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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 10, 2023

Company name: RHYTHM CO.,LTD.

Stock exchange listing: Tokyo

Code number: 7769

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

Representative: Takeo Yumoto

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Scheduled date of filing quarterly securities report: August 10, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

President and Representative Director
Director and Managing Executive Officer

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 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	%
Three months ended June 30, 2023	6,970	(12.1)	131	(43.7)	330	(15.0)	(101)	-
June 30, 2022	7,930	11.7	233	(24.7)	388	(5.6)	315	(25.9)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 1,055 million [(36.5)%]
Three months ended June 30, 2022: ¥ 1,661 million [268.6%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	(12.24)	-
June 30, 2022	38.17	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	40,500	29,528	72.9
March 31, 2023	39,738	28,873	72.7

(Reference) Equity: As of June 30, 2023: ¥ 29,528 million
As of March 31, 2023: ¥ 28,873 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	48.50	48.50
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		0.00	-	48.50	48.50

(Note) Revision to the forecast for dividends announced most recently: No

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

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

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

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

June 30, 2023: 8,385,093 shares

March 31, 2023: 8,385,093 shares

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

June 30, 2023: 128,233 shares

March 31, 2023: 128,028 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 8,256,966 shares

Three months ended June 30, 2022: 8,257,882 shares

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	9,899	9,913
Notes and accounts receivable - trade	4,115	4,001
Electronically recorded monetary claims - operating	1,844	1,856
Inventories	8,345	8,543
Other	967	1,057
Allowance for doubtful accounts	(1)	(3)
Total current assets	25,171	25,368
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,894	4,894
Other, net	5,008	5,454
Total property, plant and equipment	9,902	10,349
Intangible assets		
Goodwill	46	-
Other	487	503
Total intangible assets	533	503
Investments and other assets		
Investment securities	2,585	2,796
Deferred tax assets	162	95
Other	1,458	1,463
Allowance for doubtful accounts	(76)	(74)
Total investments and other assets	4,130	4,280
Total non-current assets	14,567	15,132
Total assets	39,738	40,500
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,293	3,509
Current portion of long-term borrowings	907	912
Income taxes payable	128	92
Provision for bonuses	343	228
Provision for bonuses for directors (and other officers)	15	-
Other provisions	14	13
Other	1,642	1,781
Total current liabilities	6,344	6,536
Non-current liabilities		
Bonds payable	1,500	1,500
Long-term borrowings	2,257	2,027
Retirement benefit liability	188	205
Other	575	702
Total non-current liabilities	4,521	4,435
Total liabilities	10,865	10,972

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	12,372	12,372
Capital surplus	7,540	7,540
Retained earnings	4,584	4,083
Treasury shares	(278)	(278)
Total shareholders' equity	24,219	23,717
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	839	1,018
Foreign currency translation adjustment	3,541	4,566
Remeasurements of defined benefit plans	272	225
Total accumulated other comprehensive income	4,653	5,810
Total net assets	28,873	29,528
Total liabilities and net assets	39,738	40,500

Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	7,930	6,970
Cost of sales	6,247	5,425
Gross profit	1,682	1,544
Selling, general and administrative expenses	1,449	1,413
Operating profit	233	131
Non-operating income		
Interest income	0	3
Dividend income	61	74
Rental income	84	87
Foreign exchange gains	53	113
Other	24	14
Total non-operating income	224	292
Non-operating expenses		
Interest expenses	9	4
Bond issuance costs	16	-
Rental expenses	32	32
Other	10	56
Total non-operating expenses	69	93
Ordinary profit	388	330
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on disposal of non-current assets	-	0
Loss on sale of non-current assets	1	-
Impairment losses	-	316
Total extraordinary losses	1	316
Profit before income taxes	387	13
Income taxes - current	78	127
Income taxes - deferred	(4)	(12)
Total income taxes	73	114
Profit (loss)	314	(101)
Loss attributable to non-controlling interests	(0)	-
Profit (loss) attributable to owners of parent	315	(101)

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit (loss)	314	(101)
Other comprehensive income		
Valuation difference on available-for-sale securities	41	179
Foreign currency translation adjustment	1,303	1,024
Remeasurements of defined benefit plans, net of tax	2	(47)
Total other comprehensive income	1,347	1,156
Comprehensive income	1,661	1,055
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,662	1,055
Comprehensive income attributable to non-controlling interests	(0)	-