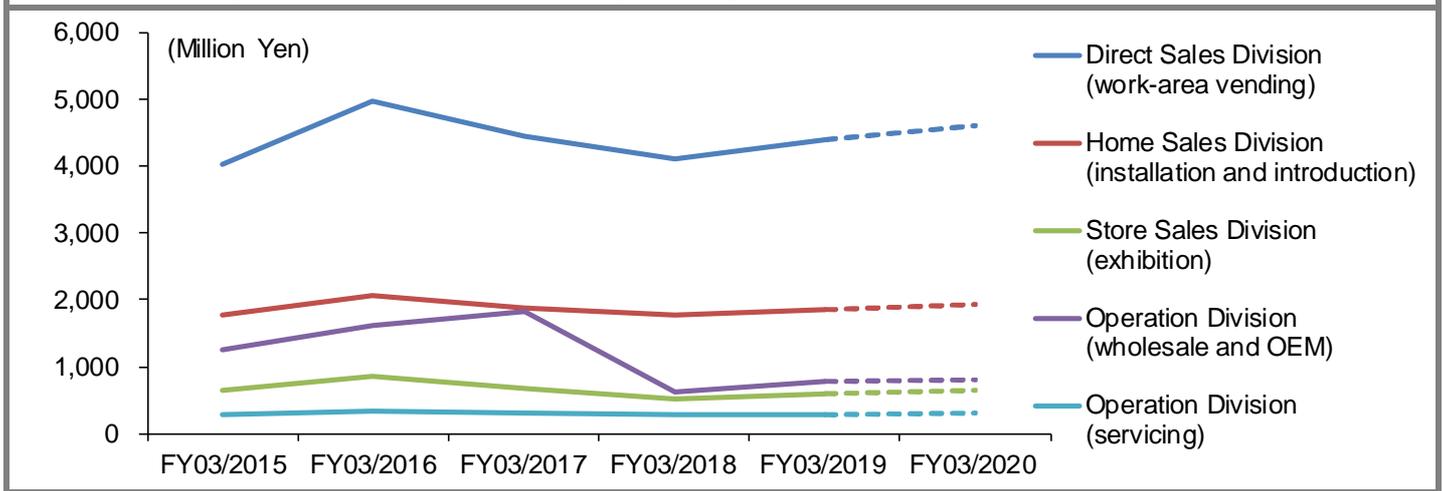
As an example of recent evidence enhancement and/or exploration of new fields, the Company goes for a case that RIKEN is currently making progress with its study to elucidate mechanism of electrolyzed reduced water, having reported effectiveness of anti-fatigue action of electrolyzed reduced water with Japanese Society of Fatigue Science in May 2019 as an achievement. On top of this, Tohoku University School of Medicine is currently submitting treatise on outcome by drinking for diabetes with reputable international journal. Meanwhile, School of Engineering with the University of Tokyo is currently in the process of elucidating physical property on electrolyzed reduced water, planning to submit treatise by the end of CY2019. Elsewhere, the Company, tying up with municipality of Susaki-city of Kochi-prefecture, has been implementing clinical research on lifestyle diseases with 200 local people, while verifying impacts, to medical check-up data and to medical expenses, from drinking electrolyzed reduced water with 500 local households. The Company puts forward “a new habit or water healthcare” where electrolyzed reduced water introduced in life helps health maintaining and/or improving and it is introduced to the ground in-house. As a result, the Company’s personnel have been seeing medical expenses far lower than the average in Japan, e.g., 56.4% of the average in FY2017, according to the Company.



Source: Company Data (FY2012 to FY2014: Japan Health Insurance Association, FY2015: not available due to changeover to National Federation of Health Insurance Societies, i.e., KENPOREN and FY2016 to FY2017: KENPOREN)

Meanwhile, it is pretty important to fully notify all those above-mentioned characteristics and/or distinguished features in order to promote sales of ERW Systems as unit selling prices of hardware are expensive. For example, sales of ERW Systems mainly comprise those of Direct Sales Division (work-area vending) where the Company can notify them thoroughly. In FY03/2019, sales of Direct Sales Division (work-area vending) came in at ¥4,383m (up 6.8%), Home Sales Division (installation and introduction) ¥1,867m (up 5.5%), Store Sales Division (exhibition) ¥594m (up 12.3%), Operation Division (wholesales and OEM) ¥783m (up 22.9%) and Operation Division (servicing) ¥292m (up 0.7%).

Sales of Electrolyzed Reduced Water (ERW) Systems by Sales Channel

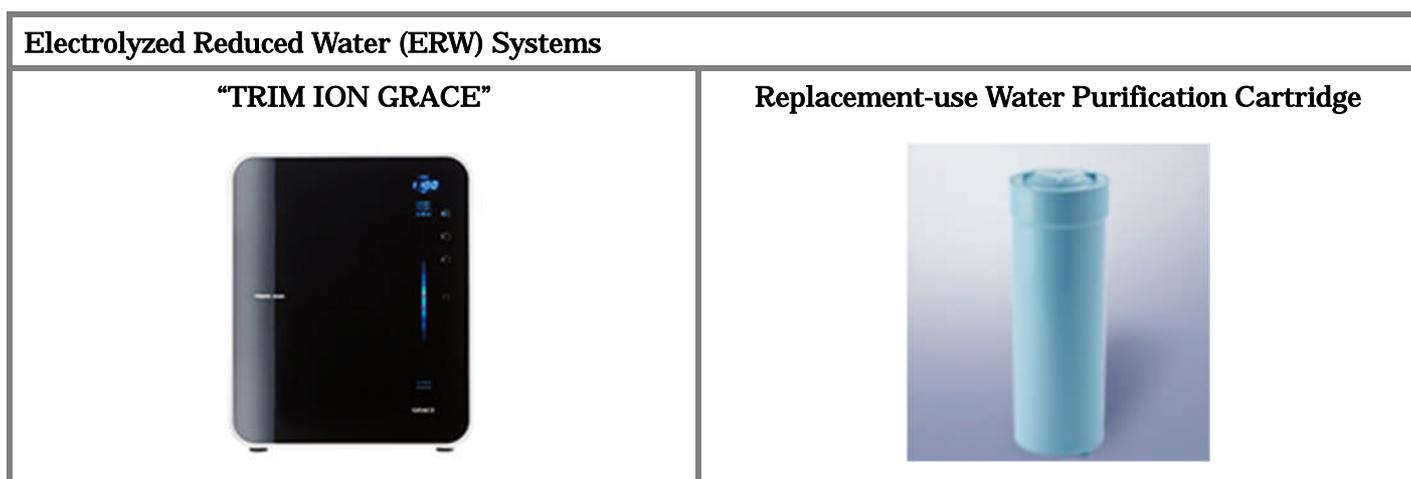


Source: Company Data, WRJ Calculation

In regards to work-area vending, accounting for the core part of ERW Systems sales, the Company takes advantage of diverse agencies comprising major trading houses, manufacturers, consumer cooperatives, etc. as go-betweens for own sales representatives to go to see people of specific work-area of individual companies and to hold seminars where above-mentioned characteristics and/or distinguished features are all notified to sell the Systems. Meanwhile, all those agencies get paid with incentives based on their own performance as go-betweens. Sales of installation and introduction are generated, when the Company's person in charge visits individuals' home to install the Systems sold by work-area vending, etc., by means of the individuals' introduction for their own relatives and/or friends. In regards to exhibition, the Company's person in charge goes to gyms, volume sellers, department stores, etc. to literally hold exhibition and sale. Meanwhile, the Company is also involved with wholesale and sales on an OEM basis for ERW Systems. This sales channel suffered from aforementioned harmful rumor most substantially, while recovery to date is rather limited. The Company takes it as a key issue to see improvement from here on a full-fledged basis as soon as possible, while being keen on trying to do so by means of aggressively cultivating new customers, etc. Then, the Company has another sales channel of servicing. The Company's person in charge goes to see individuals to provide them with servicing to repair ERW Systems, sometimes generating replacement demand for the Systems at the end of the day.

