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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 14, 2025

Company name: RHYTHM CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 7769

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Scheduled date of annual general meeting of shareholders: June 18, 2025

Scheduled date to commence dividend payments: June 19, 2025

Scheduled date to file annual securities report: June 18, 2025

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 Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(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	%
Fiscal year ended March 31, 2025	32,666	0.2	817	11.9	1,160	(7.8)	758	58.8
March 31, 2024	32,602	4.4	730	(17.6)	1,259	1.0	477	(39.8)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 567 million [(78.8) %]
Fiscal year ended March 31, 2024: ¥ 2,677 million [20.6%]

	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, 2025	91.93	-	2.4	2.6	2.5
March 31, 2024	57.86	-	1.6	3.0	2.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ - million
Fiscal year ended March 31, 2024: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	45,093	31,308	69.4	3,793.16
March 31, 2024	43,573	31,145	71.5	3,772.88

(Reference) Equity: As of March 31, 2025: ¥ 31,308 million
As of March 31, 2024: ¥ 31,145 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	2,441	(1,458)	1,323	13,219
March 31, 2024	2,459	(2,143)	150	11,043

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, 2024	-	0.00	-	48.50	48.50	400	83.8	1.3
March 31, 2025	-	0.00	-	73.00	73.00	602	79.4	1.9
Fiscal year ending March 31, 2026 (Forecast)	-	-	-	-	-		-	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2025 :

Commemorative dividend - yen

Special dividend - yen

Regarding the dividend for the fiscal year ending March 31, 2026, it is currently undecided as it is difficult to calculate the consolidated financial results forecast.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales	
	Millions of yen	%
Full year		

Regarding the consolidated financial results forecast for the fiscal year ending March 31, 2026, there are many uncertain factors affecting performance at this point, making it difficult to provide numerical forecast. Therefore, it is currently undetermined. We will promptly disclose the forecast as soon as it becomes possible to reasonably calculate it.

* Notes:

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

Newly included: - (Company name:)

Excluded: 2 (Company name: I Next GE Inc, .RHYTHM KYOSHIN HANOI CO.,LTD.)

(2) 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

(3) Number of issued shares (common shares)

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

March 31, 2025: 8,385,093 shares

March 31, 2024: 8,385,093 shares

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

March 31, 2025: 131,166 shares

March 31, 2024: 129,913 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 8,254,513 shares

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

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

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, 2025	15,958	5.8	(633)	-	1,114	10.8	1,084	85.7
March 31, 2024	15,082	(6.0)	(253)	-	1,006	9.6	584	-

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2025	131.38	-
March 31, 2024	70.74	-

(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, 2025	34,186	23,350	68.3	2,829.03
March 31, 2024	31,719	22,553	71.1	2,732.04

(Reference) Equity: As of March 31, 2025: ¥ 23,350 million
As of March 31, 2024: ¥ 22,553 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

1. Regarding the performance forecast, it was not included in this document as of the date of this announcement due to the difficulty in making a reasonable assessment of the forecast. For details, please refer to the attached document P.2 "1. Overview of Operating Results" and P.5 "(4) Future Outlook."

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1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2025

Forward-looking statements in the text are based on judgments as of the end of the fiscal year ended March 31, 2025.

As described in "3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements (Segment Information)," the Company has changed the method of calculating income or loss for reportable segments from the 1Q of the fiscal year ended March 31, 2025. For the year-on-year comparisons below, figures for the same period of the previous fiscal year have been reclassified using the new method for calculating segment income or loss.

Operating Results for the Fiscal Year Ended March 31, 2025

During the fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025), the domestic economy showed a gradual recovery trend due to improvement in the employment and income environment, while the impact of rising prices due to soaring raw material prices continued.

In addition, the global economy remains uncertain due to the impact of policy trends in the United States, stagnation of the Chinese economy caused by the real estate recession and falling prices, and heightened geopolitical risks such as turmoil in the situation in Ukraine and the Middle East.

Under the above situation, sales of the Precision parts business decreased due to the impact of stagnant orders related to automotive and assembly, despite the continued strong performance of air-conditioning-related products. On the other hand, sales of the Livingware business increased due to an increase in sales of comfortable products. As a result, overall sales increased compared with the same period of the previous fiscal year.

In terms of profits, operating income increased due to the curtailment of SG&A expenses, despite the impact of higher purchase prices and soaring raw material prices amid the continuing depreciation of the yen.

