

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 FY03/2020		8,693	1,615	1,517	1,002	-	-	-
Q3 to Q4 FY03/2020CoE		7,666	1,014	1,012	477	-	-	-
Q1 to Q2 FY03/2020	YoY	10.0%	17.4%	14.1%	21.2%	-	-	-
Q3 to Q4 FY03/2020CoE	YoY	5.3%	16.0%	27.9%	12.8%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (23 December 2019)


New Earning Sources

Nihon Trim, which advocates “becoming a global medical company”, is seeing steady earnings. Sales of regenerative medicine and electrolyzed water hemodialysis systems have begun to launch and the resulting improvement in earnings are noticeable. In the Company, new earning sources appear to be emerging. With respect to EHW (Electrolyzed Hydrogen Water) Apparatus, which has been the Company’s traditional source of earnings, it has been pointed out that there is a possibility for the Company's stock (sales of Cartridges) generating stable earnings to continue growing steadily in a long-term view. The Company is to accelerate the accumulation of this stock by elucidating the mechanism of electrolyzed hydrogen water produced by the Company’s EHW Apparatus. Furthermore, in addition to the fact that bottling operations in Indonesia has considerable room for growth, it has been announced that the Company will actively engage in management of hospitals in China. In other words, the Company is expanding its involvement with business on a global basis and with the medical domain, which is in line with the measures that the Company has been implementing since FY03/2019. The Company has already seen some success so far in FY03/2020, the second year since the startup of the measures, while aiming to make further progress toward its goal of “becoming a global medical company” by FY03/2023, the fifth year, as a pause of the measures.

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2.0 Company Profile

“Becoming a Global Medical Company”

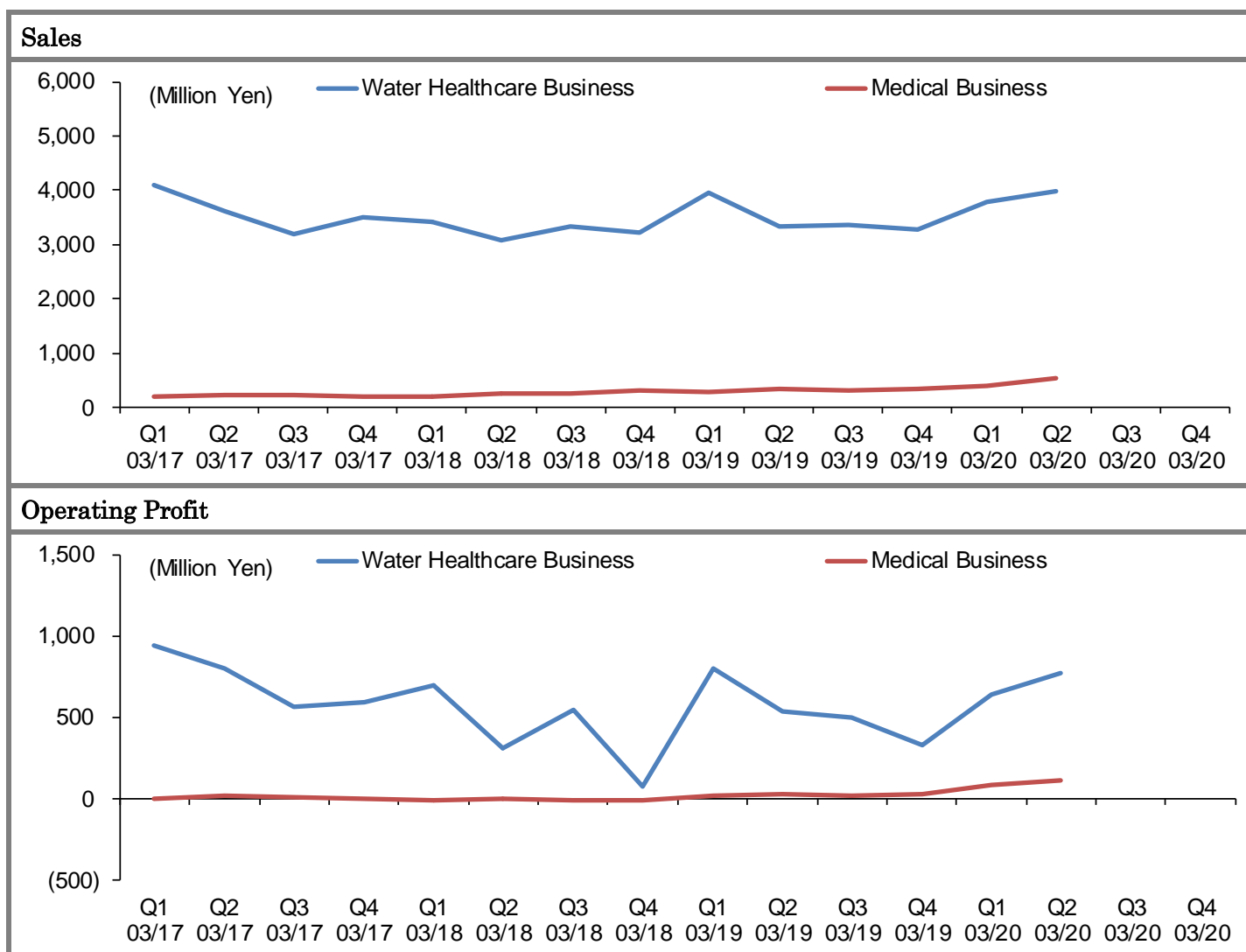
Company Name	Nihon Trim Co., Ltd. Website IR Information Share Price (Japanese)	 NIHON TRIM CO.,LTD.
Established	12 June 1982	
Listing	1 March 2004: Tokyo Stock Exchange 1st section (ticker: 6788) 4 February 2003: Tokyo Stock Exchange 2nd section 28 November 2000: JASDAQ over-the-counter registration	
Capital	¥ 992m (as of the end of September 2019)	
No. of Shares	8,656,780 shares, including 761,438 treasury shares (as of the end of Sep. 2019)	
Main Features	<ul style="list-style-type: none"> ● Leading the market for EHW (Electrolyzed Hydrogen Water) Apparatus, certified as a medical device by MHLW, with 59.2% share in Japan ● The mainstay B2C sales channel of proprietary workplace sales ● Focus on Medical Business such as regenerative medicine as well as on operations overseas 	
Business Segments	I . Water Healthcare Business II . Medical Business	
Top Management	CEO : Shinkatsu Morisawa	
Shareholders	Laboremus Co. 24.4%, Shinkatsu Morisawa 14.2%, Japan Trustee Services, T. 12.6%, Company's Tr. Stock 8.7%, Master Trust Bank of Japan, T. 4.2% (as of the end of September 2019)	
Headquarters	Kita-ku, Osaka-city, Osaka-prefecture, JAPAN	
No. of Employees	Consolidated: 551, Parent: 347 (as of the end of September 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