Thus, sales of ERW Systems are based on those of B2C to a large extent and they are effectively all face-to-face. While the Company sees high efficiency here together with high purchase rate amongst potential purchasers who are provided with face-to-face sales promotions, the Company has also started up batch sales on a B2B basis from a health-based management perspective. Hyogo Toyota Motor, having declared "health-based management" in September 2017, installed the Company's ERW Systems at all the rest areas with its 36 offices, including headquarters office, sales offices, etc. After a while, the Company held workshop with "water and health" as the theme for all those personnel with Hyogo Toyota Motor, having resulted in adoptions of the Company's ERW Systems by more than 300 personnel for their home to date. Now, the Company is keen on pursuing opportunities for sales on a B2B basis to drive sales on a B2C basis afterwards.

Meanwhile, sales of Cartridges have been remaining consistently buoyant, which are those of replacement-use cartridges to purify water for ERW Systems and replacement is recommended every 12-month after the startup of utilization or after exceeding a fixed flow volume. Thus, the Company sees business model based on a pay-per-hardware basis with the mainstay ERW Systems first of all, which is to be followed by one based on a quasi-subscription basis. Sales on a pay-per-hardware business model had once adjusted owing to harmful rumor as has been discussed earlier, but sales of Cartridges based on a quasi-subscription business model saw increased sales even all those days, implying a high loyalty for the Company amongst existing users. The Company is trying to get at loyalty here even higher in order to maintain frequency of replacement at high levels by means of initiatively sending out email newsletters and quarterlies as well as speaking to existing users on the phone.



Source: Company Data

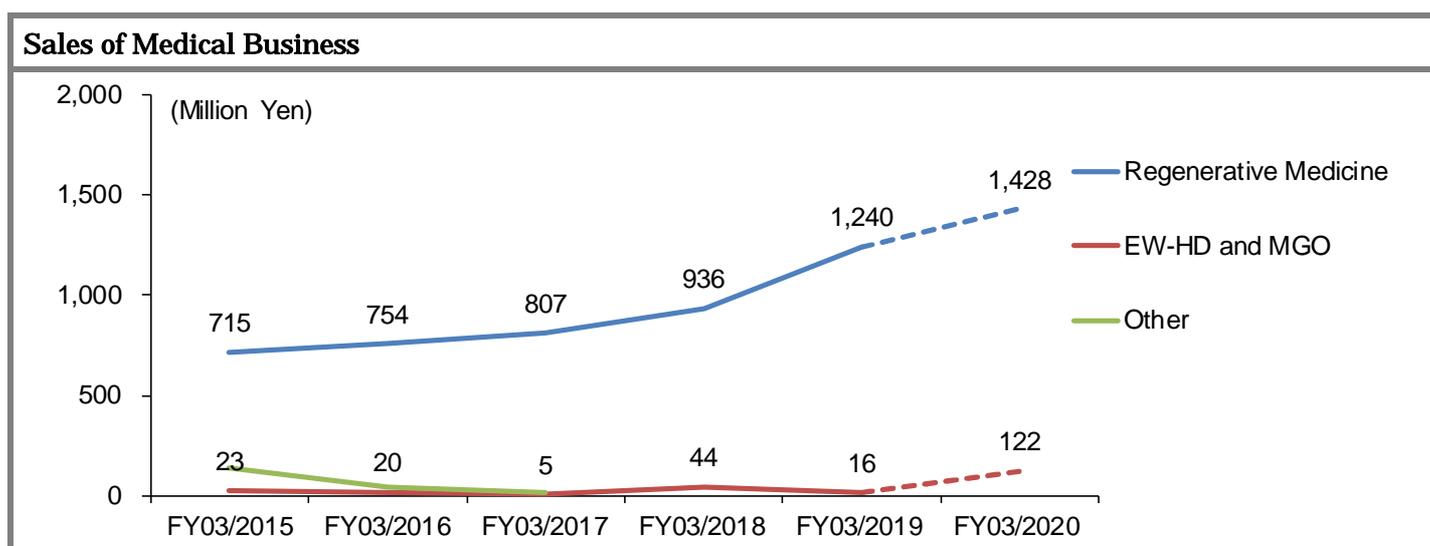
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In regards to “TRIM ION GRACE”, currently accounting for more than half of ERW Systems sales with the Company, standard price is ¥248,000 per unit (tax and installation expenses not included) and ¥12,000 (tax not included) for replacement-use water purification cartridges. Replacement cycle recommended for Cartridges here in terms of flow volume is every 10 tons after the startup of utilization. Meanwhile, assuming that aforementioned prospects for penetration rate of 20% (10m units being utilized) are achievable for ERW Systems in the future, the Company is going for market share of 30% (3m units) at least in terms of the number of the Systems being utilized at this point. Then, as far as assuming 3m units for the number of the Systems being utilized for the Company, 70% for replacement frequency for Cartridges per year and ¥10,000 for unit selling prices of Cartridges, sales here with the Company shall reach ¥20,000m when based on rough estimates (3m multiplied by 70% and by ¥10,000 equals ¥21,000m).

When compared with sales of ¥4,238m in FY03/2019, the Company is to see fairly increased sales based on a quasi-subscription business model with high stability. More importantly, sales here are carrying high gross profit margin and thus the Company is to see gradually increased exposure to a major and stable source of earnings. At the moment, the number of ERW Systems being utilized stands at 850,00 units with the Company, while 450,000 to 500,000 units for those directly managed by the Company.

As mentioned earlier, the Company goes for some ¥7 per liter (including power and water bills), assuming the use of “TRIM ION GRACE” for 5 years, while we are going for the levels of expenses per day (excluding power and water bills) equating to less than those of a couple of green tea / coffee plastic bottles available at convenience stores. Thus, the Systems have price-oriented competitiveness also in this aspect. First, it requires to spend on purchase of the hardware and cartridges to be replaced four times during 5-year period (assuming replacement every 12 months), implying per-day expenses of ¥160 $(248,000 + 12,000 \times 4) \div (365 \times 5)$.

On top of sales associated with ERW Systems in Japan discussed so far, the Company saw sales of ¥188m (down 14.9%) with Trim (Guangzhou) Water & Health, sales of ¥969m (up 26.2%) with PT SUPER WAHANA TEHNO and sales of ¥603m (up 2.2%) with Other on the Water Healthcare Business side. Trim (Guangzhou) Water & Health is a subsidiary based in China in charge of local sales of ERW Systems. Meanwhile, PT SUPER WAHANA TEHNO is a subsidiary based in Indonesia in charge of bottled water business through joint operations with local company. Although gross profit margin is not high, sales here are consistently increasing and the Company has decided to increase capacity to cope with increased demand. In regards to Other, the bulk of sales here relate to those of components and/or installation of ERW Systems.



Source: Company Data, WRJ Calculation

On the Medical Business side, meanwhile, sales of Regenerative Medicine came in at ¥1,240m (up 32.5%), sales of Electrolyzed Water Hemodialysis and MGO Measurement (EW-HD and MGO) ¥16m (down 63.6%). Prospective sales in FY03/2020 are ¥1,428m (up 15.2%) and ¥122m (up 662.5%), respectively, and thus both of them are to see steady increases of sales going forward. On top of this, the Company is also involved with operations to run hospital in China, whose business performance is reflected with equity in earnings of affiliates at the non-operating level. Currently, the bulk of sales on the Medical Business side are of Regenerative Medicine to be discussed in depth later, while increased sales here appear to have driven Medical Business turn profitable in FY03/2019.

Sales of Electrolyzed Water Hemodialysis and MGO Measurement (EW-HD and MGO) mainly comprise those of EW-HD Systems to generate dilution water for hemodialysis. Generally speaking, hemodialysis is of operations to bring blood contaminated by uremic toxin out of human body and to go through dialyzer or artificial liver with certain amount of the blood brought out for the sake of returning to human body after cleaning by means of wastes removal, electrolyte replenishment and hydration adjustment. Meanwhile, all those operations of hemodialysis require the use of dialysate (dialysis fluid) as much as 120 liters per session and the dialysate is generated by dilution of undiluted solution or powder with water for hemodialysis. The Company's EW-HD Systems are in charge of generating electrolyzed RO water as water for hemodialysis. Electrolyzed RO water is obtained by RO processing of electrolyzed cathode water containing hydrogen and unique features are added by dissolution of hydrogen within to a certain amount. That is to say, biocompatibility is improved with hemodialysis, cutting back on side effects represented by oxidative stress. For example, fatalities and outbreak risk of cardiovascular diseases came down by 41% with this way, when compared with conventional equivalents, according to a treatise posted on "Scientific Reports" or scientific journal in England.