As a result of the above, for the fiscal year ended March 31, 2025, net sales were ¥32,666 million (up 0.2% compared with the previous fiscal year) and operating income was ¥817 million (up 11.9%). Ordinary income decreased to ¥1,160 million (down 7.8%) due to a decrease in foreign exchange gains. Profit attributable to owners of parent increased by 58.8% compared with the previous fiscal year to ¥758 million due to a significant improvement in extraordinary income/loss resulting from the recording of gains on lease cancellation and gains on sales of investment securities and fixed assets, despite the recording of impairment losses and losses on liquidation following the decision to liquidate a subsidiary in the U.S. Although negative goodwill arising from the acquisition of RHYTHM SHOEI CO. LTD., and gains on sales of fixed assets were recorded, the Company suffered much extraordinary loss by the recording of impairment losses at a subsidiary in China and losses on liquidation of a consolidated subsidiary in the previous fiscal year.

(Millions of yen)

		Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025	Changes	Rate of change
Net sales	Precision parts business	25,173	24,813	(359)	(1.4%)
	Livingware business	7,027	7,447	419	6.0%
	Others	401	405	4	1.0%
	Total	32,602	32,666	63	0.2%
Operating profit (loss)	Precision parts business	1,812	2,071	259	14.3%
	Livingware business	(655)	(764)	(108)	—
	Others	68	60	(7)	(11.4%)
	Adjustments	(495)	(550)	(55)	—
	Total	730	817	87	11.9%
Ordinary profit		1,259	1,160	(98)	(7.8%)
Profit attributable to owners of parent		477	758	281	58.8%

The following is an analysis of these by business segment.

① Precision parts business

Domestically, sales of HEV components and air-conditioning components were steady, and orders for precision molds for optical applications were also favorable due to a return to domestic production by avoiding China risk. On the other hand, orders for machine tool parts and BEV parts for Europe remained stagnant. In this environment, although sales of existing businesses declined, domestic sales increased due to the full-year contribution of RHYTHM SHOEI CO. LTD., and profits declined due to the impact of the depreciation of the yen.

Overseas, sales declined due to the significant impact of stagnant orders in the assembly business in Vietnam. On the other hand, profits increased due to steady orders for motorcycle parts and air-conditioning parts in the Southeast Asia region as well as improved profitability mainly resulting from the increase of in-house plastic molding for mobile fans and others at the factory in China.

As a result of these factors, in the Precision parts business total profits increased despite a decrease in total sales.

② Livingware business

Domestically, although sales of main clock products grew, overall sales of clocks declined. On the other hand, sales of mobile fans and circulators grew significantly in the first half of the fiscal year in the area of comfortable products, which the Group are focusing on as a new business, and sales of humidifiers for winter products also increased. As a result, overall sales increased. However, profits declined strongly by the weak yen, resulting in an operating loss.

Overseas, although sales of clocks were sluggish, sales growth of comfortable products covered the decrease in clocks, resulting in an increase in sales. In terms of profits, although there was an impact from the closure of a U.S. base, profits increased due to progress in improving profitability at manufacturing bases in China by mainly increasing production volume.

As a result of these factors, total sales in the Livingware business increased, but an operating loss widened.

③ Others

In the other business segment, overall sales remained at the same level as the previous year and profits declined due to a slump in gift sales at a subsidiary engaged in the product sales business and a decline in profitability at a logistics business subsidiary.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2025

(Assets)

Total assets were ¥45,093 million, an increase of ¥1,519 million from ¥43,573 million at the end of the previous fiscal year. Current assets increased by ¥1,286 million from the end of the previous fiscal year, mainly due to increases in cash and deposits and marketable securities. Non-current assets increased by ¥232 million from the end of the previous fiscal year, mainly due to increases in production equipment investment, system-related investment, and investment securities.

(Liabilities)

Total liabilities were ¥13,784 million, an increase of ¥1,356 million from ¥12,427 million at the end of the previous fiscal year.

Current liabilities decreased by ¥572 million from the end of the previous fiscal year, mainly due to a decrease in notes and accounts payable-trade. Non-current liabilities increased by ¥1,929 million from the end of the previous fiscal year, mainly due to an increase in corporate bonds.

(Net assets)

Total net assets were ¥31,308 million, an increase of ¥162 million from the end of the previous fiscal year, mainly due to an increase in retained earnings and valuation difference on available-for-sale securities.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2025

Cash and cash equivalents (hereinafter, "cash") at the end of the current fiscal year increased by ¥2,176 million from the end of the previous fiscal year to ¥13,219 million at the end of the current fiscal year.

The status of each cash flow for the current fiscal year and its factors are as follows.

(Cash flows from operating activities)

Cash flows from operating activities amounted to ¥2,441 million, a decrease of ¥17 million compared with the previous fiscal year, mainly due to record of income before income taxes, and a decrease in trade receivables and inventories.