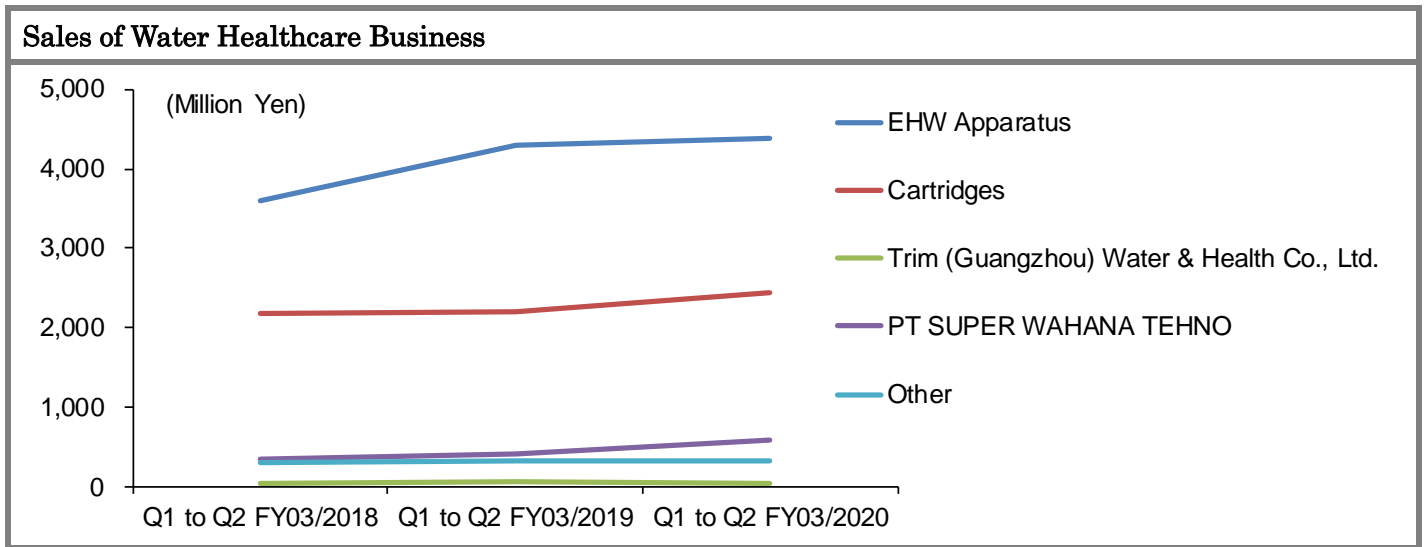
Q1 to Q2 FY03/2020 Results

In Q1 to Q2 FY03/2020, sales came in at ¥8,693m (up 10.0% YoY), operating profit ¥1,615m (up 17.4%), recurring profit ¥1,517m (up 14.1%) and profit attributable to owners of parent ¥1,002m (up 21.2%), while operating profit margin 18.6% (up 1.2% points). The results are better than assumptions of initial Company forecasts, by ¥273m (3.2%) in sales, by ¥165m (11.4%) in operating profit, by ¥117m (8.4%) in recurring profit and by ¥162m (19.3%) in profit attributable to owners of parent. The Q1 results are in line, while the Q2 results are better, due mainly to better-than-expected business performance on the Medical Business side. On the Water Healthcare Business side, the Company suggests that bottling operations in Indonesia are running ahead.



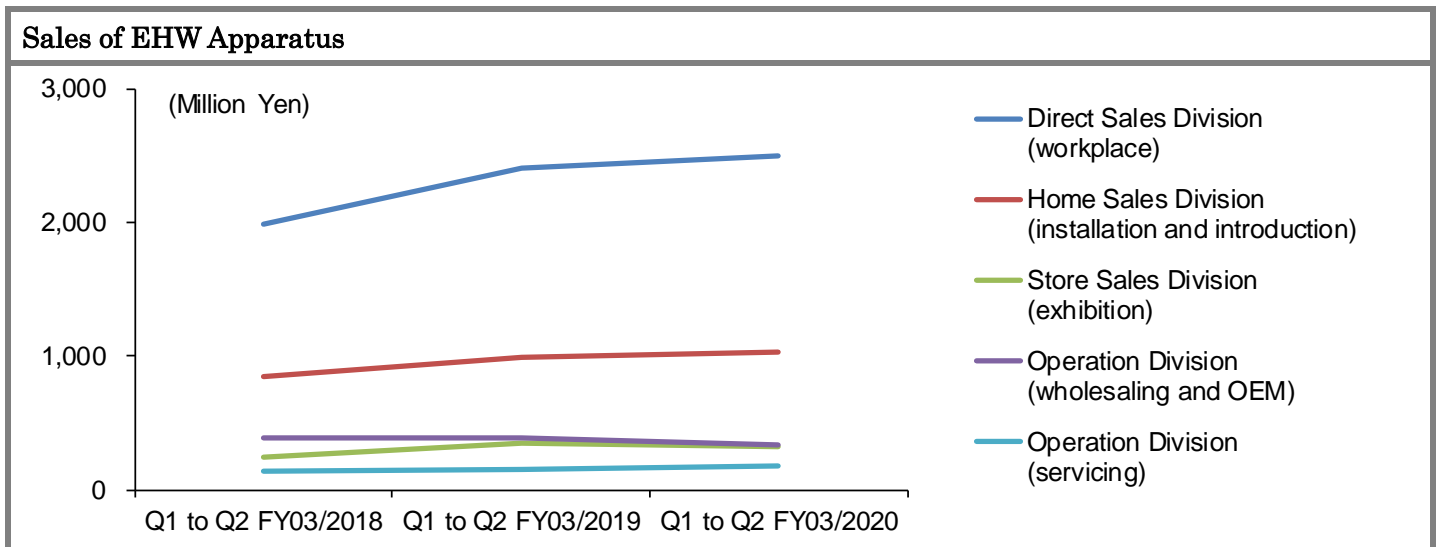
Source: Company Data, WRJ Calculation

Water Healthcare Business saw sales of ¥7,765m (up 6.4%), operating profit of ¥1,414m (up 6.2%) and operating profit margin of 18.21% (down 0.03% points), while Medical Business sales of ¥928m (up 54.8%), operating profit of ¥201m (up 352.1%) and operating profit margin of 21.7% (up 14.3% points). In other words, steady increases of sales and earnings have been achieved on the Water Healthcare Business side, which has been the Company's traditional source of earnings, while earnings are emerging on the Medical Business side, implying that the Company is seeing new earning sources taking off on a full-fledged basis.





Source: Company Data, WRJ Calculation

On the Water Healthcare Business side, sales of EHW Apparatus came in at ¥4,375m (up 1.6%) and sales of Cartridges ¥2,447m (up 11.2%). According to the Company, the impact from the consumption tax hike was limited in regards to EHW Apparatus, while there were increases in demand for Cartridges prior to the consumption tax hike. Elsewhere, sales of Trim (Guangzhou) Water & Health Co., Ltd. or the Company's subsidiary based in China came in at ¥40m (down 27.7%) and sales of PT SUPER WAHANA TEHNO or the Company's subsidiary based in Indonesia ¥581m (up 42.6%) and sales of Other ¥320m (down 3.2%).



Source: Company Data, WRJ Calculation

With respect to EHW Apparatus to comprise the core of Water Healthcare Business, workplace sales came in at ¥2,503m (up 3.8%), installation and introduction sales ¥1,028m (up 3.9%), exhibition sales ¥325m (down 7.7%), wholesaling and OEM sales ¥333m (down 16.1%) and servicing sales ¥185m (up 20.5%). Generally speaking, the underlying trends are favorable, while it is a problem to be solved that wholesaling and OEM sales are coming down sharply.