When compared with existing hemodialysis systems, this requires initial expenses almost doubled, but the Company has already seen order intake equating to collective ¥88m (central systems from three facilities and personal systems from three facilities), while sales from here are all to be booked in FY03/2020. On top of this, the Company also suggests that negotiations with some 300 hospitals are currently going on, whose collective sales will be as much as ¥7,000m as far as assuming all of them are to materialize.

Meanwhile, the Company suffered from negative ¥60m for equity in earnings of affiliates in FY03/2018, which was followed by negative ¥243m in FY03/2019. This is basically in line with impacts stemming from operations to run hospital practiced in Beijing, which started up in Q4 FY03/2018. Due mainly to this, equity in earnings of affiliates came in at negative ¥240m in FY03/2019 as a whole for the Company in FY03/2019. FY03/2020 Company forecasts are going for the same sort of situations here due to the same reason, but the Company is going for a turnaround in FY03/2021. As of the end of February 2019, the Company started up medical treatment based on EW-HD systems, etc., but it takes longer to get the patients together than initially expected and a period of frontloaded investment persists in FY03/2020, according to the Company. Still, the Company is making progress with its negotiation with PICC or the largest insurance group in China on entrusted health management for thousands of people, while being keen on web promotions at the same time. On top of this, the Company suggests prospective sales of ¥5,000m and operating profit margin of 20%, going forward, for this business. Further, the Company reveals its intention to start up operations to run hospitals in Dalian, Xi'an, Inner Mongolia, etc. in the future.

FY03/2019 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2019CoE	26-Apr-18	Q4 Results	15,340	2,130	2,030	1,210
FY03/2019CoE	25-Jul-18	Q1 Results	15,340	2,130	2,030	1,210
FY03/2019CoE	25-Oct-18	Q2 Results	15,430	2,440	2,345	1,460
		Amount of Gap	90	310	315	250
		Rate of Gap	0.6%	14.6%	15.5%	20.7%
FY03/2019CoE	30-Jan-19	Q3 Results	15,430	2,440	2,345	1,460
FY03/2019Act	25-Apr-19	Q4 Results	15,179	2,250	2,121	1,250
		Amount of Gap	(251)	(190)	(224)	(210)
		Rate of Gap	(1.6%)	(7.8%)	(9.6%)	(14.4%)
FY03/2019CoE	26-Apr-18	Q4 Results	15,340	2,130	2,030	1,210
FY03/2019Act	25-Apr-19	Q4 Results	15,179	2,250	2,121	1,250
		Amount of Gap	(161)	120	91	40
		Rate of Gap	(1.0%)	5.6%	4.5%	3.3%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2019CoE	26-Apr-18	Q4 Results	7,820	1,090	1,040	590
Q1 to Q2 FY03/2019CoE	25-Jul-18	Q1 Results	7,820	1,090	1,040	590
Q1 to Q2 FY03/2019Act	25-Oct-18	Q2 Results	7,900	1,375	1,330	827
		Amount of Gap	80	285	290	237
		Rate of Gap	1.0%	26.2%	28.0%	40.2%
Q1 to Q2 FY03/2019CoE	26-Apr-18	Q4 Results	7,820	1,090	1,040	590
Q1 to Q2 FY03/2019Act	25-Oct-18	Q2 Results	7,900	1,375	1,330	827
		Amount of Gap	80	285	290	237
		Rate of Gap	1.0%	26.2%	28.0%	40.2%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2019CoE	26-Apr-18	Q4 Results	7,520	1,040	990	620
Q3 to Q4 FY03/2019CoE	25-Jul-18	Q1 Results	7,520	1,040	990	620
Q3 to Q4 FY03/2019CoE	25-Oct-18	Q2 Results	7,530	1,065	1,015	633
		Amount of Gap	10	25	25	13
		Rate of Gap	0.1%	2.4%	2.5%	2.1%
Q3 to Q4 FY03/2019CoE	30-Jan-19	Q3 Results	7,530	1,065	1,015	633
Q3 to Q4 FY03/2019Act	25-Apr-19	Q4 Results	7,279	874	791	423
		Amount of Gap	(251)	(191)	(224)	(210)
		Rate of Gap	(3.3%)	(17.9%)	(22.1%)	(33.2%)
Q3 to Q4 FY03/2019CoE	26-Apr-18	Q4 Results	7,520	1,040	990	620
Q3 to Q4 FY03/2019Act	25-Apr-19	Q4 Results	7,279	874	791	423
		Amount of Gap	(241)	(166)	(199)	(197)
		Rate of Gap	(3.2%)	(16.0%)	(20.1%)	(31.8%)

Source: Company Data, WRJ Calculation

Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY	
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	Net Chg.	
Sales	3,623	6,944	10,521	14,027	4,234	7,900	11,574	15,179	+1,151	
CoGS	910	1,785	2,839	4,225	1,178	2,187	3,236	4,332	+106	
Gross Profit	2,712	5,158	7,682	9,802	3,055	5,712	8,338	10,847	+1,044	
SG&A Expenses	2,025	4,156	6,140	8,196	2,243	4,337	6,445	8,596	+400	
Operating Profit	687	1,001	1,541	1,606	812	1,375	1,892	2,250	+643	
Non Operating Balance	31	68	107	75	(38)	(45)	(87)	(128)	(203)	
Recurring Profit	718	1,070	1,648	1,681	773	1,330	1,804	2,121	+440	
Extraordinary Balance	-	(0)	(0)	161	(11)	(11)	(28)	(66)	(227)	
Profit before Income Taxes	718	1,070	1,648	1,842	761	1,318	1,776	2,055	+212	
Total Income Taxes	243	369	568	607	268	466	640	772	+164	
NP Belonging to Non-Controlling SHs	18	35	52	53	14	25	39	32	(20)	
Profit Attributable to Owners of Parent	456	664	1,027	1,181	479	827	1,096	1,250	+68	
Sales YoY	(15.5%)	(14.5%)	(8.8%)	(8.0%)	+16.9%	+13.8%	+10.0%	+8.2%	-	
Operating Profit YoY	(27.5%)	(43.3%)	(34.1%)	(45.2%)	+18.2%	+37.3%	+22.7%	+40.1%	-	
Recurring Profit YoY	(22.1%)	(37.7%)	(28.5%)	(42.1%)	+7.6%	+24.3%	+9.5%	+26.2%	-	
Profit Attributable to Owners of Parent YoY	(24.1%)	(43.8%)	(33.1%)	(40.0%)	+5.0%	+24.4%	+6.8%	+5.8%	-	
Gross Profit Margin	74.9%	74.3%	73.0%	69.9%	72.2%	72.3%	72.0%	71.5%	+1.6%	
(SG&A / Sales)	55.9%	59.9%	58.4%	58.4%	53.0%	54.9%	55.7%	56.6%	(1.8%)	
Operating Profit Margin	19.0%	14.4%	14.7%	11.5%	19.2%	17.4%	16.3%	14.8%	+3.4%	
Recurring Profit Margin	19.8%	15.4%	15.7%	12.0%	18.3%	16.8%	15.6%	14.0%	+2.0%	
Profit Attributable to Owners of Parent Margin	12.6%	9.6%	9.8%	8.4%	11.3%	10.5%	9.5%	8.2%	(0.2%)	
Total Income Taxes / Profit before Income Taxes	33.9%	34.6%	34.5%	33.0%	35.2%	35.4%	36.0%	37.6%	+4.6%	
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	03/2018	03/2018	03/2018	03/2018	03/2019	03/2019	03/2019	03/2019	Net Chg.	
Sales	3,623	3,321	3,577	3,506	4,234	3,666	3,674	3,604	+97	
CoGS	910	875	1,053	1,386	1,178	1,008	1,049	1,095	(290)	
Gross Profit	2,712	2,445	2,523	2,120	3,055	2,657	2,625	2,508	+388	
SG&A Expenses	2,025	2,131	1,983	2,055	2,243	2,093	2,108	2,151	+95	
Operating Profit	687	314	540	64	812	563	516	357	+293	
Non Operating Balance	31	37	38	(31)	(38)	(6)	(42)	(40)	(9)	
Recurring Profit	718	352	578	32	773	557	474	316	+284	
Extraordinary Balance	-	(0)	-	161	(11)	(0)	(16)	(38)	(199)	
Profit before Income Taxes	718	352	578	194	761	557	457	278	+84	
Total Income Taxes	243	126	199	38	268	197	173	131	+92	
NP Belonging to Non-Controlling SHs	18	17	16	0	14	11	14	(6)	(7)	
Profit Attributable to Owners of Parent	456	208	362	154	479	348	269	153	(1)	
Sales YoY	(15.5%)	(13.3%)	+4.8%	(5.6%)	+16.9%	+10.4%	+2.7%	+2.8%	-	
Operating Profit YoY	(27.5%)	(61.5%)	(5.9%)	(89.0%)	+18.2%	+79.3%	(4.4%)	+453.6%	-	
Recurring Profit YoY	(22.1%)	(55.8%)	(1.7%)	(94.5%)	+7.6%	+58.3%	(18.0%)	+863.0%	-	
Profit Attributable to Owners of Parent YoY	(24.1%)	(64.1%)	+2.4%	(64.4%)	+5.0%	+67.0%	(25.6%)	(0.7%)	-	
Gross Profit Margin	74.9%	73.6%	70.5%	60.5%	72.2%	72.5%	71.4%	69.6%	+9.1%	
(SG&A / Sales)	55.9%	64.2%	55.4%	58.6%	53.0%	57.1%	57.4%	59.7%	+1.1%	
Operating Profit Margin	19.0%	9.5%	15.1%	1.8%	19.2%	15.4%	14.0%	9.9%	+8.1%	
Recurring Profit Margin	19.8%	10.6%	16.2%	0.9%	18.3%	15.2%	12.9%	8.8%	+7.9%	
Profit Attributable to Owners of Parent Margin	12.6%	6.3%	10.1%	4.4%	11.3%	9.5%	7.3%	4.3%	(0.1%)	
Total Income Taxes / Profit before Income Taxes	33.9%	35.9%	34.4%	20.0%	35.2%	35.5%	38.0%	47.3%	+27.3%	

