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## Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Company name: RHYTHM CO.,LTD.

Stock exchange listing: Tokyo

Code number: 7769

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

Representative: Takeo Yumoto

Contact: Katsuhiko Yamazaki

Phone: +81-48-643-7241

President and Representative Director

Director and Managing Executive Officer

Scheduled date of Annual General Meeting of Shareholders: June 21, 2024

Scheduled date of commencing dividend payments: July 12, 2024

Scheduled date of filing annual securities report: June 21, 2024

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, 2024 (April 1, 2023 to March 31, 2024)

#### (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, 2024	32,602	4.4	730	(17.6)	1,259	1.0	477	(39.8)
March 31, 2023	31,231	4.1	886	(0.7)	1,246	(3.1)	794	(23.0)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 2,677 million [ 20.6%]  
Fiscal year ended March 31, 2023: ¥ 2,220 million [ (1.0)%]

	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, 2024	57.86	-	1.6	3.0	2.2
March 31, 2023	96.16	-	2.8	3.2	2.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ - million  
Fiscal year ended March 31, 2023: ¥ - 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, 2024	43,573	31,145	71.5	3,772.88
March 31, 2023	39,738	28,873	72.7	3,496.81

(Reference) Equity: As of March 31, 2024: ¥ 31,145 million  
As of March 31, 2023: ¥ 28,873 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, 2024	2,459	(2,143)	150	11,043
March 31, 2023	1,185	(1,070)	(467)	9,899

## 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, 2023	-	0.00	-	48.50	48.50	400	50.4	1.4
March 31, 2024	-	0.00	-	48.50	48.50	400	83.8	1.3
Fiscal year ending March 31, 2025 (Forecast)	-	0.00	-	73.00	73.00		50.2	

On April 25, 2024, the Company received a proposal from some shareholders concerning an increase in dividend payments. (For details, please refer to the notice titled “Notice concerning the Company's Board of Directors' opinion to the shareholders' proposal(only available in Japanese)” disclosed on May 14, 2024.) The Company has scheduled to commence dividend payments for July 12th, 2024. Note that the date of record is the last day of March 2024, as usual.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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, 2024	17,400	19.7	450	170.4	600	36.6	300	-	36.34
Full year	35,500	8.9	1,800	146.4	2,000	58.8	1,200	151.2	145.34

## \* 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, 2024: 8,385,093 shares  
March 31, 2023: 8,385,093 shares

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

March 31, 2024: 129,913 shares  
March 31, 2023: 128,028 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 8,256,299 shares  
Fiscal Year ended March 31, 2023: 8,257,514 shares

## (Reference) Summary of Non-consolidated Financial Results

## 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

## (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, 2024	15,082	(6.0)	(253)	-	1,006	9.6	584	-
March 31, 2023	16,038	9.1	349	24.5	918	(1.2)	28	(94.8)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	70.74	-
March 31, 2023	3.41	-

## (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, 2024	31,719	22,553	71.1	2,732.04
March 31, 2023	30,262	21,729	71.8	2,631.66

(Reference) Equity: As of March 31, 2024: ¥ 22,553 million  
As of March 31, 2023: ¥ 21,729 million

## Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	9,899	11,043
Notes and accounts receivable - trade	4,115	5,511
Electronically recorded monetary claims - operating	1,844	1,859
Inventories	8,345	7,980
Prepaid expenses	179	200
Other	788	483
Allowance for doubtful accounts	(1)	(1)
Total current assets	25,171	27,076
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,392	13,841
Accumulated depreciation	(7,498)	(8,047)
Buildings and structures, net	4,894	5,794
Machinery, equipment and vehicles	10,002	10,812
Accumulated depreciation	(7,631)	(8,396)
Machinery, equipment and vehicles, net	2,370	2,416
Tools, furniture and fixtures	5,184	4,978
Accumulated depreciation	(4,994)	(4,784)
Tools, furniture and fixtures, net	189	193
Land	2,049	2,398
Leased assets	653	436
Accumulated depreciation	(417)	(210)
Leased assets, net	235	226
Construction in progress	163	62
Total property, plant and equipment	9,902	11,092
Intangible assets		
Goodwill	46	-
Software	76	76
Other	411	128
Total intangible assets	533	205
Investments and other assets		
Investment securities	2,585	3,405
Long-term loans receivable	73	67
Distressed receivables	2	0
Deferred tax assets	162	57
Retirement benefit asset	249	409
Other	1,132	1,327
Allowance for doubtful accounts	(76)	(67)
Total investments and other assets	4,130	5,199
Total non-current assets	14,567	16,496
<b>Total assets</b>	<b>39,738</b>	<b>43,573</b>

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,293	3,400
Current portion of long-term borrowings	907	1,105
Accounts payable - other	545	604
Accrued expenses	318	353
Income taxes payable	128	217
Contract liabilities	92	89
Provision for bonuses	343	345
Provision for bonuses for directors (and other officers)	15	10
Other provisions	14	9
Other	685	787
Total current liabilities	6,344	6,924
Non-current liabilities		
Bonds payable	1,500	2,500
Long-term borrowings	2,257	1,955
Deferred tax liabilities	156	261
Retirement benefit liability	188	288
Other	418	498
Total non-current liabilities	4,521	5,503
<b>Total liabilities</b>	<b>10,865</b>	<b>12,427</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	12,372	12,372
Capital surplus	7,540	7,540
Retained earnings	4,584	4,662
Treasury shares	(278)	(283)
Total shareholders' equity	24,219	24,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	839	1,489
Foreign currency translation adjustment	3,541	5,034
Remeasurements of defined benefit plans	272	329
Total accumulated other comprehensive income	4,653	6,853
<b>Total net assets</b>	<b>28,873</b>	<b>31,145</b>
<b>Total liabilities and net assets</b>	<b>39,738</b>	<b>43,573</b>

Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	31,231	32,602
Cost of sales	24,447	25,933
Gross profit	6,784	6,669
Selling, general and administrative expenses	5,897	5,939
Operating profit	886	730
Non-operating income		
Interest income	7	19
Dividend income	98	119
Rental income	335	343
Foreign exchange gains	73	185
Other	106	120
Total non-operating income	621	788
Non-operating expenses		
Interest expenses	24	40
Rental expenses	156	130
Special retirement expenses	-	37
Other	81	50
Total non-operating expenses	261	259
Ordinary profit	1,246	1,259
Extraordinary income		
Gain on sale of non-current assets	2	143
Gain on bargain purchase	-	299
Total extraordinary income	2	442
Extraordinary losses		
Loss on disposal of non-current assets	1	3
Loss on sale of non-current assets	1	0
Impairment losses	95	746
Loss on valuation of inventories	-	170
Total extraordinary losses	99	920
Profit before income taxes	1,150	781
Income taxes - current	317	424
Income taxes - deferred	47	(120)
Total income taxes	364	303
Profit	785	477
Loss attributable to non-controlling interests	(8)	-
Profit attributable to owners of parent	794	477

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	785	477
Other comprehensive income		
Valuation difference on available-for-sale securities	472	650
Foreign currency translation adjustment	980	1,492
Remeasurements of defined benefit plans, net of tax	(18)	56
Total other comprehensive income	1,434	2,199
Comprehensive income	2,220	2,677
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,228	2,677
Comprehensive income attributable to non-controlling interests	(8)	-

## Consolidated Statements of Changes in Equity

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



For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	12,372	7,540	4,584	(278)	24,219
Changes during period					
Dividends of surplus			(400)		(400)
Profit attributable to owners of parent			477		477
Disposal of treasury shares					-
Purchase of treasury shares				(4)	(4)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	77	(4)	72
Balance at end of period	12,372	7,540	4,662	(283)	24,292

	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	839	3,541	272	4,653	-	28,873
Changes during period						
Dividends of surplus						(400)
Profit attributable to owners of parent						477
Disposal of treasury shares						-
Purchase of treasury shares						(4)
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity	650	1,492	56	2,199	-	2,199
Total changes during period	650	1,492	56	2,199	-	2,272
Balance at end of period	1,489	5,034	329	6,853	-	31,145

## Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,150	781
Depreciation	1,383	1,351
Impairment losses	95	746
Amortization of goodwill	186	50
Gain on bargain purchase	-	(299)
Increase (decrease) in allowance for doubtful accounts	(5)	(11)
Increase (decrease) in retirement benefit liability	(103)	41
Decrease (increase) in retirement benefit asset	(23)	(124)
Increase (decrease) in provision for bonuses	8	(13)
Increase (decrease) in provision for bonuses for directors (and other officers)	3	(4)
Interest and dividend income	(106)	(139)
Interest expenses	24	40
Foreign exchange losses (gains)	(1)	(171)
Loss (gain) on disposal of non-current assets	1	3
Loss (gain) on sale of non-current assets	(1)	(143)
Decrease (increase) in trade receivables	107	(1,150)
Decrease (increase) in inventories	(631)	1,402
Increase (decrease) in trade payables	(446)	(116)
Increase (decrease) in accrued consumption taxes	179	183
Decrease (increase) in other assets	(161)	126
Increase (decrease) in other liabilities	(142)	171
Subtotal	1,518	2,724
Interest and dividends received	106	139
Interest paid	(20)	(33)
Income taxes paid	(419)	(370)
Net cash provided by (used in) operating activities	1,185	2,459
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(957)	(1,580)
Proceeds from sale of property, plant and equipment	4	310
Purchase of intangible assets	(134)	(169)
Purchase of investment securities	(3)	(4)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(703)
Proceeds from collection of loans receivable	5	5
Other, net	15	(1)
Net cash provided by (used in) investing activities	(1,070)	(2,143)

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from financing activities</b>		
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(42)	-
Increase (decrease) in short-term borrowings	(70)	-
Proceeds from long-term borrowings	2,500	1,000
Repayments of long-term borrowings	(844)	(1,103)
Proceeds from issuance of bonds	1,500	1,000
Redemption of bonds	(3,000)	-
Purchase of treasury shares	(1)	(4)
Proceeds from sale of treasury shares	0	-
Dividends paid	(309)	(400)
Repayments of finance lease liabilities	(199)	(340)
Net cash provided by (used in) financing activities	(467)	150
Effect of exchange rate change on cash and cash equivalents	310	677
Net increase (decrease) in cash and cash equivalents	(42)	1,143
Cash and cash equivalents at beginning of period	9,941	9,899
Cash and cash equivalents at end of period	9,899	11,043