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## Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 14, 2024

Company name: RHYTHM CO.,LTD.

Listing: Tokyo

Securities code: 7769

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

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Scheduled date to file semi-annual securities report: November 14, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: None

Holding of financial results briefing: Yes

President and Representative Director  
Director and Executive Officer

(Yen amounts are rounded down to millions, unless otherwise noted.)

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

## (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	15,983	9.9	347	109.0	629	43.3	336	-
September 30, 2023	14,538	(12.4)	166	(61.6)	439	(39.7)	(83)	-

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ (487) million [ -%]  
Six months ended September 30, 2023: ¥ 1,708 million [ (37.6)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	40.80	-
September 30, 2023	(10.14)	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	45,071	30,255	67.1
March 31, 2024	43,573	31,145	71.5

(Reference) Equity: As of September 30, 2024: ¥ 30,255 million  
As of March 31, 2024: ¥ 31,145 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, 2024	-	0.00	-	48.50	48.50
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	73.00	73.00

(Note) Revision to the forecast for dividends announced most recently: None

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

(Percentages indicate year-on-year changes.)

	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
Full year	33,000	1.2	1,200	64.3	1,600	27.1	1,000	109.3	121.14

(Note) Revision to the financial results forecast announced most recently: Yes

## \* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: - (Company name: )

Excluded: 1 (Company name: I Next GE Inc, )

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024: 8,385,093 shares

March 31, 2024: 8,385,093 shares

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

September 30, 2024: 130,555 shares

March 31, 2024: 129,913 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 8,254,873 shares

Six months ended September 30, 2023: 8,256,809 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

Semi-annual Consolidated Financial Statements  
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	11,043	13,611
Notes and accounts receivable - trade	5,511	4,403
Electronically recorded monetary claims - operating	1,859	1,641
Securities	-	300
Inventories	7,980	7,900
Other	684	836
Allowance for doubtful accounts	(1)	(0)
Total current assets	27,076	28,693
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,794	5,520
Other, net	5,298	5,381
Total property, plant and equipment	11,092	10,902
Intangible assets		
Other	205	373
Total intangible assets	205	373
Investments and other assets		
Investment securities	3,405	3,336
Deferred tax assets	57	60
Other	1,804	1,769
Allowance for doubtful accounts	(67)	(65)
Total investments and other assets	5,199	5,101
Total non-current assets	16,496	16,377
Total assets	43,573	45,071
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,400	2,943
Current portion of long-term borrowings	1,105	1,472
Income taxes payable	217	174
Provision for bonuses	345	438
Provision for bonuses for directors (and other officers)	10	-
Other provisions	9	87
Other	1,835	1,660
Total current liabilities	6,924	6,777
Non-current liabilities		
Bonds payable	2,500	4,000
Long-term borrowings	1,955	2,960
Retirement benefit liability	288	297
Other	760	780
Total non-current liabilities	5,503	8,038
Total liabilities	12,427	14,815

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	12,372	12,372
Capital surplus	7,540	7,540
Retained earnings	4,662	4,598
Treasury shares	(283)	(285)
Total shareholders' equity	24,292	24,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,489	1,435
Foreign currency translation adjustment	5,034	4,299
Remeasurements of defined benefit plans	329	294
Total accumulated other comprehensive income	6,853	6,029
Total net assets	31,145	30,255
Total liabilities and net assets	43,573	45,071

## Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	14,538	15,983
Cost of sales	11,505	12,762
Gross profit	3,032	3,221
Selling, general and administrative expenses	2,866	2,873
Operating profit	166	347
Non-operating income		
Interest income	6	12
Dividend income	75	82
Rental income	172	164
Foreign exchange gains	129	117
Other	31	51
Total non-operating income	415	428
Non-operating expenses		
Interest expenses	11	24
Rental expenses	64	68
Special retirement expenses	34	-
Other	32	53
Total non-operating expenses	142	146
Ordinary profit	439	629
Extraordinary income		
Gain on sale of non-current assets	0	27
Gain on bargain purchase	299	-
Gain on cancellation of leases	-	97
Total extraordinary income	299	125
Extraordinary losses		
Loss on liquidation of business	-	112
Loss on disposal of non-current assets	0	-
Impairment losses	601	75
Total extraordinary losses	602	188
Profit before income taxes	136	567
Income taxes - current	204	206
Income taxes - deferred	16	23
Total income taxes	220	230
Profit (loss)	(83)	336
Profit (loss) attributable to owners of parent	(83)	336

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit (loss)	(83)	336
Other comprehensive income		
Valuation difference on available-for-sale securities	427	(53)
Foreign currency translation adjustment	1,419	(735)
Remeasurements of defined benefit plans, net of tax	(55)	(35)
Total other comprehensive income	1,791	(824)
Comprehensive income	1,708	(487)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,708	(487)

## Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	136	567
Depreciation	647	622
Loss on liquidation of business	-	112
Gain on cancellation of lease	-	(97)
Impairment losses	601	75
Amortization of goodwill	50	-
Gain on bargain purchase	(299)	-
Increase (decrease) in allowance for doubtful accounts	(4)	(3)
Increase (decrease) in retirement benefit liability	(63)	(6)
Decrease (increase) in retirement benefit asset	25	(18)
Increase (decrease) in provision for bonuses	19	92
Increase (decrease) in provision for bonuses for directors (and other officers)	(15)	(10)
Interest and dividend income	(82)	(95)
Interest expenses	11	24
Foreign exchange losses (gains)	1	62
Loss (gain) on disposal of non-current assets	0	-
Loss (gain) on sale of non-current assets	(0)	(27)
Decrease (increase) in trade receivables	(23)	1,229
Decrease (increase) in inventories	(115)	(71)
Increase (decrease) in trade payables	241	(400)
Increase (decrease) in accrued consumption taxes	77	(252)
Decrease (increase) in other assets	(73)	(194)
Increase (decrease) in other liabilities	23	49
Increase (decrease) in other provisions	-	(78)
Subtotal	1,159	1,580
Interest and dividends received	79	95
Interest paid	(15)	(24)
Income taxes refund (paid)	(193)	(216)
Expenditure pertaining to business consolidation	-	(15)
Net cash provided by (used in) operating activities	1,029	1,419
<b>Cash flows from investing activities</b>		
Purchase of securities	-	(300)
Purchase of property, plant and equipment	(565)	(404)
Proceeds from sale of property, plant and equipment	0	28
Purchase of intangible assets	(162)	(114)
Purchase of investment securities	(2)	(2)
Proceeds from collection of loans receivable	3	2
Payments for acquisition of businesses	(703)	-
Other, net	(1)	10
Net cash provided by (used in) investing activities	(1,431)	(780)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	1,000	2,000
Repayments of long-term borrowings	(450)	(627)
Proceeds from issuance of bonds	1,000	1,500
Purchase of treasury shares	(1)	(2)
Proceeds from sale of treasury shares	-	0
Dividends paid	(400)	(400)
Repayments of finance lease liabilities	(125)	(197)
Net cash provided by (used in) financing activities	1,021	2,271
Effect of exchange rate change on cash and cash equivalents	645	(342)
Net increase (decrease) in cash and cash equivalents	1,265	2,568
Cash and cash equivalents at beginning of period	9,899	11,043
Cash and cash equivalents at end of period	11,164	13,611