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative, Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q1 to Q2 03/2018	Q1 to Q3 03/2018	Q1 to Q4 03/2018	Q1 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019		
Water Healthcare Business	3,417	6,498	9,835	13,046	3,964	7,300	10,655	13,922	+876	
Medical Business	205	445	685	981	269	599	919	1,256	+274	
Sales	3,623	6,944	10,521	14,027	4,234	7,900	11,574	15,179	+1,151	
Water Healthcare Business	(16.3%)	(15.6%)	(9.8%)	(9.5%)	+16.0%	+12.3%	+8.3%	+6.7%	-	
Medical Business	+0.4%	+6.1%	+8.0%	+18.0%	+31.0%	+34.5%	+34.0%	+28.0%	-	
Sales (YoY)	(15.5%)	(14.5%)	(8.8%)	(8.0%)	+16.9%	+13.8%	+10.0%	+8.2%	-	
Water Healthcare Business	94.3%	93.6%	93.5%	93.0%	93.6%	92.4%	92.1%	91.7%	-	
Medical Business	5.7%	6.4%	6.5%	7.0%	6.4%	7.6%	7.9%	8.3%	-	
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	
Water Healthcare Business	695	1,007	1,555	1,629	798	1,331	1,825	2,153	+523	
Medical Business	(7)	(5)	(13)	(23)	14	44	66	96	+119	
Operating Profit	687	1,001	1,541	1,606	812	1,375	1,892	2,250	+643	
Water Healthcare Business	(26.5%)	(42.2%)	(32.6%)	(43.8%)	+14.8%	+32.1%	+17.3%	+32.1%	-	
Medical Business	-	-	-	-	-	-	-	-	-	
Operating Profit (YoY)	(27.5%)	(43.3%)	(34.1%)	(45.2%)	+18.2%	+37.3%	+22.7%	+40.1%	-	
Water Healthcare Business	101.1%	100.6%	100.9%	101.5%	98.3%	96.8%	96.5%	95.7%	-	
Medical Business	(1.1%)	(0.6%)	(0.9%)	(1.5%)	1.7%	3.2%	3.5%	4.3%	-	
Operating Profit (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	
Water Healthcare Business	20.3%	15.5%	15.8%	12.5%	20.1%	18.2%	17.1%	15.5%	+3.0%	
Medical Business	(3.8%)	(1.3%)	(2.0%)	(2.4%)	5.2%	7.4%	7.3%	7.7%	+10.1%	
Operating Profit Margin	19.0%	14.4%	14.7%	11.5%	19.2%	17.4%	16.3%	14.8%	+3.4%	

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q2 03/2018	Q3 03/2018	Q4 03/2018	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019		
Water Healthcare Business	3,417	3,080	3,337	3,210	3,964	3,335	3,355	3,266	+56	
Medical Business	205	240	240	296	269	330	319	337	+41	
Sales	3,623	3,321	3,577	3,506	4,234	3,666	3,674	3,604	+97	
Water Healthcare Business	(16.3%)	(14.8%)	+4.3%	(8.7%)	+16.0%	+8.3%	+0.5%	+1.8%	-	
Medical Business	+0.4%	+11.5%	+11.9%	+49.9%	+31.0%	+37.5%	+33.1%	+14.0%	-	
Sales (YoY)	(15.5%)	(13.3%)	+4.8%	(5.6%)	+16.9%	+10.4%	+2.7%	+2.8%	-	
Water Healthcare Business	94.3%	92.8%	93.3%	91.6%	93.6%	91.0%	91.3%	90.6%	-	
Medical Business	5.7%	7.2%	6.7%	8.4%	6.4%	9.0%	8.7%	9.4%	-	
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	
Water Healthcare Business	695	312	548	74	798	533	494	328	+254	
Medical Business	(7)	1	(8)	(9)	14	30	22	29	+39	
Operating Profit	687	314	540	64	812	563	516	357	+293	
Water Healthcare Business	(26.5%)	(60.9%)	(3.0%)	(87.4%)	+14.8%	+70.6%	(9.8%)	+342.8%	-	
Medical Business	-	(89.7%)	-	-	-	-	-	-	-	
Operating Profit (YoY)	(27.5%)	(61.5%)	(5.9%)	(89.0%)	+18.2%	+79.3%	(4.4%)	+453.6%	-	
Water Healthcare Business	101.1%	99.4%	101.5%	114.6%	98.3%	94.6%	95.7%	91.7%	-	
Medical Business	(1.1%)	0.6%	(1.5%)	(14.6%)	1.7%	5.4%	4.3%	8.3%	-	
Operating Profit (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	
Water Healthcare Business	20.3%	10.1%	16.4%	2.3%	20.1%	16.0%	14.7%	10.0%	+7.7%	
Medical Business	(3.8%)	0.8%	(3.4%)	(3.2%)	5.2%	9.2%	6.9%	8.8%	+12.0%	
Operating Profit Margin	19.0%	9.5%	15.1%	1.8%	19.2%	15.4%	14.0%	9.9%	+8.1%	

