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Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

May 12, 2022

Company name: RHYTHM CO.,LTD.

Stock exchange listing: Tokyo

Code number: 7769

URL: <https://www.rhythm.co.jp/>

Representative: Hiromi Hirata

President and Representative Director

Contact: Katsuhiko Yamazaki

Director and Managing Executive Officer

Phone: 048-643-7241

Scheduled date of Annual General Meeting of Shareholders: June 22, 2022

Scheduled date of commencing dividend payments: June 23, 2022

Scheduled date of filing annual securities report: June 22, 2022

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	29,999	9.9	892	180.5	1,286	118.7	1,031	-
March 31, 2021	27,304	(8.7)	318	-	588	-	(1,262)	-

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 2,242 million [-%]
Fiscal year ended March 31, 2021: ¥ (674) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	124.92	-	4.0	3.5	3.0
March 31, 2021	(152.90)	-	(5.0)	1.6	1.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ - million
Fiscal year ended March 31, 2021: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	38,293	27,006	70.5	3,269.61
March 31, 2021	35,704	25,046	70.1	3,029.49

(Reference) Equity: As of March 31, 2022: ¥ 27,000 million
As of March 31, 2021: ¥ 25,021 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2022	1,245	(876)	(1,203)	9,941
March 31, 2021	1,849	(585)	(686)	10,276

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	0.00	-	30.00	30.00	247	-	1.0
March 31, 2022	-	0.00	-	37.50	37.50	309	30.0	1.2
Fiscal year ending March 31, 2023 (Forecast)	-	0.00	-	36.00	36.00		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2022 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	14,700	6.1	370	38.9	520	20.1	400	(11.4)	48.44
Full year	30,700	2.3	1,000	12.0	1,300	1.0	1,000	(3.1)	121.09

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022:	8,385,093 shares
March 31, 2021:	8,385,093 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022:	127,150 shares
March 31, 2021:	125,941 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022:	8,258,463 shares
Fiscal Year ended March 31, 2021:	8,259,919 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	14,695	21.2	280	-	929	81.0	541	145.2
March 31, 2021	12,128	24.7	8	-	513	501.8	220	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	65.59	-
March 31, 2021	26.74	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2022	30,106	21,534	71.5	2,607.75
March 31, 2021	29,191	21,120	72.4	2,557.27

(Reference) Equity: As of March 31, 2022: ¥ 21,534 million
As of March 31, 2021: ¥ 21,120 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	10,276	9,941
Notes and accounts receivable - trade	4,150	-
Notes and accounts receivable - trade, and contract assets	-	4,107
Electronically recorded monetary claims - operating	1,452	1,785
Inventories	5,469	7,397
Prepaid expenses	135	158
Other	344	680
Allowance for doubtful accounts	(1)	(0)
Total current assets	21,827	24,069
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,966	12,034
Accumulated depreciation	(6,915)	(6,864)
Buildings and structures, net	5,050	5,170
Machinery, equipment and vehicles	8,230	8,992
Accumulated depreciation	(6,217)	(6,874)
Machinery, equipment and vehicles, net	2,012	2,117
Tools, furniture and fixtures	5,468	5,511
Accumulated depreciation	(5,272)	(5,302)
Tools, furniture and fixtures, net	195	209
Land	1,972	2,008
Leased assets	139	561
Accumulated depreciation	(31)	(222)
Leased assets, net	108	339
Construction in progress	199	20
Total property, plant and equipment	9,539	9,864
Intangible assets		
Goodwill	583	213
Software	46	87
Other	207	158
Total intangible assets	837	458
Investments and other assets		
Investment securities	1,912	2,067
Long-term loans receivable	84	79
Distressed receivables	0	2
Deferred tax assets	44	198
Retirement benefit asset	460	517
Other	1,082	1,116
Allowance for doubtful accounts	(84)	(81)
Total investments and other assets	3,500	3,900
Total non-current assets	13,877	14,223
Total assets	35,704	38,293

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,938	3,563
Short-term borrowings	332	70
Current portion of bonds payable	-	3,000
Current portion of long-term borrowings	433	435
Accounts payable - other	384	457
Accrued expenses	281	269
Income taxes payable	92	262
Contract liabilities	-	106
Provision for bonuses	275	334
Provision for bonuses for directors (and other officers)	1	11
Other provisions	59	17
Other	342	650
Total current liabilities	5,142	9,178
Non-current liabilities		
Bonds payable	3,000	-
Long-term borrowings	1,510	1,074
Deferred tax liabilities	148	113
Retirement benefit liability	458	523
Other	397	396
Total non-current liabilities	5,515	2,107
Total liabilities	10,657	11,286
Net assets		
Shareholders' equity		
Share capital	12,372	12,372
Capital surplus	7,584	7,584
Retained earnings	3,350	4,100
Treasury shares	(275)	(276)
Total shareholders' equity	23,031	23,780
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	211	366
Foreign currency translation adjustment	1,482	2,561
Remeasurements of defined benefit plans	295	291
Total accumulated other comprehensive income	1,989	3,219
Non-controlling interests	25	6
Total net assets	25,046	27,006
Total liabilities and net assets	35,704	38,293