EHW Apparatus and Cartridge	
<p>“TRIM ION GRACE”</p>  <p>Standard price per unit: ¥248,000 (tax and installation expenses excluded)</p>	<p>Replacement-use Water Purification Cartridge</p>  <p>Standard price per unit: ¥12,000 (tax excluded)</p>

Source: Company Data

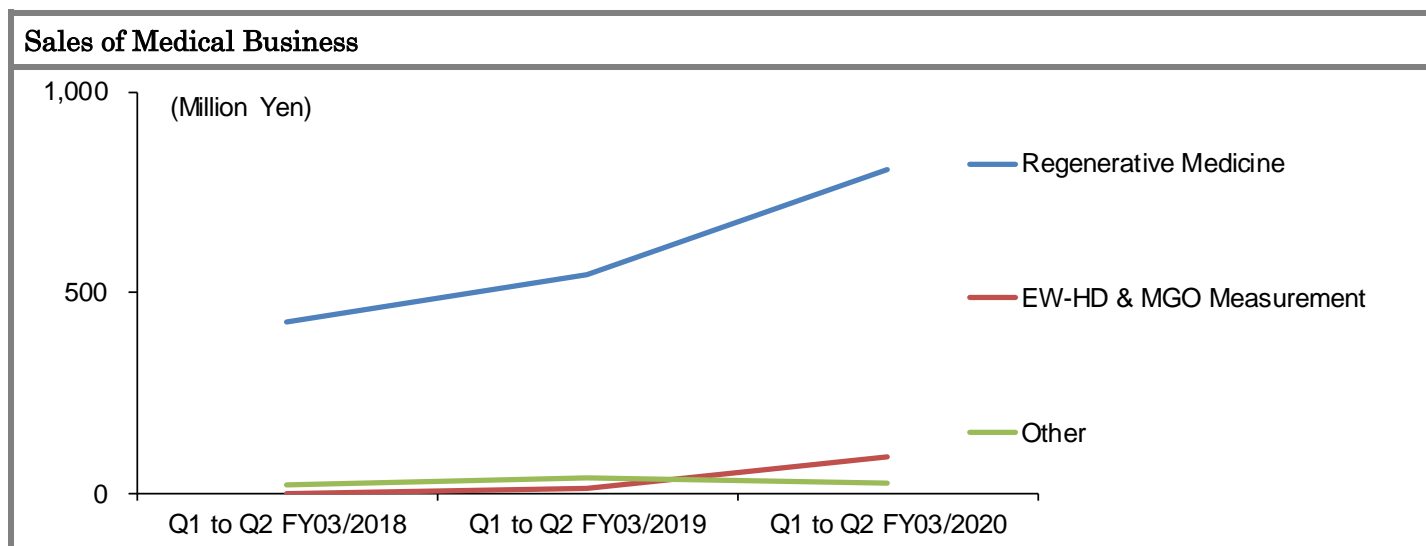
In the area of workplace sales, the Company’s sales representatives are introduced by a variety of agencies, including major trading houses, manufacturers and co-ops to visit specific workplaces at individual companies, holding seminars to explain characteristics and differentiating factors of the Company’s EHW Apparatus to sell them to employees there. Meanwhile, referral fees are paid to the agencies based on their actual performance. In this way, the Company’s sales of EHW Apparatus are based on B2C, centered on face-to-face sales. With the exception of wholesaling and OEM sales, B2C is the foundation for installation and introduction sales, exhibition sales and servicing sales. Meanwhile, to further improve sales efficiency in workplace sales, the Company is focusing on “packaged adoption by corporates through healthcare management®”. As of the end of Q2, the cumulative volume so far stood at sales of 1,598 units for 1,055 corporates as well as 1,860 units for purchases by employees. In other words, a strategy is being implemented to shift from B2C to B2B and further develop into individuals (C) after B2B. For example, in September 2017, Hyogo Toyota Motor announced its “healthcare management®” policy, which led to adoptions of the Company’s EHW Apparatus to rest stations in all the 36 locations, including the Company’s head office and dealerships. 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 EHW Apparatus by more than 300 personnel for their home to date.

Installation and introduction sales are of EHW Apparatus, stemming from visits to individual’s home by the Company’s person in charge for the purpose of installing EHW Apparatus purchased through workplace sales, etc. Sometimes, the individual is happy to introduce own relatives and/or friends, resulting in sales of EHW Apparatus with them afterward, according to the Company. Elsewhere, exhibition sales are booked literally by events held by the Company’s person in charge at sports gyms, mass retailers, department stores, etc., while wholesaling and OEM sales by wholesaling and sales on an OEM basis. Servicing sales are of those to be generated by replacement demand, when the Company’s person in charge visits individual’s home to fix existing EHW Apparatus.

Meanwhile, sales of Cartridges came in at ¥2,447m (up 11.2%), implying a strength. This refers to sales of replacement-use water-purification cartridges for EHW Apparatus and it is recommended that cartridges be replaced every year since inception or after a certain amount of water is passed. Accordingly, in the business model of the Company's mainstay EHW Apparatus, the Company books sales of the main unit on a flow basis and subsequently those of cartridges on a stock basis. Currently, the Company directly manages some 850,000 units of EHW Apparatus sold through face-to-face sales such as above-mentioned workplace sales, while seeing sales of Cartridges stemming from here.

FY03/2020 Company forecasts are going for prospective sales of ¥4,423m (up 4.4%) for Cartridges, while the Company is calling for prospective number of 3m units under own management for EHW Apparatus and sales of ¥20,000m per year (assuming annual replacement rate of 70% and unit selling price of ¥9,524 on a simple average basis) for Cartridges in the future. Still, it will take some 20 years to achieve this, judging from the current EHW Apparatus sales conditions. In light of this, the Company is proceeding with the elucidation of mechanism on electrolytic hydrogen water produced by the Company's EHW Apparatus so that mechanism that can prevent various diseases should be revealed, eventually driving the penetration rate. Meanwhile, at the same time, the Company publishes quarterly magazines and distributes e-mail magazines, while offering follow-ups on the phone to improve customer satisfaction amongst existing users. On top of this, the Company is conducting promotional activities using AR app markers at restaurants as a strategy of public relations to attract individuals.

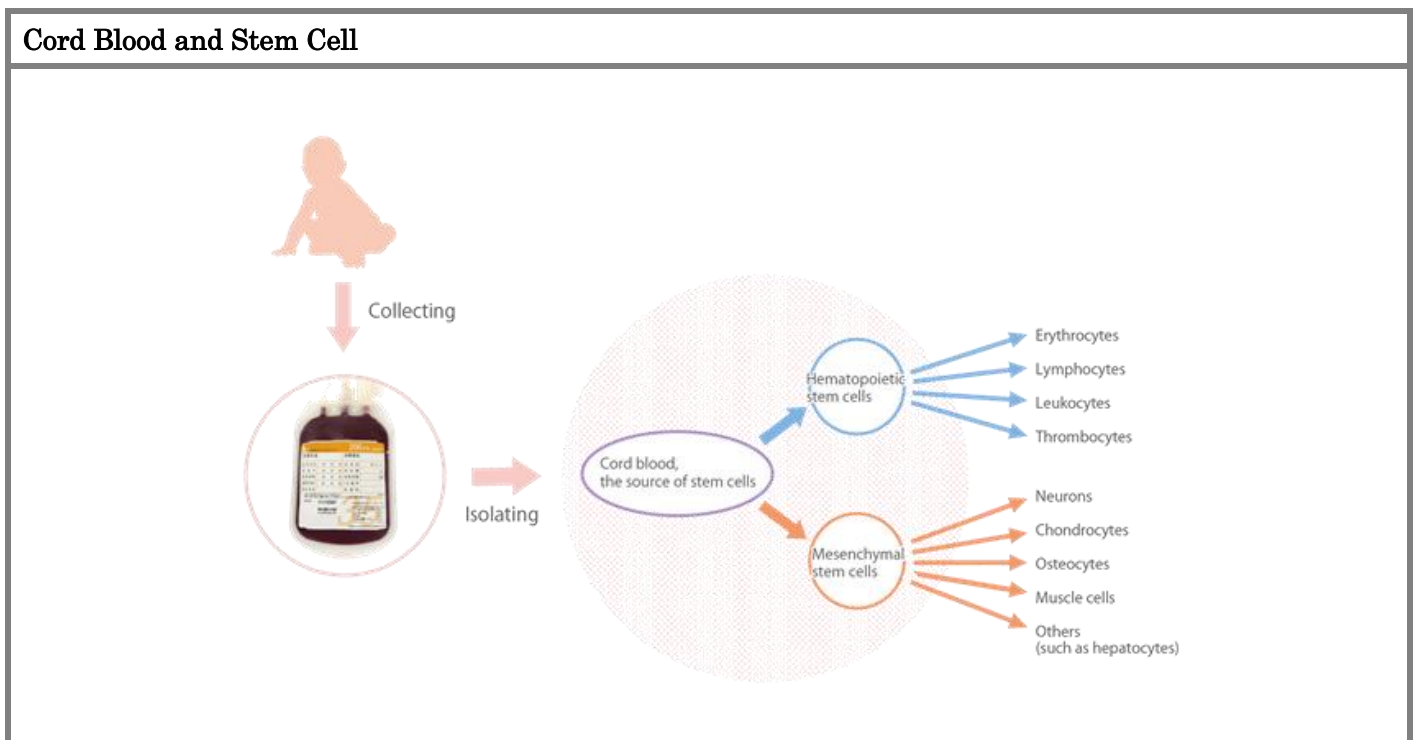
In addition to above-mentioned sales associated with EHW Apparatus in Japan, Water Healthcare Business saw sales of ¥40m (down 27.7%) in Trim (Guangzhou) Water & Health Co., Ltd., sales of ¥581m (up 42.6%) in PT SUPER WAHANA TEHNO and sales of ¥320m (down 3.2%) in Other. Trim (Guangzhou) Water & Health Co., Ltd. or the Company's subsidiary based in China sells EHW Apparatus locally in China. PT SUPER WAHANA TEHNO or the Company's subsidiary based in Indonesia is developing bottling operations (manufacturing and selling of bottled water) with local partner Sinar Mas Group. The Company sees surging sales with this business, given high penetration of own brand "Pristine®", which is particularly true of the state in Jakarta, i.e., the capital region. The Company is now negotiating with Sinar Mas Group to go for prospective sales of ¥17,000m in FY03/2026 versus some ¥1,000m per year at the moment.