(Cash flows from investing activities)

Cash flows from investing activities was decrease of ¥1,458 million, an increase of ¥684 million compared with the previous fiscal year, mainly due to the purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flows from financing activities was ¥1,323 million, an increase of ¥1,173 million compared with the previous fiscal year, mainly due to proceeds from long-term borrowings and issuance of bonds.

(Reference) Trends in cash flow-related indicators

	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025
Equity ratio	70.1	70.5	72.7	71.5	69.4
Equity ratio based on market value	21.0	32.2	38.9	71.0	68.0
Interest-bearing debt/cash flows	2.9	3.9	4.1	2.5	3.3
Interest coverage ratio (times)	49.1	29.2	57.2	73.4	41.9

Equity ratio : $\text{Equity capital} / \text{Total assets}$

Equity ratio based on market value: $\text{Market capitalization} / \text{Total assets}$

Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} / \text{Cash flows}$

Interest coverage ratio: $\text{Cash flows} / \text{Interest payments}$

(Note 1) All figures are calculated on a consolidated basis.

(Note 2) Market capitalization is calculated based on the number of outstanding shares excluding treasury shares.

(Note 3) Cash flows are operating cash flows.

(Note 4) Interest-bearing debt refers to all liabilities on the consolidated balance sheet for which interest is paid.

(4) Future Outlook

The forward-looking statements contained in this document are based on our judgment as of the end of the fiscal year ended March 31, 2025.

①Medium-Term Management Plan

a. Targets

The Group has formulated the Medium-Term Management Plan 2027, which covers the 3 years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028, and has set the following management targets:

Sales and Profit Plan	Fiscal Year ended March 31, 2025 (Actual)	Fiscal Year ending March 31, 2026 (Plan)	Fiscal Year ending March 31, 2027 (Plan)	Fiscal Year ending March 31, 2028 (Plan)
Net sales	¥32.6 billion	¥33.5 billion	¥37 billion	¥40 billion
Operating profit	¥0.8 billion	¥1.4 billion	¥2 billion	¥2.5 billion
Ordinary profit	¥1.1 billion	¥1.7 billion	¥2.3 billion	¥2.8 billion
Profit attributable to owners of parent	¥0.7 billion	¥1.2 billion	¥1.7 billion	¥2.1 billion

Financial Indicators	Fiscal Year ended March 31, 2025 (Actual)	Fiscal Year ending March 31, 2026 (Plan)	Fiscal Year ending March 31, 2027 (Plan)	Fiscal Year ending March 31, 2028 (Plan)
Operating profit margin	2.5%	4.2%	5.4%	6.3%
ROE	2.4%	4.0%	5.0%	6.0%
Mobility sales ※1	¥12.7 billion	¥10.5 billion	¥11.5 billion	¥13 billion
Comfortable products sales	¥2.7 billion	¥3.7 billion	¥4.3 billion	¥5 billion
Overseas sales ratio	43%	41%	41%	41%
(Precision parts)	50%	48%	47%	46%
(Livingware)	24%	20%	26%	27%

※1 Calculation of Mobility sales are changed from the medium-term management plan 2027.

None-financial Indicators	Fiscal Year ended March 31, 2025 (Actual)	Fiscal Year ending March 31, 2028 (Plan)	Fiscal Year ending March 31, 2051 (Plan)
Reduce CO2 emissions ※1	※2	30% reduction	Net Zero
Percentage of female managerial staff	22.3%	30%	-
(Domestic G)	7.9%	10%	-
(Overseas G)	32.8%	40%	-

※1 The percentage of reduction is calculated by CO2 emissions per 1 million in sales in the area of Scope1+2 compared with the fiscal year ended March 31, 2019.

※2 The figure will be published on the sustainability page of website of the company as soon as the calculation is made.

(<https://www.rhythm.co.jp/sustainability/>)

b. Management Strategy, etc.

Under the Medium-Term Management Plan 2027, we have positioned this medium-term management plan as a phase of "realizing new growth through the establishment of a business model." We will complete our past business transformation efforts, and work to further increase corporate value by creating a corporate structure that is better able to withstand changes in the external environment. We have established 4 strategies and basic policies to shift to a highly profitable business structure and improve

capital efficiency.

(a) Business Strategy: Strengthening of Competitiveness in New Business Model

Under the previous medium-term management plan, the Company positioned the Precision parts business as a growth driver and aimed for expansion centered on the automotive-related business. In the Livingware business, the Group worked on major structural reforms and promoted initiatives for the full-fledged expansion of the "Comfortable products" field. Under the Medium-Term Management Plan 2027, we have positioned these business models as a phase for realizing new growth, and we will promote initiatives to strengthen our competitiveness.