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	YoY Net Chg.								
	Q1 03/2018	Q2 03/2018	Q3 03/2018	Q4 03/2018	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019		
Cash and Deposit	11,917	12,657	12,079	11,520	10,757	11,129	11,059	9,885	9,885	(1,635)
Accounts Receivables	4,560	4,216	4,141	4,381	5,075	4,680	4,498	4,726	4,726	+344
Inventory	800	987	1,082	934	926	1,081	1,124	1,036	1,036	+101
Other	430	354	319	409	224	244	199	156	156	(252)
Current Assets	17,708	18,215	17,623	17,246	16,984	17,135	16,881	15,805	15,805	(1,441)
Tangible Assets	3,520	3,562	3,538	3,568	3,587	3,552	3,512	3,519	3,519	(49)
Intangible Assets	661	644	625	609	597	584	574	562	562	(47)
Investments and Other Assets	2,317	2,330	2,131	2,612	2,731	2,929	2,810	2,726	2,726	+113
Fixed Assets	6,500	6,537	6,295	6,791	6,916	7,067	6,897	6,808	6,808	+16
Total Assets	24,209	24,752	23,919	24,038	23,900	24,203	23,779	22,613	22,613	(1,425)
Accounts Payables, etc.	717	1,081	1,101	822	915	1,089	930	914	914	+92
Corporate Bond	300	300	300	-	-	-	-	-	-	-
Long Term Debt (Less than 1 Year)	1,441	1,441	1,439	13	1,497	1,497	1,495	12	12	(1)
Other	2,113	2,031	1,640	2,249	2,538	2,420	2,155	2,280	2,280	+31
Current Liabilities	4,572	4,854	4,481	3,085	4,951	5,007	4,582	3,207	3,207	+122
Corporate Bond	-	-	-	-	-	-	-	-	-	-
Long Term Debt	14	13	14	1,497	12	11	13	12	12	(1,484)
Other	1,597	1,632	1,687	1,667	1,736	1,833	1,923	1,997	1,997	+329
Fixed Liabilities	1,611	1,646	1,702	3,164	1,749	1,845	1,937	2,010	2,010	(1,154)
Total Liabilities	6,184	6,501	6,183	6,249	6,701	6,853	6,519	5,217	5,217	(1,032)
Shareholders' Equity	17,663	17,872	17,322	17,458	16,909	17,030	16,989	17,141	17,141	(316)
Other	361	378	413	330	289	319	270	253	253	(76)
Net Assets	18,024	18,251	17,735	17,788	17,199	17,349	17,259	17,395	17,395	(393)
Total Liabilities and Net Assets	24,209	24,752	23,919	24,038	23,900	24,203	23,779	22,613	22,613	(1,425)
Equity Capital	17,619	17,830	17,287	17,425	16,835	16,976	16,933	17,075	17,075	(350)
Interest Bearing Debt	1,755	1,755	1,754	1,510	1,510	1,509	1,509	25	25	(1,485)
Net Debt	(10,162)	(10,902)	(10,324)	(10,009)	(9,246)	(9,619)	(9,550)	(9,860)	(9,860)	+149
Equity Ratio	72.8%	72.0%	72.3%	72.5%	70.4%	70.1%	71.2%	75.5%	75.5%	+3.0%
Net Debt Equity Ratio	(57.7%)	(61.1%)	(59.7%)	(57.4%)	(54.9%)	(56.7%)	(56.4%)	(57.7%)	(57.7%)	(0.3%)
ROE (12 months)	10.6%	8.2%	8.4%	6.7%	7.0%	7.7%	7.3%	7.2%	7.2%	+0.5%
ROA (12 months)	11.2%	9.3%	9.5%	7.0%	7.2%	7.9%	7.7%	9.1%	9.1%	+2.1%
Days for Inventory Turnover	80	103	94	62	72	98	98	86	86	-
Quick Ratio	360%	348%	362%	515%	320%	316%	340%	456%	456%	-
Current Ratio	387%	375%	393%	559%	343%	342%	368%	493%	493%	-

Source: Company Data, WRJ Calculation

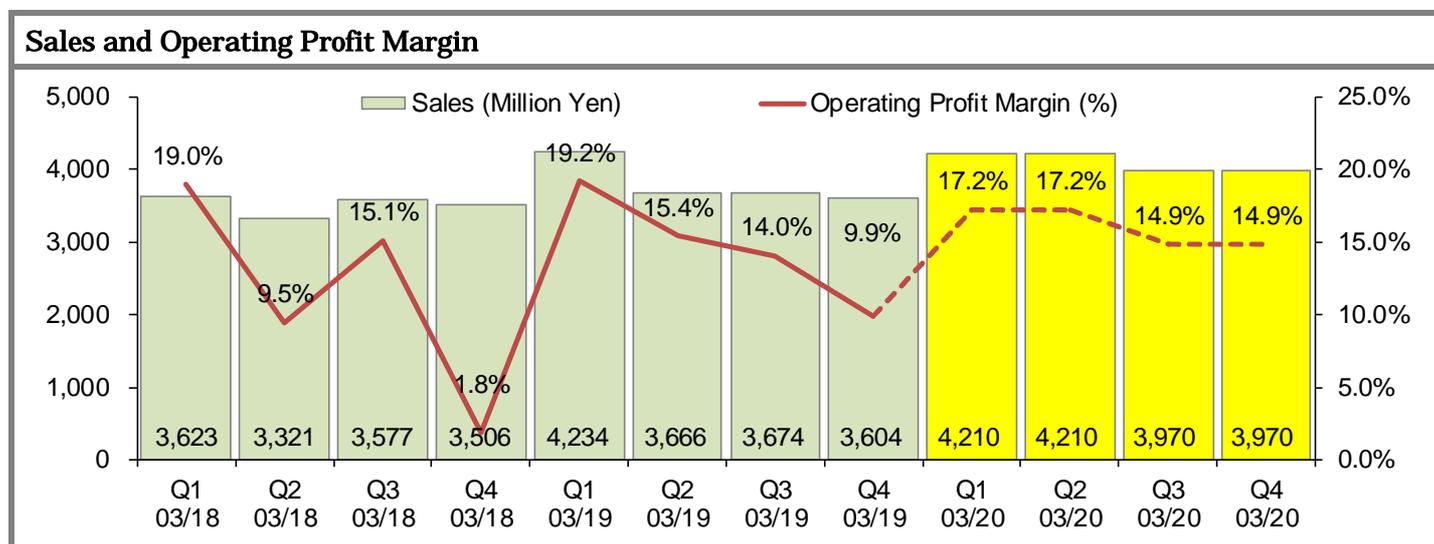
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q1 to Q2 03/2018	Q1 to Q3 03/2018	Q1 to Q4 03/2018	Q1 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019		
Operating Cash Flow	-	1,572	-	2,151	-	1,037	-	1,875	1,875	(275)
Investing Cash Flow	-	226	-	(321)	-	(433)	-	(500)	(500)	(178)
Operating CF and Investing CF	-	1,798	-	1,830	-	604	-	1,375	1,375	(454)
Financing Cash Flow	-	(614)	-	(1,890)	-	(1,107)	-	(3,115)	(3,115)	(1,224)

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

FY03/2020 Company forecasts (released on 25 April 2019) are going for prospective sales of ¥16,360m (up 7.8% YoY), operating profit of ¥2,630m (up 16.9%), recurring profit of ¥2,530m (up 19.2%) and profit attributable to owners of parent of ¥1,480m (up 18.4%), while operating profit margin of 16.1% (up 1.3% points). Company forecasts are also going for prospective annual dividend of ¥70.0 per share, implying payout ratio of 37.7%, up ¥10.0 over ¥60.0 per share, implying payout ratio of 38.2%, in FY03/2019.