Source: Company Data, WRJ Calculation

On the Medical Business side, sales of Regenerative Medicine came in at ¥808m (up 48.5%), sales of EW-HD & MGO Measurement ¥91m (up 531.0%) and sales of Other ¥27m (down 32.1%). Regenerative Medicine currently accounts for the bulk of sales and operating profit out of Medical Business as a whole, while the content of this domain, as far as we could see, roughly equates to operations of private cord blood bank by StemCell Institute Inc. which has been consolidated as subsidiary since September 2013. In Q1 o Q2 FY03/2020, Medical Business drove sales and earnings with the Company as a whole to a large extent, which appears to have been in line with those of StemCell Institute Inc. Meanwhile, the Company is looking to future developments on electrolyzed water hemodialysis systems or the key content of EW-HD & MGO Measurement.

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 has been 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.



Source: StemCell Institute, Inc.

StemCell Institute Inc. is running private cord blood bank in Japan almost exclusively, holding market share of 99%. Its business model is to get paid for freezing of cord blood provided, basically with no limit of period. Cord blood provided here is to be preserved for the sake of future medical treatment of the provider or the person concerned, i.e., newborn baby for regenerative medicine and/or cell therapy (cerebral paralysis, autism, etc.). Thus, this is preservation for autotherapy based on cord blood. The Company also suggests that cord blood preserved could be applied for medical treatment for genetically close sibs of newborn baby like father and mother or 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 cord blood, requiring expenses of ¥240,000 per person at application. On top of initial expenses of ¥190,000, storage fee of ¥50,000 for the first 10 years is required. Sales of the former are booked at the payment of compensation, while sales of the latter are booked with a recognition as receivables, i.e., ¥5,000 per year over 10 years.

Clinical trials aimed at materializing autotherapy based on cord blood are progressing in Kochi Medical School, Osaka City University's Faculty of Medicine, etc., while domestic awareness of cord blood preservation in Japan is increasing as well as demand, according to the Company. In Japan, clinical studies are proceeding on such topics as hyperglycemic ischemic neuropathy and cerebral paralysis and all the clinical studies are approaching the transition to Phase II trials. On top of this, clinical trials on autism are to start up. The Company also suggests a probability to be used on medical treatment for nervous system diseases, spotting that research for diseases of adults is going on at the same time. For example, the Company is looking to medical treatment for Alzheimer disease and ALS (Amyotrophic lateral sclerosis) in the future. Meanwhile, clinical trials are progressing overseas at the same time, 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 now going forward.

The rate of cord blood preservation in Japan is estimated to be some 0.6% of the number of births, which is far too lower than 3% to 5% in the United States and 12% in South Korea, while the Company suggests a possibility that the rate in Japan will rise to the same level as in the United States and South Korea in the future. StemCell Institute, Inc. has made it clear that it will build infrastructures that can respond to growing demand in the future, while it will advance joint research with IMSUT Hospital (the Institute of Medical Science, The University of Tokyo) on services to preserve cord blood for autotherapy at the same time. In StemCell Institute, Inc., the number of new applicants has continued to grow significantly, having resulted in the number of units for preservation more than collective 50,000. While the former is continuing to expand sales on a flow basis, the latter driving sales in the form of accumulating stock that generates earnings over the long term. This appears to have contributed significantly to business performance on the Medical Business side as a whole in Q1 to Q2 FY03/2020, i.e., sales of ¥928m (up 54.8%), operating profit of ¥201m (up 352.1%) and operating profit margin of 21.7% (up 14.3% points).

Reverse Osmosis Water Purification System for EW-HD System and EW-HD System



Source: Company Data

Meanwhile, sales of ED-HD & MGO Measurement are starting to rise at the same time, effectively representing those of electrolyzed water hemodialysis systems, as far as we could see. Sales came in at ¥16m in FY03/2019, while FY03/2020 Company forecasts are going for prospective sales of ¥170m. More importantly, the Company is calling for cumulative sales of ¥2,800m (assuming adoptions by 100 hospitals) within three years as well as cumulative sales of some ¥7,000m with an assumption that all of the 300 hospitals under negotiations will adopt the systems longer term.

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 electrolyzed water hemodialysis 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, decease and sickness to lead to decease came down by 41% with electrolyzed water hemodialysis systems when compared with conventional equivalents, according to a treatise posted on "Scientific Reports" or scientific journal of England, published in 2018. This triggered significant increases in awareness on electrolyzed water hemodialysis and thus expectations. To date, 22 hospitals have adopted the systems with collective 483 beds, where some 1,500 patients are treated with them. In seminars for researchers and hemodialysis healthcare professionals, the systems receive very favorable responses, increasing the number of potential hospitals to adopt them. Going forward, the Company intends to expand into overseas markets in addition to Japan to set up the next-generation standard on a global basis.

Meanwhile, the Company plans to deepen its involvement with management of hospitals in China by means of financial injections. In the future, the Company is to be involved with management of collective 10 hospitals, calling for annual sales of ¥50,000m and operating profit margin of 20% in terms of the size of the operations. However, this is only after the completion of the current stage of infrastructure development to expand business in the future as well as after that of increasing the number of patients to follow and that of establishing the business model to further follow next, requiring at least 5 to 6 years to complete all of them. In Q1 to Q2 FY03/2020, the Company suffered from equity in losses of ¥159m due mainly to losses from management of hospital in Beijing, China. Meanwhile, the Company suggests that the above results are marginally below expectations.

In other words, the Company has been in the period of upfront investments to date, but aiming to achieve single-month profitability during FY03/2021. The Company has been able to obtain public insurance application licenses earlier than usual, having already completed the application and currently preparing for the launch of public insurance. On top of this, the Company is focusing on web-based promotions and cultivating corporate clients, while working on expansion of the contents for health-management contracts with its partner, i.e., government-run insurance company (People's Insurance Corporation of China: PICC). Further, when public insurance treatment begins, the number of patients will steadily increase due to the allocation of a certain “medical area”, while the Company expects to see increases in private practice to carry high profitability. Demand for Japanese-style medical care to offer high effectiveness of treatment, is expected to steadily increase in China where more than 100m people suffer from diabetes when those of prediabetes included. The Company plans to enter various cities in China in the future, using the current Beijing hospital as a model case.