1. The Precision parts business

Despite the temporary stagnation of the progress in BEV, the trend toward electrification, automation, and multifunction in automobiles is steadily advancing, creating a tailwind for us, which specializes in electrical components and sensor-camera components. We will continue to focus on electrical equipment and ADAS parts, with the mobility field as our top priority. The Company's policies are to "develop and generalize original components", "expand unit components" by leveraging its strengths that combine metal presses and resin molding technologies, and "cultivate strategic customers" by utilizing its global network. Based on these policies, the Company will work to strengthen sales of existing components, such as solenoid coils, promote initiatives for new components, and improve productivity.

2. Livingware business

During the period of the previous medium-term management plan, the Group moved away from dependence on clock and built a new business model in line with the contraction of the clock market. We are also generating results, such as improving the profitability of the factory in China and creating hit products (mobile fans) of comfortable products. Under the current medium-term management plan, we will work to ensure the results of these structural reforms and to achieve early monetization and create new hit comfortable products. To promote these initiatives, we will expand "sales channels for comfortable products" in major EC and electronics retailers as well as in Asia, mainly China. We will create "next hits for comfortable products" by expanding our lineup in the air conditioning field and promoting research and development in new fields. We will also "strengthen our production system" to reduce costs. Through these efforts, we will grow comfortable products into the core of our product portfolio and achieve sales growth and profitability.

(b) Financial Strategy "Growth Investment and Improvement of Capital Efficiency"

We will continue to build a stable earnings base through business expansion and strengthen capital cost-based management. We will aggressively invest in the Precision parts business, which is a growth driver, and invest in the expansion of new pillars (comfortable products) in the Livingware business, such as new product development, and invest in systems and IT to achieve sustainable growth. We acquired RHYTHM SHOEI CO.,LTD. in the fiscal year ended March 31, 2024, and we will continue to promote M&A investment as one of our important growth strategies.

We also recognize that returning profits to shareholders is an important management issue. For the fiscal year ended March 31, 2025, the dividend will be ¥73 per share (payout ratio: 79.4%). We continuously try to expand returning profits to shareholders in consideration of business performance, cash in hand and required investments.

We are putting capital cost management into practice and upgrading it. In March 2024, we disclosed "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" and in March 2025, we updated it. We will continue to strive to realize management that is conscious of the cost of capital and stock price, and to improve PBR, placing top priority on increasing corporate value by recovering business performance.

(c) Management Foundation Strategy "Improving Management Driving Force"

Activities in the areas of human resources, IT/DX, and governance, which constitute the management foundation strategy, will be strengthened as a means of enhancing the driving force of management. In terms of human resources, we will secure, develop, and appropriately allocate them that will be the driving force for the promotion of our management strategy. In IT/DX, we aim to evolve into a digital-native company by taking on the challenge of acquiring overwhelming business speed as a business transformation. In terms of governance, we will strive to achieve growth through appropriate risk hedging and bold risk-taking.

(d) Sustainability Strategy "Synchronization with Management and Business Activities"

We recognize the importance of sustainability as one of our survivorship strategies, which is essential to corporate activities and has a major impact on corporate survival. We consider the environment, including the response to climate-change, and the diversity, equity, and inclusion, DEI, related to human rights and human capital to be materialities. By synchronizing these activities with management and business activities, we will strive to deepen and improve the effectiveness of our initiatives. In terms of the environment, we will reduce CO2 emissions and environmental costs. In DEI, we will realize the active participation of a diverse range of human resources, including women and persons with disabilities, based on respect for human rights.

②Future Outlook

In the fiscal year ending March 31, 2026, the domestic and global economies are expected to be extremely uncertain and unstable due to geopolitical risks such as the situation in Ukraine and the Middle East, further slowdown in China's economy, global price increases including energy and raw material prices, uncertain monetary policies, and unstable exchange rate fluctuations. In addition, the trade tariff problem by the new U.S. administration has caused turmoil in the global economy. Especially in the automotive industry, which is the Group's main business field, there are concerns about the significant impact of this trade tariff problem, and the Group may also be affected to a great extent.

This situation is expected to continue for the time being, and the business environment surrounding the Group is extremely uncertain. In the Precision parts business, although air-conditioning-related parts sales remains strong, there are concerns about further delays in the recovery of orders for machine tool-related parts. Despite stable orders for mainstay automotive-related parts, uncertainty is increasing as described above. The recovery of the assembly business in Vietnam is still unpredictable.