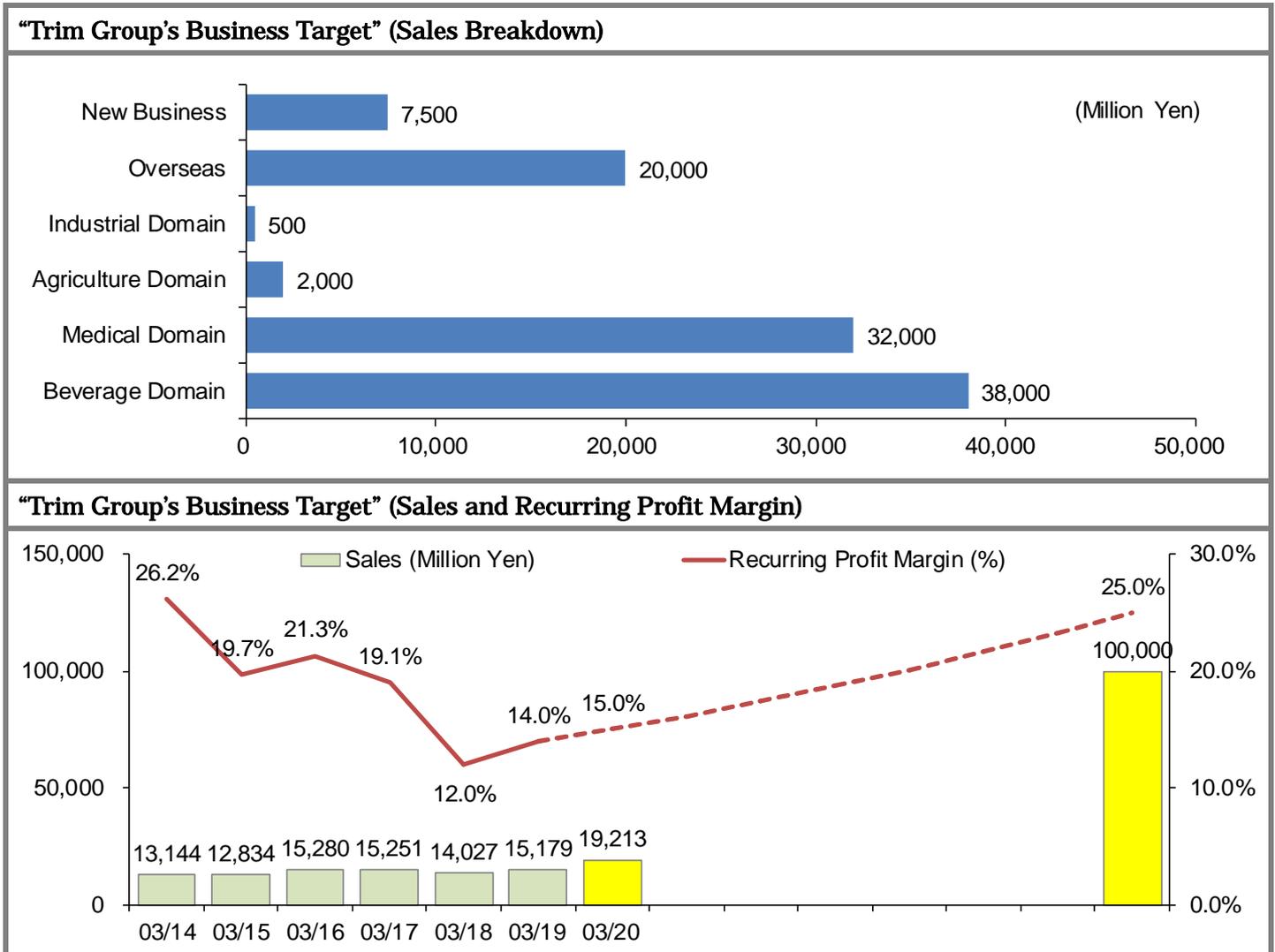


Source: Company Data, WRJ Calculation (quarters of FY03/2020: half-year Company forecasts pro rata)

Meanwhile, Company forecasts assume prospective gross profit of ¥11,543m (up 6.4%) and SG&A expenses ¥8,913m (up 3.7%), implying gross profit margin of 70.6% (down 0.9% points) and the ratio of SG&A expenses to sales of 54.5% (down 2.2% points). By business segment, Water Healthcare Business is expected to see sales of ¥14,810m (up 6.4%), operating profit of ¥2,432m (up 12.9%) and operating profit margin of 16.4% (up 1.0% point), while sales of ¥1,550m (up 23.3%), operating profit of ¥197m (up 104.2%) and operating profit margin of 12.7% (up 5.0% points) for Medical Business. Both of the business segments are to see increased sales, increased earnings and increased operating profit margin.

Long-Term Prospects

The Company suggests long-term prospects in the form of “Trim Group’s Business Target”, calling for prospective sales of ¥100,000m and recurring profit margin of 25.0% in the future, while the former mainly comprising ¥38,000m of Beverage Domain, i.e., the current mainstay ERW Systems, etc., ¥32,000m of Medical Domain and ¥20,000m of Overseas.



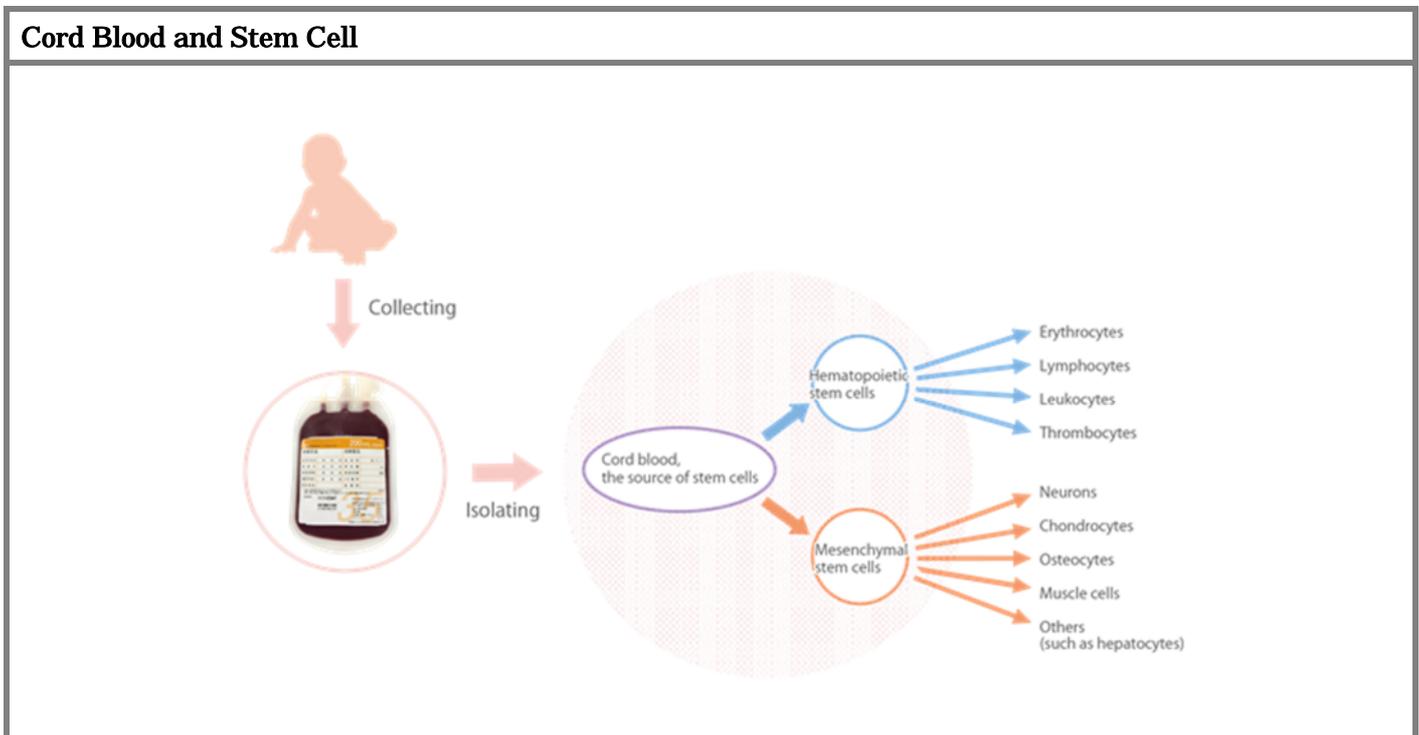
Source: Company Data, WRJ Calculation

The growth potentials on the Beverage Domain side are as have been discussed, while the Medical Domain is expected to be the second earnings pillar with the Company, comprising EW-HD Systems, private cord blood bank, regenerative medicine / reproductive technology business and operations to run hospitals in China. The Company’s disclosure on EW-HD Systems have already been covered, while private cord blood bank will be right after this section. Meanwhile, STREX or one of the subsidiaries is in charge of regenerative medicine / reproductive technology business, but this subsidiary currently sees sales of no more than some ¥100m. Prospects for operations to run hospitals in China are as has been discussed. On the Overseas side, sales are of bottled water business in Indonesia and of ERW Systems in China and Taiwan. Additionally, Company is calling for sales emerging with new domains, i.e., Agriculture Domain and Industrial Domain, ¥2,000m and ¥500m, respectively, in line with gradually increased applications of electrolyzed reduced water. Apart from all those operations, the Company is also calling for prospective sales of ¥7,500m on the New Business side.