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	27,304	29,999
Cost of sales	20,967	23,192
Gross profit	6,337	6,807
Selling, general and administrative expenses	6,019	5,914
Operating profit	318	892
Non-operating income		
Interest income	3	3
Dividend income	61	77
Rental income	316	325
Foreign exchange gains	-	35
Subsidy income	-	105
Other	201	126
Total non-operating income	582	673
Non-operating expenses		
Interest expenses	37	43
Rental expenses	140	158
Foreign exchange losses	43	-
Other	90	77
Total non-operating expenses	312	280
Ordinary profit	588	1,286
Extraordinary income		
Gain on sale of non-current assets	34	34
Gain on sale of investment securities	0	7
Total extraordinary income	34	42
Extraordinary losses		
Early retirement related expenses	1,501	-
Loss on disposal of non-current assets	17	7
Loss on sale of non-current assets	-	4
Loss on sale of investment securities	-	2
Loss on valuation of investment securities	9	-
Impairment losses	-	69
Goodwill impairment loss	-	121
Total extraordinary losses	1,528	204
Profit (loss) before income taxes	(905)	1,125
Income taxes - current	206	357
Income taxes for prior periods	46	(58)
Income taxes - deferred	105	(186)
Total income taxes	358	112
Profit (loss)	(1,263)	1,012
Loss attributable to non-controlling interests	(0)	(19)
Profit (loss) attributable to owners of parent	(1,262)	1,031

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit (loss)	(1,263)	1,012
Other comprehensive income		
Valuation difference on available-for-sale securities	198	154
Foreign currency translation adjustment	194	1,078
Remeasurements of defined benefit plans, net of tax	196	(3)
Total other comprehensive income	589	1,230
Comprehensive income	(674)	2,242
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(673)	2,261
Comprehensive income attributable to non-controlling interests	(0)	(19)

Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,372	7,584	4,860	(274)	24,543
Changes during period					
Dividends of surplus			(247)		(247)
Profit (loss) attributable to owners of parent			(1,262)		(1,262)
Disposal of treasury shares		(0)		0	0
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	(1,510)	(0)	(1,511)
Balance at end of period	12,372	7,584	3,350	(275)	23,031

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	13	1,287	99	1,400	26	25,970
Changes during period						
Dividends of surplus						(247)
Profit (loss) attributable to owners of parent						(1,262)
Disposal of treasury shares						0
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	198	194	196	589	(0)	588
Total changes during period	198	194	196	589	(0)	(923)
Balance at end of period	211	1,482	295	1,989	25	25,046

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,372	7,584	3,350	(275)	23,031
Cumulative effects of changes in accounting policies			(33)		(33)
Restated balance	12,372	7,584	3,316	(275)	22,998
Changes during period					
Dividends of surplus			(247)		(247)
Profit (loss) attributable to owners of parent			1,031		1,031
Disposal of treasury shares					-
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	783	(1)	782
Balance at end of period	12,372	7,584	4,100	(276)	23,780

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	211	1,482	295	1,989	25	25,046
Cumulative effects of changes in accounting policies						(33)
Restated balance	211	1,482	295	1,989	25	25,013
Changes during period						
Dividends of surplus						(247)
Profit (loss) attributable to owners of parent						1,031
Disposal of treasury shares						-
Purchase of treasury shares						(1)
Net changes in items other than shareholders' equity	154	1,078	(3)	1,230	(19)	1,210
Total changes during period	154	1,078	(3)	1,230	(19)	1,993
Balance at end of period	366	2,561	291	3,219	6	27,006

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit (loss) before income taxes	(905)	1,125
Depreciation	1,083	1,319
Early retirement related expenses	1,501	-
Subsidies for employment adjustment	(106)	-
Subsidy income	-	(105)
Impairment losses	-	69
Impairment loss of goodwill	-	121
Amortization of goodwill	340	285
Increase (decrease) in allowance for doubtful accounts	(6)	(4)
Increase (decrease) in retirement benefit liability	58	30
Decrease (increase) in retirement benefit asset	(131)	(62)
Increase (decrease) in provision for bonuses	102	58
Increase (decrease) in provision for bonuses for directors (and other officers)	(7)	9
Interest and dividend income	(65)	(80)
Interest expenses	37	43
Foreign exchange losses (gains)	(14)	(74)
Loss (gain) on disposal of non-current assets	17	7
Loss (gain) on sale of non-current assets	(34)	(34)
Loss (gain) on sale of intangible assets	-	4
Loss (gain) on sale of investment securities	(0)	(5)
Loss (gain) on valuation of investment securities	9	-
Decrease (increase) in trade receivables	68	(58)
Decrease (increase) in inventories	1,484	(1,658)
Increase (decrease) in trade payables	30	424
Increase (decrease) in accrued consumption taxes	172	(408)
Decrease (increase) in other assets	(104)	19
Increase (decrease) in other liabilities	(148)	168
Subtotal	3,380	1,195
Payments for early retirement expenses	(1,484)	-
Proceeds from subsidies for employment	106	-
Subsidies received	-	105
Interest and dividends received	65	80
Interest paid	(40)	(42)
Income taxes paid	(177)	(93)
Net cash provided by (used in) operating activities	1,849	1,245
Cash flows from investing activities		
Net decrease (increase) in time deposits	25	-
Purchase of property, plant and equipment	(657)	(908)
Proceeds from sale of property, plant and equipment	59	50
Purchase of intangible assets	(40)	(37)
Proceeds from sale of intangible assets	-	2
Purchase of investment securities	(2)	(2)
Proceeds from sales of investments securities	0	6
Proceeds from collection of loans receivable	5	5
Other, net	24	6
Net cash provided by (used in) investing activities	(585)	(876)

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(202)	(313)
Proceeds from long-term borrowings	2,170	-
Repayments of long-term borrowings	(368)	(434)
Redemption of bonds	(2,000)	-
Purchase of treasury shares	(0)	(1)
Proceeds from sale of treasury shares	0	-
Dividends paid	(247)	(247)
Repayments of finance lease liabilities	(37)	(206)
Net cash provided by (used in) financing activities	(686)	(1,203)
Effect of exchange rate change on cash and cash equivalents	77	500
Net increase (decrease) in cash and cash equivalents	655	(334)
Cash and cash equivalents at beginning of period	9,621	10,276
Cash and cash equivalents at end of period	10,276	9,941