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)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.	
Sales	4,234	7,900	11,574	15,179	4,172	8,693	-	-	+793	
CoGS	1,178	2,187	3,236	4,332	1,181	2,505	-	-	+318	
Gross Profit	3,055	5,712	8,338	10,847	2,991	6,187	-	-	+474	
SG&A Expenses	2,243	4,337	6,445	8,596	2,263	4,572	-	-	+235	
Operating Profit	812	1,375	1,892	2,250	728	1,615	-	-	+239	
Non Operating Balance	(38)	(45)	(87)	(128)	(67)	(97)	-	-	(52)	
Recurring Profit	773	1,330	1,804	2,121	660	1,517	-	-	+187	
Extraordinary Balance	(11)	(11)	(28)	(66)	0	14	-	-	+25	
Profit before Income Taxes	761	1,318	1,776	2,055	660	1,532	-	-	+213	
Total Income Taxes	268	466	640	772	241	525	-	-	+59	
NP Belonging to Non-Controlling SHs	14	25	39	32	5	4	-	-	(21)	
Profit Attributable to Owners of Parent	479	827	1,096	1,250	414	1,002	-	-	+175	
Sales YoY	+16.9%	+13.8%	+10.0%	+8.2%	(1.4%)	+10.0%	-	-	-	
Operating Profit YoY	+18.2%	+37.3%	+22.7%	+40.1%	(10.4%)	+17.4%	-	-	-	
Recurring Profit YoY	+7.6%	+24.3%	+9.5%	+26.2%	(14.6%)	+14.1%	-	-	-	
Profit Attributable to Owners of Parent YoY	+5.0%	+24.4%	+6.8%	+5.8%	(13.6%)	+21.2%	-	-	-	
Gross Profit Margin	72.2%	72.3%	72.0%	71.5%	71.7%	71.2%	-	-	(1.1%)	
Sales to SG&A Expenses Ratio	53.0%	54.9%	55.7%	56.6%	54.2%	52.6%	-	-	(2.3%)	
Operating Profit Margin	19.2%	17.4%	16.3%	14.8%	17.4%	18.6%	-	-	+1.2%	
Recurring Profit Margin	18.3%	16.8%	15.6%	14.0%	15.8%	17.5%	-	-	+0.6%	
Profit Attributable to Owners of Parent Margin	11.3%	10.5%	9.5%	8.2%	9.9%	11.5%	-	-	+1.1%	
Total Income Taxes/Profit before Income Taxes	35.2%	35.4%	36.0%	37.6%	36.5%	34.3%	-	-	(1.1%)	
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)	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	Net Chg.	
Sales	4,234	3,666	3,674	3,604	4,172	4,520	-	-	+854	
CoGS	1,178	1,008	1,049	1,095	1,181	1,324	-	-	+316	
Gross Profit	3,055	2,657	2,625	2,508	2,991	3,196	-	-	+538	
SG&A Expenses	2,243	2,093	2,108	2,151	2,263	2,308	-	-	+214	
Operating Profit	812	563	516	357	728	887	-	-	+323	
Non Operating Balance	(38)	(6)	(42)	(40)	(67)	(30)	-	-	(24)	
Recurring Profit	773	557	474	316	660	857	-	-	+299	
Extraordinary Balance	(11)	(0)	(16)	(38)	0	14	-	-	+14	
Profit before Income Taxes	761	557	457	278	660	871	-	-	+314	
Total Income Taxes	268	197	173	131	241	284	-	-	+86	
NP Belonging to Non-Controlling SHs	14	11	14	(6)	5	(1)	-	-	(12)	
Profit Attributable to Owners of Parent	479	348	269	153	414	588	-	-	+240	
Sales YoY	+16.9%	+10.4%	+2.7%	+2.8%	(1.4%)	+23.3%	-	-	-	
Operating Profit YoY	+18.2%	+79.3%	(4.4%)	+453.6%	(10.4%)	+57.4%	-	-	-	
Recurring Profit YoY	+7.6%	+58.3%	(18.0%)	+863.0%	(14.6%)	+53.7%	-	-	-	
Profit Attributable to Owners of Parent YoY	+5.0%	+67.0%	(25.6%)	(0.7%)	(13.6%)	+69.0%	-	-	-	
Gross Profit Margin	72.2%	72.5%	71.4%	69.6%	71.7%	70.7%	-	-	(1.8%)	
Sales to SG&A Expenses Ratio	53.0%	57.1%	57.4%	59.7%	54.2%	51.1%	-	-	(6.0%)	
Operating Profit Margin	19.2%	15.4%	14.0%	9.9%	17.4%	19.6%	-	-	+4.3%	
Recurring Profit Margin	18.3%	15.2%	12.9%	8.8%	15.8%	19.0%	-	-	+3.8%	
Profit Attributable to Owners of Parent Margin	11.3%	9.5%	7.3%	4.3%	9.9%	13.0%	-	-	+3.5%	
Total Income Taxes/Profit before Income Taxes	35.2%	35.5%	38.0%	47.3%	36.5%	32.6%	-	-	(2.9%)	

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 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020		
Water Healthcare Business	3,964	7,300	10,655	13,922	3,780	7,765	-	-		+464
Medical Business	269	599	919	1,256	392	928	-	-		+328
Sales	4,234	7,900	11,574	15,179	4,172	8,693	-	-		+793
Water Healthcare Business	+16.0%	+12.3%	+8.3%	+6.7%	(4.6%)	+6.4%	-	-		-
Medical Business	+31.0%	+34.5%	+34.0%	+28.0%	+45.6%	+54.8%	-	-		-
Sales (YoY)	+16.9%	+13.8%	+10.0%	+8.2%	(1.4%)	+10.0%	-	-		-
Water Healthcare Business	93.6%	92.4%	92.1%	91.7%	90.6%	89.3%	-	-		-
Medical Business	6.4%	7.6%	7.9%	8.3%	9.4%	10.7%	-	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-
Water Healthcare Business	798	1,331	1,825	2,153	640	1,414	-	-		+82
Medical Business	14	44	66	96	87	201	-	-		+156
Operating Profit	812	1,375	1,892	2,250	728	1,615	-	-		+239
Water Healthcare Business	+14.8%	+32.1%	+17.3%	+32.1%	(19.7%)	+6.2%	-	-		-
Medical Business	-	-	-	-	+521.5%	+352.1%	-	-		-
Operating Profit (YoY)	+18.2%	+37.3%	+22.7%	+40.1%	(10.4%)	+17.4%	-	-		-
Water Healthcare Business	98.3%	96.8%	96.5%	95.7%	88.0%	87.5%	-	-		-
Medical Business	1.7%	3.2%	3.5%	4.3%	12.0%	12.5%	-	-		-
Operating Profit (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-
Water Healthcare Business	20.1%	18.2%	17.1%	15.5%	16.9%	18.2%	-	-		(0.0%)
Medical Business	5.2%	7.4%	7.3%	7.7%	22.3%	21.7%	-	-		+14.3%
Operating Profit Margin	19.2%	17.4%	16.3%	14.8%	17.4%	18.6%	-	-		+1.2%