4.0 Business Model

Shift to Global Medical Company

The Company is planning to make a shift to global medical company with its operations on the Water Healthcare Business side and on the Medical Business side. Details of the former are as has been discussed so far, while those of regenerative medicine, comprising the bulk of the latter at the moment, are as follows:



Source: StemCell Institute's HP

StemCell Institute, having been consolidated as subsidiary since September 2013, is in charge of current regenerative medicine business with the Company, whose operations are of running private cord blood bank. Cord blood is blood going around between placenta and umbilical cord for unborn child to obtain feeding and oxygen from mother, while stem cell, included here, is gathering attention in regards to its potentials to develop innovative ways of medical treatment for diverse diseases, according to the Company. Since 1993, transplantation therapy for patients suffering from intractable hematologic diseases represented by leukemia has been established, while usefulness of cord blood known very well. Meanwhile, public cord blood bank is in charge of playing the role of mediator for this with its operations to solicit contributions of cord blood with an objective to apply for transplantation therapy for patients suffering from intractable hematological diseases represented by leukemia and to apply donated cord blood for medical treatment with third-party patients who does not have anything to do with the donators.

Meanwhile, StemCell Institute is running effectively the only private cord blood bank (market share: 99%) in Japan, whose sales and earnings almost equate to those disclosed as of regenerative medicine with the Company as far as we could see. Cord blood, provided here, is to be preserved by freezing for the sake of future medical treatment of the provider or the person concerned, i.e., newborn baby, i.e., regenerative medicine or cell therapy associated with cerebral nervous diseases such as cerebral paralysis and autism, while Stem Cell Institute gets paid for the preservation by freezing. The Company suggests that a period of the preservation is basically not limited, while preserved cord blood could be applied for medical treatment for genetically close sibs of newborn baby like father, mother, brothers and sisters.

Just in case, this could be an insurance to save our child, is the typical thought by parents of newborn baby, when they decide to preserve blood cell, requiring expenses of ¥240,000 per person at the application. On top of initial expenses of ¥190,000, storage fee of ¥50,000 for the first 10 years is required. The former is booked as sales at the payment of compensation, while the latter is treated as receivables to book sales of ¥5,000 every year. As of the end of March 2019, cord blood collected and preserved at 1,940 facilities stood at 47,069 in terms of the number of persons, implying sales of the latter equating to ¥235m per year at the moment. More importantly, new applications are on the rise, generating increased outright sales and thus driving sales of regenerative medicine.

Longer term, the Company suggests a potential for sales of regenerative medicine to persistently increase as well as benefits from increased sales. The Company is going for preservation rate of 1% in 5 years versus 0.3% to 0.4% at the moment. StemCell Institute, effectively commanding the market in Japan, is to directly benefit from the increased preservation rate. Meanwhile, clinical trials are making progress in Japan and overseas, implying establishment of actual medical treatment in the foreseeable future, as found in transplantation therapy for patients suffering from intractable hematologic diseases represented by leukemia.

In the United States, FDA (Food and Drug Administration) has acknowledged safety and effectiveness to a certain extent for cerebral paralysis, etc., leading to clinical trials with a scale larger than before going forward. In Japan, clinical trials on hypoxic-ischemic encephalopathy, cerebral paralysis, etc. are going on and they are on the verge of moving on to phase , according to the Company. On top of this, clinical trials on autism are to start up in Japan. Meanwhile, the Company believes in probability to be used on medical treatment for nervous system diseases, spotting that research for diseases with adults is also going on. For example, the Company is looking to medical treatment for Alzheimer disease and ALS (Amyotrophic lateral sclerosis) in the future.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons. Act	Cons.CoE					
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Sales	12,834	15,280	15,251	14,027	15,179	16,360	+1,180
CoGS	3,304	3,840	3,860	4,225	4,332	4,817	+484
Gross Profit	9,529	11,439	11,390	9,802	10,847	11,543	+695
SG&A Expenses	7,277	8,315	8,461	8,196	8,596	8,913	+316
Operating Profit	2,252	3,123	2,929	1,606	2,250	2,630	+379
Non Operating Balance	275	135	(23)	75	(128)	(100)	+28
Recurring Profit	2,527	3,258	2,905	1,681	2,121	2,530	+408
Extraordinary Balance	(181)	-	71	161	(66)	-	+66
Profit before Income Taxes	2,345	3,258	2,976	1,842	2,055	2,530	+474
Total Income Taxes	1,060	1,168	932	607	772	880	+107
NP Belonging to Non-Controlling SHs	(22)	(14)	74	53	32	170	+137
Profit Attributable to Owners of Parent	1,307	2,104	1,969	1,181	1,250	1,480	+229
Sales YoY	(2.4%)	+19.1%	(0.2%)	(8.0%)	+8.2%	+7.8%	-
Operating Profit YoY	(27.7%)	+38.7%	(6.2%)	(45.2%)	+40.1%	+16.9%	-
Recurring Profit YoY	(26.6%)	+28.9%	(10.8%)	(42.1%)	+26.2%	+19.2%	-
Profit Attributable to Owners of Parent YoY	(47.9%)	+61.0%	(6.4%)	(40.0%)	+5.8%	+18.4%	-
Gross Profit Margin	74.3%	74.9%	74.7%	69.9%	71.5%	70.6%	(0.9%)
(SG&A / Sales)	56.7%	54.4%	55.5%	58.4%	56.6%	54.5%	(2.2%)
Operating Profit Margin	17.5%	20.4%	19.2%	11.5%	14.8%	16.1%	+1.3%
Recurring Profit Margin	19.7%	21.3%	19.1%	12.0%	14.0%	15.5%	+1.5%
Profit Attributable to Owners of Parent Margin	10.2%	13.8%	12.9%	8.4%	8.2%	9.0%	+0.8%
Total Income Taxes / Profit before Income Taxes	45.2%	35.9%	31.3%	33.0%	37.6%	34.8%	(2.8%)

Source: Company Data, WRJ Calculation

18

Segmented Information

Segmented Information (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Water Healthcare Business	11,956	14,457	14,418	13,046	13,922	14,810	+887
Medical Business	877	822	832	981	1,256	1,550	+293
Sales	12,834	15,280	15,251	14,027	15,179	16,360	+1,180
Water Healthcare Business	(1.8%)	+20.9%	(0.3%)	(9.5%)	+6.7%	+6.4%	-
Medical Business	(9.8%)	(6.3%)	+1.3%	+18.0%	+28.0%	+23.3%	-
Sales (YoY)	(2.4%)	+19.1%	(0.2%)	(8.0%)	+8.2%	+7.8%	-
Water Healthcare Business	93.2%	94.6%	94.5%	93.0%	91.7%	90.5%	-
Medical Business	6.8%	5.4%	5.5%	7.0%	8.3%	9.5%	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
Water Healthcare Business	2,205	3,159	2,898	1,629	2,153	2,432	+278
Medical Business	47	(35)	30	(23)	96	197	+100
Operating Profit	2,252	3,123	2,929	1,606	2,250	2,630	+379
Water Healthcare Business	(15.5%)	+43.3%	(8.3%)	(43.8%)	+32.1%	+12.9%	-
Medical Business	(90.7%)	-	-	-	-	+104.2%	-
Operating Profit (YoY)	(27.7%)	+38.7%	(6.2%)	(45.2%)	+40.1%	+16.9%	-
Water Healthcare Business	97.9%	101.1%	98.9%	101.5%	95.7%	92.5%	-
Medical Business	2.1%	(1.1%)	1.1%	(1.5%)	4.3%	7.5%	-
Operating Profit (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
Water Healthcare Business	18.4%	21.9%	20.1%	12.5%	15.5%	16.4%	+1.0%
Medical Business	5.4%	(4.4%)	3.7%	(2.4%)	7.7%	12.7%	+5.0%
Operating Profit Margin	17.5%	20.4%	19.2%	11.5%	14.8%	16.1%	+1.3%

