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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 15, 2023

Company name: RHYTHM CO.,LTD.

Stock exchange listing: Tokyo

Code number: 7769

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

Representative: Takeo Yumoto

President and Representative Director

Contact: Katsuhiko Yamazaki

Director and Managing Executive Officer

Phone: +81-48-643-7241

Scheduled date of Annual General Meeting of Shareholders: June 21, 2023

Scheduled date of commencing dividend payments: June 22, 2023

Scheduled date of filing annual securities report: June 21, 2023

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	31,231	4.1	886	(0.7)	1,246	(3.1)	794	(23.0)
March 31, 2022	29,999	9.9	892	180.5	1,286	118.7	1,031	-

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 2,220 million [(1.0) %]
Fiscal year ended March 31, 2022: ¥ 2,242 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
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	96.16	-	2.8	3.2	2.8
March 31, 2022	124.92	-	4.0	3.5	3.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	39,738	28,873	72.7	3,496.81
March 31, 2022	38,293	27,006	70.5	3,269.61

(Reference) Equity: As of March 31, 2023: ¥ 28,873 million
As of March 31, 2022: ¥ 27,000 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	1,185	(1,070)	(467)	9,899
March 31, 2022	1,245	(876)	(1,203)	9,941

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	Millions of yen	%	%
March 31, 2022	-	0.00	-	37.50	37.50	309	30.0	1.2
March 31, 2023	-	0.00	-	48.50	48.50	400	50.4	1.4
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	48.50	48.50		50.1	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	15,000	(9.6)	350	(19.2)	500	(31.4)	150	(75.0)	18.17
Full year	31,500	0.9	1,100	24.1	1,400	12.3	800	0.8	96.88

* 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: No

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, 2023:	8,385,093 shares
March 31, 2022:	8,385,093 shares

2) Number of treasury shares at the end of the period:

March 31, 2023:	128,028 shares
March 31, 2022:	127,150 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023:	8,257,514 shares
Fiscal Year ended March 31, 2022:	8,258,463 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	16,038	9.1	349	24.5	918	(1.2)	28	(94.8)
March 31, 2022	14,695	21.2	280	-	929	81.0	541	145.2

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	3.41	-
March 31, 2022	65.59	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	30,262	21,729	71.8	2,631.66
March 31, 2022	30,106	21,534	71.5	2,607.75

(Reference) Equity: As of March 31, 2023: ¥ 21,729 million
As of March 31, 2022: ¥ 21,534 million

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	9,941	9,899
Notes and accounts receivable - trade, and contract assets	4,107	4,115
Electronically recorded monetary claims - operating	1,785	1,844
Inventories	7,397	8,345
Prepaid expenses	158	179
Other	680	788
Allowance for doubtful accounts	(0)	(1)
Total current assets	24,069	25,171
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,034	12,392
Accumulated depreciation	(6,864)	(7,498)
Buildings and structures, net	5,170	4,894
Machinery, equipment and vehicles	8,992	10,002
Accumulated depreciation	(6,874)	(7,631)
Machinery, equipment and vehicles, net	2,117	2,370
Tools, furniture and fixtures	5,511	5,184
Accumulated depreciation	(5,302)	(4,994)
Tools, furniture and fixtures, net	209	189
Land	2,008	2,049
Leased assets	561	653
Accumulated depreciation	(222)	(417)
Leased assets, net	339	235
Construction in progress	20	163
Total property, plant and equipment	9,864	9,902
Intangible assets		
Goodwill	213	46
Software	87	76
Other	158	411
Total intangible assets	458	533
Investments and other assets		
Investment securities	2,067	2,585
Long-term loans receivable	79	73
Distressed receivables	2	2
Deferred tax assets	198	162
Retirement benefit asset	517	249
Other	1,116	1,132
Allowance for doubtful accounts	(81)	(76)
Total investments and other assets	3,900	4,130
Total non-current assets	14,223	14,567
Total assets	38,293	39,738

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,563	3,293
Short-term borrowings	70	-
Current portion of bonds payable	3,000	-
Current portion of long-term borrowings	435	907
Accounts payable - other	457	545
Accrued expenses	269	318
Income taxes payable	262	128
Contract liabilities	106	92
Provision for bonuses	334	343
Provision for bonuses for directors (and other officers)	11	15
Other provisions	17	14
Other	650	685
Total current liabilities	9,178	6,344
Non-current liabilities		
Bonds payable	-	1,500
Long-term borrowings	1,074	2,257
Deferred tax liabilities	113	156
Retirement benefit liability	523	188
Other	396	418
Total non-current liabilities	2,107	4,521
Total liabilities	11,286	10,865
Net assets		
Shareholders' equity		
Share capital	12,372	12,372
Capital surplus	7,584	7,540
Retained earnings	4,100	4,584
Treasury shares	(276)	(278)
Total shareholders' equity	23,780	24,219
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	366	839
Foreign currency translation adjustment	2,561	3,541
Remeasurements of defined benefit plans	291	272
Total accumulated other comprehensive income	3,219	4,653
Non-controlling interests	6	-
Total net assets	27,006	28,873
Total liabilities and net assets	38,293	39,738

Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	29,999	31,231
Cost of sales	23,192	24,447
Gross profit	6,807	6,784
Selling, general and administrative expenses	5,914	5,897
Operating profit	892	886
Non-operating income		
Interest income	3	7
Dividend income	77	98
Rental income	325	335
Foreign exchange gains	35	73
Subsidy income	105	-
Other	126	106
Total non-operating income	673	621
Non-operating expenses		
Interest expenses	43	24
Rental expenses	158	156
Other	77	81
Total non-operating expenses	280	261
Ordinary profit	1,286	1,246
Extraordinary income		
Gain on sale of non-current assets	34	2
Gain on sale of investment securities	7	-
Total extraordinary income	42	2
Extraordinary losses		
Loss on disposal of non-current assets	7	1
Loss on sale of non-current assets	4	1
Loss on sale of investment securities	2	-
Impairment losses	69	95
Goodwill impairment loss	121	-
Total extraordinary losses	204	99
Profit before income taxes	1,125	1,150
Income taxes - current	357	317
Income taxes for prior periods	(58)	-
Income taxes - deferred	(186)	47
Total income taxes	112	364
Profit	1,012	785
Loss attributable to non-controlling interests	(19)	(8)
Profit attributable to owners of parent	1,031	794

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,012	785
Other comprehensive income		
Valuation difference on available-for-sale securities	154	472
Foreign currency translation adjustment	1,078	980
Remeasurements of defined benefit plans, net of tax	(3)	(18)
Total other comprehensive income	1,230	1,434
Comprehensive income	2,242	2,220
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,261	2,228
Comprehensive income attributable to non-controlling interests	(19)	(8)

Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Millions of 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 attributable to owners of parent			1,031		1,031
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 attributable to owners of parent						1,031
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

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,372	7,584	4,100	(276)	23,780
Changes during period					
Dividends of surplus			(309)		(309)
Profit attributable to owners of parent			794		794
Disposal of treasury shares		(0)		0	0
Purchase of treasury shares				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests		(44)			(44)
Net changes in items other than shareholders' equity					
Total changes during period	-	(44)	484	(1)	438
Balance at end of period	12,372	7,540	4,584	(278)	24,219

	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	366	2,561	291	3,219	6	27,006
Changes during period						
Dividends of surplus						(309)
Profit attributable to owners of parent						794
Disposal of treasury shares						0
Purchase of treasury shares						(1)
Change in ownership interest of parent due to transactions with non-controlling interests						(44)
Net changes in items other than shareholders' equity	472	980	(18)	1,434	(6)	1,427
Total changes during period	472	980	(18)	1,434	(6)	1,866
Balance at end of period	839	3,541	272	4,653	-	28,873

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,125	1,150
Depreciation	1,319	1,383
Subsidy income	(105)	-
Impairment losses	69	95
Impairment loss of goodwill	121	-
Amortization of goodwill	285	186
Increase (decrease) in allowance for doubtful accounts	(4)	(5)
Increase (decrease) in retirement benefit liability	30	(103)
Decrease (increase) in retirement benefit asset	(62)	(23)
Increase (decrease) in provision for bonuses	58	8
Increase (decrease) in provision for bonuses for directors (and other officers)	9	3
Interest and dividend income	(80)	(106)
Interest expenses	43	24
Foreign exchange losses (gains)	(74)	(1)
Loss (gain) on disposal of non-current assets	7	1
Loss (gain) on sale of non-current assets	(34)	(1)
Loss (gain) on sale of intangible assets	4	-
Loss (gain) on sale of investment securities	(5)	-
Decrease (increase) in trade receivables	(58)	107
Decrease (increase) in inventories	(1,658)	(631)
Increase (decrease) in trade payables	424	(446)
Increase (decrease) in accrued consumption taxes	(408)	179
Decrease (increase) in other assets	19	(161)
Increase (decrease) in other liabilities	168	(142)
Subtotal	1,195	1,518
Subsidies received	105	-
Interest and dividends received	80	106
Interest paid	(42)	(20)
Income taxes paid	(93)	(419)
Net cash provided by (used in) operating activities	1,245	1,185
Cash flows from investing activities		
Purchase of property, plant and equipment	(908)	(957)
Proceeds from sale of property, plant and equipment	50	4
Purchase of intangible assets	(37)	(134)
Proceeds from sale of intangible assets	2	-
Purchase of investment securities	(2)	(3)
Proceeds from sales of investments securities	6	-
Proceeds from collection of loans receivable	5	5
Other, net	6	15
Net cash provided by (used in) investing activities	(876)	(1,070)

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(42)
Increase (decrease) in short-term borrowings	(313)	(70)
Proceeds from long-term borrowings	-	2,500
Repayments of long-term borrowings	(434)	(844)
Proceeds from issuance of bonds	-	1,500
Redemption of bonds	-	(3,000)
Purchase of treasury shares	(1)	(1)
Proceeds from sale of treasury shares	-	0
Dividends paid	(247)	(309)
Repayments of finance lease liabilities	(206)	(199)
Net cash provided by (used in) financing activities	(1,203)	(467)
Effect of exchange rate change on cash and cash equivalents	500	310
Net increase (decrease) in cash and cash equivalents	(334)	(42)
Cash and cash equivalents at beginning of period	10,276	9,941
Cash and cash equivalents at end of period	9,941	9,899