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 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020		
Water Healthcare Business	3,964	3,335	3,355	3,266	3,780	3,984	-	-		+648
Medical Business	269	330	319	337	392	536	-	-		+205
Sales	4,234	3,666	3,674	3,604	4,172	4,520	-	-		+854
Water Healthcare Business	+16.0%	+8.3%	+0.5%	+1.8%	(4.6%)	+19.5%	-	-		-
Medical Business	+31.0%	+37.5%	+33.1%	+14.0%	+45.6%	+62.3%	-	-		-
Sales (YoY)	+16.9%	+10.4%	+2.7%	+2.8%	(1.4%)	+23.3%	-	-		-
Water Healthcare Business	93.6%	91.0%	91.3%	90.6%	90.6%	88.1%	-	-		-
Medical Business	6.4%	9.0%	8.7%	9.4%	9.4%	11.9%	-	-		-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-
Water Healthcare Business	798	533	494	328	640	773	-	-		+240
Medical Business	14	30	22	29	87	114	-	-		+83
Operating Profit	812	563	516	357	728	887	-	-		+323
Water Healthcare Business	+14.8%	+70.6%	(9.8%)	+342.8%	(19.7%)	+45.0%	-	-		-
Medical Business	-	-	-	-	+521.5%	+274.0%	-	-		-
Operating Profit (YoY)	+18.2%	+79.3%	(4.4%)	+453.6%	(10.4%)	+57.4%	-	-		-
Water Healthcare Business	98.3%	94.6%	95.7%	91.7%	88.0%	87.1%	-	-		-
Medical Business	1.7%	5.4%	4.3%	8.3%	12.0%	12.9%	-	-		-
Operating Profit (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-		-
Water Healthcare Business	20.1%	16.0%	14.7%	10.0%	16.9%	19.4%	-	-		+3.4%
Medical Business	5.2%	9.2%	6.9%	8.8%	22.3%	21.3%	-	-		+12.0%
Operating Profit Margin	19.2%	15.4%	14.0%	9.9%	17.4%	19.6%	-	-		+4.3%

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Cash and Deposit	10,757	11,129	11,059	9,885	8,136	8,593	-	-		(2,536)
Accounts Receivables	5,075	4,680	4,498	4,726	5,252	5,449	-	-		+768
Inventory	926	1,081	1,124	1,036	964	821	-	-		(259)
Other	224	244	199	156	796	689	-	-		+444
Current Assets	16,984	17,135	16,881	15,805	15,150	15,552	-	-		(1,582)
Tangible Assets	3,587	3,552	3,512	3,519	3,528	3,594	-	-		+41
Intangible Assets	597	584	574	562	553	546	-	-		(38)
Investments and Other Assets	2,731	2,929	2,810	2,726	3,628	3,627	-	-		+697
Fixed Assets	6,916	7,067	6,897	6,808	7,709	7,768	-	-		+701
Total Assets	23,900	24,203	23,779	22,613	22,860	23,321	-	-		(881)
Accounts Payables, etc.	915	1,089	930	914	927	839	-	-		(250)
Corporate Bond	-	-	-	-	-	-	-	-		-
Long Term Debt (Less than 1 Year)	1,497	1,497	1,495	12	12	13	-	-		(1,484)
Other	2,538	2,420	2,155	2,280	2,422	2,302	-	-		(117)
Current Liabilities	4,951	5,007	4,582	3,207	3,362	3,155	-	-		(1,852)
Corporate Bond	-	-	-	-	-	-	-	-		-
Long Term Debt	12	11	13	12	11	10	-	-		(1)
Other	1,736	1,833	1,923	1,997	2,133	2,223	-	-		+389
Fixed Liabilities	1,749	1,845	1,937	2,010	2,144	2,233	-	-		+388
Total Liabilities	6,701	6,853	6,519	5,217	5,507	5,389	-	-		(1,464)
Shareholders' Equity	16,909	17,030	16,989	17,141	17,082	17,670	-	-		+640
Other	289	319	270	253	270	261	-	-		(57)
Net Assets	17,199	17,349	17,259	17,395	17,352	17,932	-	-		+582
Total Liabilities and Net Assets	23,900	24,203	23,779	22,613	22,860	23,321	-	-		(881)
Equity Capital	16,835	16,976	16,933	17,075	17,024	17,607	-	-		+631
Interest Bearing Debt	1,510	1,509	1,509	25	24	24	-	-		(1,485)
Net Debt	(9,246)	(9,619)	(9,550)	(9,860)	(8,111)	(8,569)	-	-		+1,050
Equity Ratio	70.4%	70.1%	71.2%	75.5%	74.5%	75.5%	-	-		+5.4%
Net Debt Equity Ratio	(54.9%)	(56.7%)	(56.4%)	(57.7%)	(47.6%)	(48.7%)	-	-		+8.0%
ROE (12 months)	7.0%	7.7%	7.3%	7.2%	7.0%	8.2%	-	-		+0.5%
ROA (12 months)	7.2%	7.9%	7.7%	9.1%	8.6%	9.7%	-	-		+1.8%
Days for Inventory Turnover	72	98	98	86	74	57	-	-		-
Quick Ratio	320%	316%	340%	456%	398%	445%	-	-		-
Current Ratio	343%	342%	368%	493%	451%	493%	-	-		-

Source: Company Data, WRJ Calculation

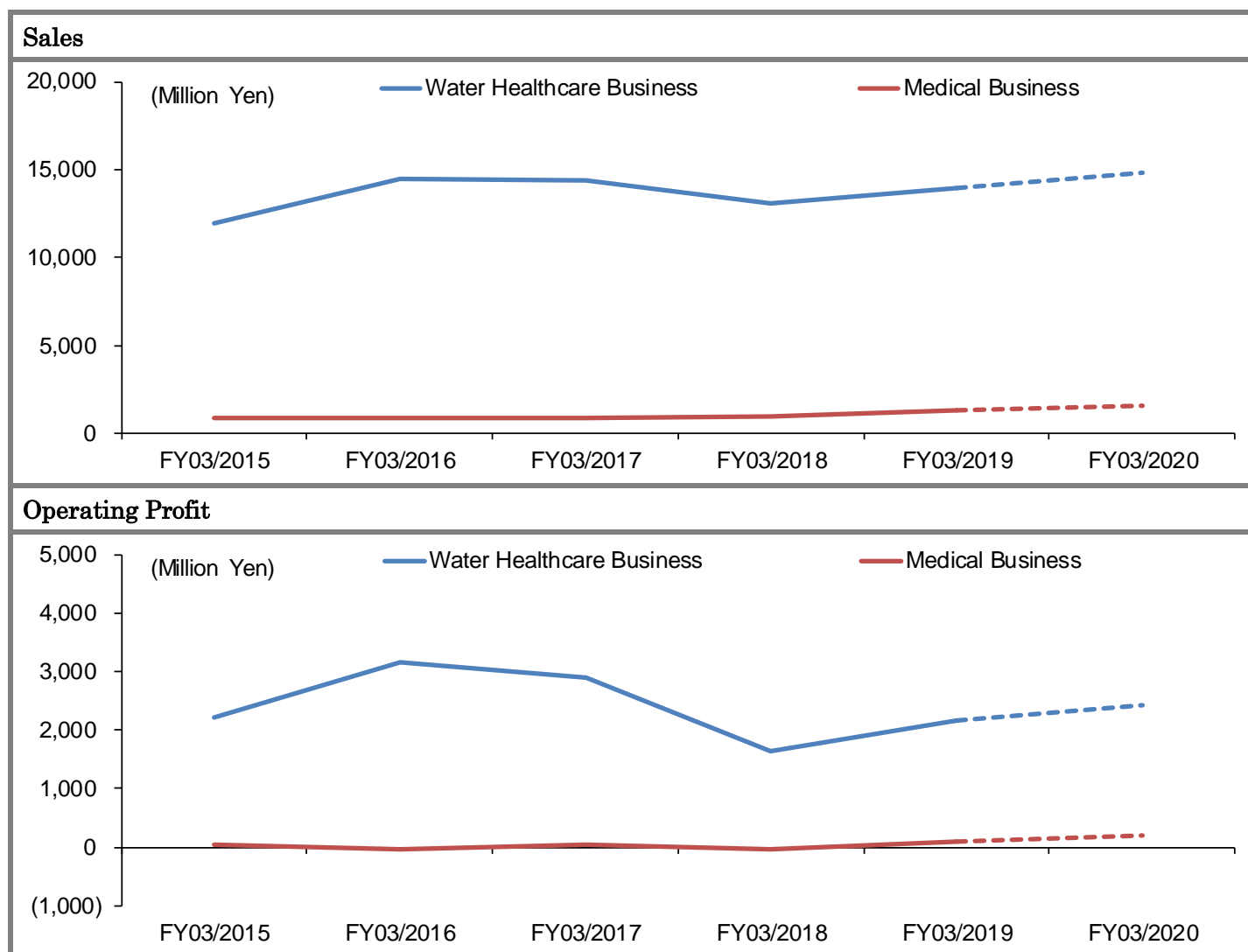
Cash Flow Statement (Cumulative)