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Cash and Deposit	10,747	12,595	11,480	11,520	9,885	-	-
Accounts Receivables	4,246	4,696	4,651	4,381	4,726	-	-
Inventory	519	701	809	934	1,036	-	-
Other	253	291	287	409	156	-	-
Current Assets	15,767	18,283	17,228	17,246	15,805	-	-
Tangible Assets	3,547	3,486	3,542	3,568	3,519	-	-
Intangible Assets	787	702	635	609	562	-	-
Investments and Other Assets	1,404	1,231	2,611	2,612	2,726	-	-
Fixed Assets	5,738	5,420	6,789	6,791	6,808	-	-
Total Assets	21,506	23,704	24,018	24,038	22,613	-	-
Accounts Payables, etc.	566	962	812	822	914	-	-
Corporate Bond	-	-	300	-	-	-	-
Long Term Debt (Less than 1 Year)	-	-	1,426	13	12	-	-
Other	2,069	2,563	1,785	2,249	2,280	-	-
Current Liabilities	2,636	3,526	4,323	3,085	3,207	-	-
Corporate Bond	300	300	-	-	-	-	-
Long Term Debt	944	1,126	-	1,497	12	-	-
Other	1,461	1,517	1,559	1,667	1,997	-	-
Fixed Liabilities	2,706	2,944	1,559	3,164	2,010	-	-
Total Liabilities	5,342	6,471	5,883	6,249	5,217	-	-
Shareholders' Equity	15,688	16,884	17,787	17,458	17,141	-	-
Other	475	349	347	330	253	-	-
Net Assets	16,163	17,233	18,135	17,788	17,395	-	-
Total Liabilities and Net Assets	21,506	23,704	24,018	24,038	22,613	-	-
Equity Capital	15,661	16,819	17,754	17,425	17,075	-	-
Interest Bearing Debt	1,244	1,426	1,726	1,510	25	-	-
Net Debt	(9,503)	(11,168)	(9,753)	(10,009)	(9,860)	-	-
Equity Ratio	72.8%	71.0%	73.9%	72.5%	75.5%	-	-
Net Debt Equity Ratio	(60.7%)	(66.4%)	(54.9%)	(57.4%)	(57.7%)	-	-
ROE (12 months)	8.6%	13.0%	11.4%	6.7%	7.2%	-	-
ROA (12 months)	12.2%	14.4%	12.2%	7.0%	9.1%	-	-
Days for Inventory Turnover	57	67	77	81	87	-	-
Quick Ratio	569%	490%	373%	515%	456%	-	-
Current Ratio	598%	518%	398%	559%	493%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Operating Cash Flow	1,910	2,573	1,438	2,151	1,875	-	-
Investing Cash Flow	(166)	(768)	(1,134)	(321)	(500)	-	-
Operating CF and Investing CF	1,743	1,804	303	1,830	1,375	-	-
Financing Cash Flow	249	(871)	(969)	(1,890)	(3,115)	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons. Act FY 03/2015	Cons. Act FY 03/2016	Cons. Act FY 03/2017	Cons. Act FY 03/2018	Cons. Act FY 03/2019	Cons. CoE FY 03/2020	YoY Net Chg.
No. of Shares FY End (-000 Shares)	8,657	8,657	8,657	8,657	8,657	-	-
Net Profit / EPS (-000 Shares)	8,489	8,437	8,402	8,244	7,962	-	-
Treasury Shares FY End (-000 Shares)	150	248	323	542	761	-	-
Earnings Per Share	154.01	249.50	234.46	143.36	157.05	185.89	-
Earnings Per Share (Fully Diluted)	153.62	249.36	234.30	143.30	156.95	-	-
Book Value Per Share	1,841.01	2,000.12	2,130.27	2,147.35	2,162.68	-	-
Dividend Per Share	50.00	60.00	60.00	60.00	60.00	70.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons. Act FY 03/2015	Cons. Act FY 03/2016	Cons. Act FY 03/2017	Cons. Act FY 03/2018	Cons. Act FY 03/2019	Cons. CoE FY 03/2020	YoY Net Chg.
Share Split Factor	1	1	1	1	1	-	-
Earnings Per Share	154.01	249.50	234.46	143.36	157.05	185.89	-
Book Value Per Share	1,841.01	2,000.12	2,130.27	2,147.35	2,162.68	-	-
Dividend Per Share	50.00	60.00	60.00	60.00	60.00	70.00	-
Payout Ratio	32.5%	24.0%	25.6%	41.9%	38.2%	37.7%	-

Source: Company Data, WRJ Calculation

6.0 Other Information

Optimized “Water” for Human Being

In 1982, the Company was founded as a sales company of ERW Systems by Shinkatsu Morisawa or the current president with the Company. He set up the Company’s own factory in 1990 and the Company started up corporate efforts to beef up penetration of ERW Systems as manufacturer. Since the establishment, the Company has been in the pursuit of optimized “water” for human being, having accomplished research through industry-university cooperation with universities and/or research institutes in Japan and overseas collectively more than 20 in the number, while publishing lots of treatises on international journals as achievements.

Given lifestyle diseases now prevailing in emerging countries on top of developed countries, including Japan, it is increasingly important to enhance measures to materialize society of health and longevity on a global basis. Out of all the issues, the Company places the utmost emphasis on “prevention”. That is to say, it is so easy to incorporate water good for health in our life as a measure to maintain and/or improve health, even when paying respect to chances of continuity. As the leading company in the domain, Morisawa firmly believes the Company’s task is to contribute to health word-wide by means of spreading “a new habit or water healthcare” with electrolyzed reduced water to people as many as possible.

Meanwhile, on top of Beverage Domain, the Company is also keen on running new operations on other business developments at the same time, comprising EW-HD Systems or the next generation devices for hemodialysis systems, application to agriculture represented by reduced vegetables, private cord blood bank, operations of hospitals in China for chronic diseases (diabetes and hemodialysis), etc. With corporate philosophy of “helping creation of human life comfortable and healthy”, the Company is to keep on challenging with entrepreneurship, developments overseas and mergers in sight, while beefing up existing business represented by those on the Beverage Domain side. Thus, the Company will make a shift to global medical company.

Company History

Date	Events
June 1982	Nihon Trim Co., Ltd., established with an objective to manufacture and sell ERW Systems
May 1983	“TRIM ION TI-100”, approved for manufacture by Ministry of Health and Welfare (approval No. 58B-491) and on sale
February 1990	Tosashimizu Plant (current Trim Electric Machinery Co., Ltd.) in Kochi-prefecture, opened
April 1995	Joint research with Taiwan University, started
March 1996	Joint research with Lab. of Cellular Regulation Technology of Kyushu University, started
April 1996	Trade right, assigned from Trim Electric Machinery Co., Ltd. and manufacturing division given to the same
January 1998	Headquarters office, moved to 1-8-34 Oyodonaka, Kita-ku, Osaka
November 2000	JASDAQ over-the-counter registration
September 2002	New plant of Trim Electric Machinery Co., Ltd., established and operations started in Nankoku-city of Kochi-prefecture
February 2003	Listed on Second Section of Tokyo Stock Exchange
March 2004	Listed on First Section of Tokyo Stock Exchange
September 2005	Trim Electric Machinery Co., Ltd., received ISO 9001:2000 and ISO 13485:2003 certification
October 2005	Trim (Guangzhou) Water & Health Co., Ltd., established in Guangzhou, Guangdong Province, China
October 2006	Capital injections in PT SUPER WAHANA TEHNO (equity-accounted affiliate)
May 2007	TrimGen Holdings Co., Ltd. (holding company), established
November 2007	Trim Medical Institute Co., Ltd. (a venture company for industry-university joint research), established with Tohoku University
February 2012	Trim Life Support Co., Ltd., established
July 2012	PT SUPER WAHANA TEHNO, based in Indonesia, consolidated as subsidiary
August 2013	Headquarters office, moved to 22nd floor, Herbis ENT Office Tower, 2-2-22 Umeda, Kita-ku, Osaka-city
September 2013	StemCell Institute Inc., consolidated as subsidiary
March 2015	TrimGen Holdings Co., Ltd., changed to Trim Medical Holdings Inc. with its corporate identity
July 2015	Partnership agreement to promote “Reduced Vegetables Project”, signed with Nankoku City, JA Nankoku City, Kochi Prefecture and Kochi University
February 2016	Specific cell processed product manufacturing permission, based on “act on guarantee of safety concerning regenerative medicine, etc.”, obtained by cell treatment center of StemCell Institute Inc.
April 2016	Trim Medical Holdings Inc., participated in business to run hospital for medical treatment on chronic-stage diseases in China
October 2016	Joint research division on EW-HD Systems with Tohoku University, established

May 2017 Trim Medical Holdings Inc., consolidated STREX Inc. as subsidiary
May 2017 Joint research with RIKEN, started
September 2017 “TRIM ION GRACE”, launched as new product of ERW Systems

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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