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Operating Cash Flow	-	1,037	-	1,875	-	696	-	-		(341)
Investing Cash Flow	-	(433)	-	(500)	-	(1,504)	-	-		(1,071)
Operating Cash Flow and Investing Cash Flow	-	604	-	1,375	-	(807)	-	-		(1,412)
Financing Cash Flow	-	(1,107)	-	(3,115)	-	(477)	-	-		+629

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

FY03/2020 initial Company forecasts have remained unchanged, 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 have remained unchanged also for prospective annual dividend, going for ¥70.0 per share, implying payout ratio of 37.7%, which is up ¥10.0 over ¥60.0 per share, implying payout ratio of 38.2%, in FY03/2019.



Source: Company Data, WRJ Calculation

Meanwhile, Company forecasts assume prospective gross profit of ¥11,543m (up 6.4%) and SG&A expenses of ¥8,913m (up 3.7%), implying gross profit margin of 70.6% (down 0.9% points) and sales to SG&A expenses ratio 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 Medical Business 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).

Still, as mentioned earlier, the Q1 to Q2 results are better than assumptions of full-year Company forecasts and the Company appears to be heading for the same direction in H2. For example, the Company saw operating profit of ¥201m in Q1 to Q2 on the Medical Business side, which exceeds above-mentioned full-year prospective operating profit in this business segment. Meanwhile, the Company suggests that it sees no signs of a slowdown of business across the board so far in H2.

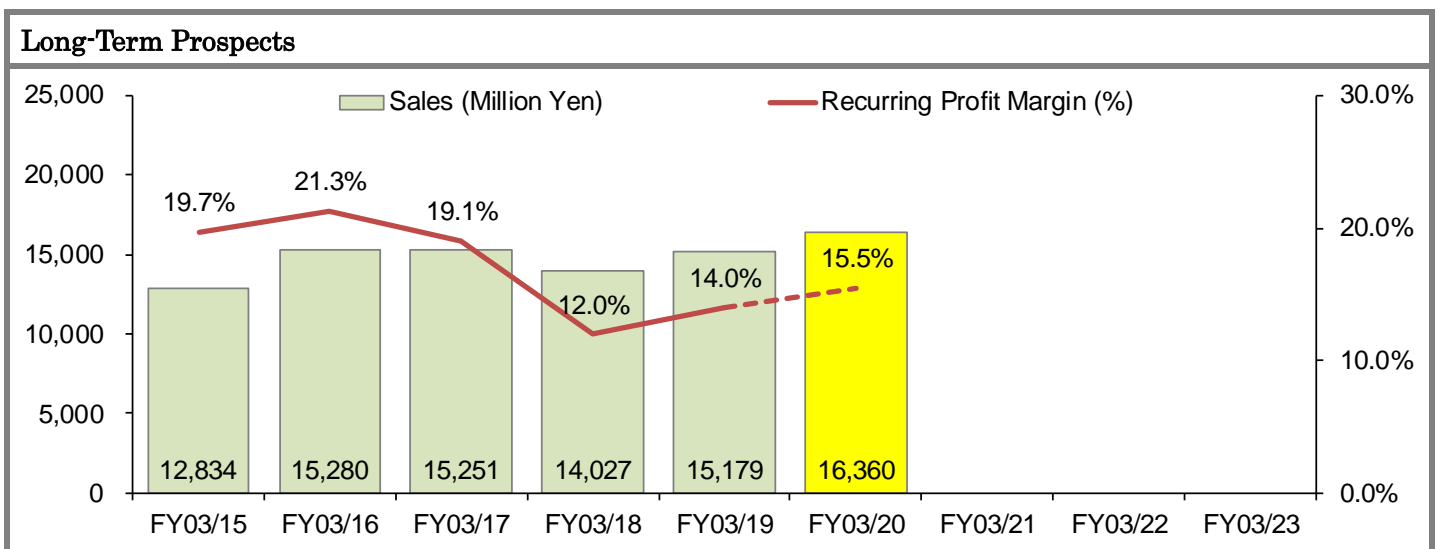
FY03/2020 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2020CoE	25-Apr-19	Q4 Results	16,360	2,630	2,530	1,480
FY03/2020CoE	30-Jul-19	Q1 Results	16,360	2,630	2,530	1,480
FY03/2020CoE	29-Oct-19	Q2 Results	16,360	2,630	2,530	1,480
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY03/2020CoE	25-Apr-19	Q4 Results	16,360	2,630	2,530	1,480
FY03/2020CoE	29-Oct-19	Q2 Results	16,360	2,630	2,530	1,480
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2020CoE	25-Apr-19	Q4 Results	8,420	1,450	1,400	840
Q1 to Q2 FY03/2020CoE	30-Jul-19	Q1 Results	8,420	1,450	1,400	840
Q1 to Q2 FY03/2020Act	29-Oct-19	Q2 Results	8,693	1,615	1,517	1,002
		Amount of Gap	273	165	117	162
		Rate of Gap	3.2%	11.4%	8.4%	19.3%
Q1 to Q2 FY03/2020CoE	25-Apr-19	Q4 Results	8,420	1,450	1,400	840
Q1 to Q2 FY03/2020Act	29-Oct-19	Q2 Results	8,693	1,615	1,517	1,002
		Amount of Gap	273	165	117	162
		Rate of Gap	3.2%	11.4%	8.4%	19.3%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2020CoE	25-Apr-19	Q4 Results	7,940	1,180	1,130	640
Q3 to Q4 FY03/2020CoE	30-Jul-19	Q1 Results	7,940	1,180	1,130	640
Q3 to Q4 FY03/2020CoE	29-Oct-19	Q2 Results	7,666	1,014	1,012	477
		Amount of Gap	(274)	(166)	(118)	(163)
		Rate of Gap	(3.5%)	(14.1%)	(10.4%)	(25.5%)
Q3 to Q4 FY03/2020CoE	25-Apr-19	Q4 Results	7,940	1,180	1,130	640
Q3 to Q4 FY03/2020CoE	29-Oct-19	Q2 Results	7,666	1,014	1,012	477
		Amount of Gap	(274)	(166)	(118)	(163)
		Rate of Gap	(3.5%)	(14.1%)	(10.4%)	(25.5%)

Source: Company Data, WRJ Calculation

Long-Term Prospects

Over 5-year period through FY03/2019 to FY03/2023, the Company plans to achieve the goal of “becoming a global medical company”. At the same time, the Company also aims for efficient and muscular management, with recurring profit margins as one of management indicators, going for recurring profit margin of 25% or more in a midterm view. In FY03/2020, the Company aims to achieve recurring profit margin of 15.5% (up 1.5% points YoY). The Company aggressively invests in R&D aimed at achieving dramatic growth for the future and in activities to improve public relations, while trying to improve efficiency on sales of EHW Apparatus, etc. On top of this, the Company is currently working on the following measures: "reform direct sales (shift to packaged sales to corporates)", "expand sales overseas", "elucidate new mechanisms of electrolyzed hydrogen water", "start up electrolyzed water hemodialysis business on a full-fledged basis”, “strengthen and expand the foundation of regenerative medicine" and "focus on hospital-management business in China".



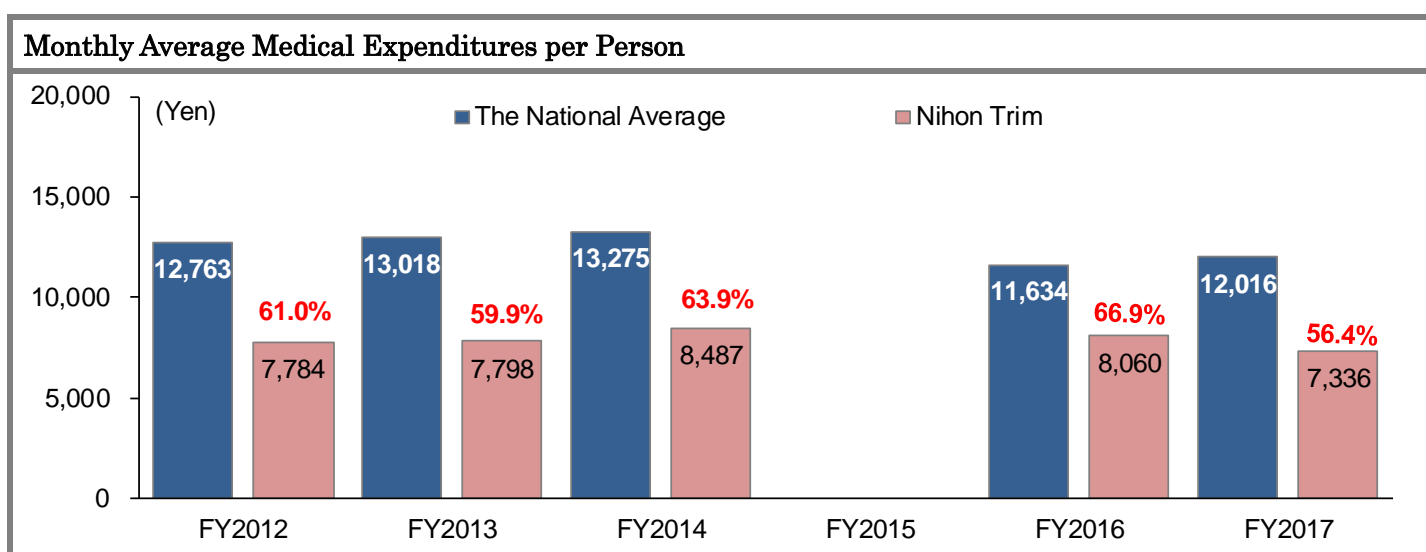
Source: Company Data, WRJ Calculation

With respect to "reform direct sales (shift to packaged sales to corporates)", the content of the measure is as mentioned earlier in the part of workplace sales for EHW Apparatus. With respect to "expand sales overseas", bottling operations in Indonesia should be mentioned as an example. With respect to "elucidate new mechanisms of electrolyzed hydrogen water", the Company suggests this will substantially drive demand for EHW Apparatus when it succeeds. With respect to “start up electrolyzed water hemodialysis business on a full-fledged basis”, the Company has started to see increased sales as mentioned earlier. With respect to “strengthen and expand the foundation of regenerative medicine", the Company has already seen surging earnings. With respect to “focus on hospital-management business in China", the Company is going for meaningful add-ons from here in a long-term view, although suffering from upfront investments at the moment.

4.0 Business Model

Elucidating the Mechanism

At the results meeting held on 30 October 2019, the Company announced that it was actively working to "elucidate new mechanism of electrolyzed hydrogen water". For example, the average monthly medical expenditures per person for the Company's employees have remained at a fairly low level. Over the past few years, the expenditures have been lower than the national average by 30% to 40%. More importantly, the Company also suggests that this disparity may be due to differences in the extent of drinking electrolyzed hydrogen water. In other words, it is suggested that the regular use of electrolyzed hydrogen water produced by the Company's EHW Apparatus, which has been certified by MHLW (the Ministry of Health, Labour and Welfare) as a medical device that "improves gastrointestinal symptoms" may also have preventive effects against a variety of diseases.



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

The Company's employees belonging to the health industry are highly health-conscious in the first place and regularly use electrolyzed hydrogen water all the time and thus they drink it far more than the national average. Looking at the results by age group, the average monthly medical expenditures per person with the Company are similarly lower than the national average.

Meanwhile, the Company, which is actively conducting joint research with industry, government and academia, plans to conduct a demonstration project on the impact to medical expenditures, for example, in collaboration with the local government of Susaki-city, Kochi-prefecture and Kochi Medical School. The Company has been recruiting participating households since July 2019 with the aim of implementing the program in double-blind for 500 households. That is to say, it will be revealed whether the routine use of electrolyzed hydrogen water as with the Company's employees will lead to reductions in medical expenditures or not. The Company also conducts joint research with the local government of Susaki-city, Kochi-prefecture and Kochi Medical School in regards to the effects of drinking on lifestyle-related diseases.

The Company is also advancing research with the University of Tokyo's School of Engineering to elucidate the mechanism of electrolyzed hydrogen water. In addition, research on the drinking effect on the diabetes with the Tohoku University School of Medicine is also progressing and the paper is currently being posted to an international journal, while the Company is also advancing comprehensive research on electrolyzed hydrogen water with Institute of Physical and Chemical Research or RIKEN.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	YoY Net Chg.
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	
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)	0	71	161	(66)	0	+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%)
Sales to SG&A Expenses Ratio	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

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Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	YoY Net Chg.
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	
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	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	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	212	156	-	-
Current Assets	15,767	18,283	17,228	17,050	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	2,809	2,726	-	-
Fixed Assets	5,738	5,420	6,789	6,987	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%	553%	493%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	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 Cash Flow and Investing Cash Flow	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 (thousand shares)	8,657	8,657	8,657	8,657	8,657	-	-
Net Profit / EPS (thousand Shares)	8,489	8,437	8,402	8,244	7,962	-	-
Treasury Shares FY End (thousand 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	1841.01	2000.12	2130.27	2147.35	2162.68	-	-
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 EHW Apparatus 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 EHW Apparatus as manufacturer. Since the establishment, the Company has been in the pursuit of optimized “water” for human being, having accomplished research through cooperation with universities and/or research institutes in Japan and overseas, while publishing lots of treatises on international journals as achievements collectively more than 20 in the number.

Given lifestyle-related diseases now prevailing in emerging countries on top of developed countries, including Japan, it is increasingly important to enhance measures to materialize society with 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 market, Morisawa firmly believes the Company’s task is to contribute to health world-wide by means of spreading “a new habit or water healthcare” with electrolyzed hydrogen water to people as many as possible.

Meanwhile, on top of the above-mentioned business, the Company is also keen on running operations new for the Company, comprising electrolyzed water hemodialysis systems to offer the next generation remedy of hemodialysis, developments associated with agriculture represented by reduced vegetables, private cord blood bank, management 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 at the same time. Thus, the Company will be “becoming a global medical company”.

Company History

Date	Events
June 1982	Nihon Trim Co., Ltd., established with an objective to manufacture and sell EHW Apparatus
May 1983	“TRIM ION TI-100”, approved for the 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	Head office, moved to 1-8-34 Oyodonaka, Kita-ku, Osaka-city
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	Head 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 electrolyzed water hemodialysis 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 EHW Apparatus

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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