Meanwhile, in the Livingware business, the effects of structural reforms, such as making production bases in China more profitable through efforts to increase production volume and improve productivity, and closing unprofitable bases, are emerging. In addition, further increases are anticipated in domestic and overseas sales of mobile fans, circulators, and other comfortable products, which achieved significant sales growth last year.

As of the end of March 2025, the Continued Listing Criteria of Prime Market was not achieved in the "Tradable Share Ratio" and "Tradable Share Market Capitalization" By the Company's estimation. As soon as the details are known, the Company will announce the situation along with our response.

[Forecast for the fiscal year ending March 31, 2026]

For the fiscal year ending March 31, 2026, although extraordinary income due to the sale of real estate is expected to be recorded as stated in the "Notice of Projected Transfer of Fixed Assets and Recording of Extraordinary Income" announced today, the business environment surrounding the Group is becoming increasingly uncertain, as described above. For this reason, it is difficult to make a reasonable calculation at this point with respect to the forecast for the fiscal year ending March 31, 2026, and therefore, it is not determined yet.

As stated above, in the Medium-Term Management Plan 2027 announced on March 24, 2025, the Company is targeting net sales of ¥33.5 billion (up 2.5% from the current fiscal year), operating income of ¥1.4 billion (up 71.2%), ordinary income of ¥1.7 billion (up 46.5%), and net income attributable to owners of parent of ¥1.2 billion (up 58.1%) for the fiscal year ending March 31, 2026.

2. Basic Approach to Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements between periods and between corporates, our policy for the time being is to prepare consolidated financial statements in accordance with Japanese GAAP.

With regard to the application of IFRS, the Company intends to respond appropriately, taking into account various domestic and overseas circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	11,043	13,219
Notes and accounts receivable - trade	5,511	4,930
Electronically recorded monetary claims - operating	1,859	1,678
Securities	-	300
Inventories	7,980	7,438
Prepaid expenses	200	195
Other	483	602
Allowance for doubtful accounts	(1)	(0)
Total current assets	27,076	28,363
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,841	13,784
Accumulated depreciation	(8,047)	(8,459)
Buildings and structures, net	5,794	5,324
Machinery, equipment and vehicles	10,812	11,344
Accumulated depreciation	(8,396)	(8,745)
Machinery, equipment and vehicles, net	2,416	2,598
Tools, furniture and fixtures	4,978	4,777
Accumulated depreciation	(4,784)	(4,576)
Tools, furniture and fixtures, net	193	201
Land	2,398	2,315
Leased assets	436	461
Accumulated depreciation	(210)	(240)
Leased assets, net	226	220
Construction in progress	62	371
Total property, plant and equipment	11,092	11,031
Intangible assets		
Software	76	122
Other	128	369
Total intangible assets	205	491
Investments and other assets		
Investment securities	3,405	3,512
Long-term loans receivable	67	62
Distressed receivables	0	0
Deferred tax assets	57	55
Retirement benefit asset	409	379
Other	1,327	1,259
Allowance for doubtful accounts	(67)	(62)
Total investments and other assets	5,199	5,206
Total non-current assets	16,496	16,729
Total assets	43,573	45,093

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,400	2,996
Current portion of long-term borrowings	1,105	1,272
Accounts payable - other	604	651
Accrued expenses	353	312
Income taxes payable	217	160
Contract liabilities	89	91
Provision for bonuses	345	351
Provision for bonuses for directors (and other officers)	10	33
Other provisions	9	17
Other	787	463
Total current liabilities	6,924	6,351
Non-current liabilities		
Bonds payable	2,500	4,000
Long-term borrowings	1,955	2,374
Deferred tax liabilities	261	391
Retirement benefit liability	288	277
Other	498	389
Total non-current liabilities	5,503	7,432
Total liabilities	12,427	13,784
Net assets		
Shareholders' equity		
Share capital	12,372	12,372
Capital surplus	7,540	7,540
Retained earnings	4,662	5,020
Treasury shares	(283)	(287)
Total shareholders' equity	24,292	24,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,489	1,607
Foreign currency translation adjustment	5,034	4,800
Remeasurements of defined benefit plans	329	254
Total accumulated other comprehensive income	6,853	6,662
Total net assets	31,145	31,308
Total liabilities and net assets	43,573	45,093

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	32,602	32,666
Cost of sales	25,933	26,072
Gross profit	6,669	6,594
Selling, general and administrative expenses	5,939	5,776
Operating profit	730	817
Non-operating income		
Interest income	19	47
Dividend income	119	135
Rental income	343	326
Foreign exchange gains	185	54
Other	120	93
Total non-operating income	788	658
Non-operating expenses		
Interest expenses	40	58
Rental expenses	130	155
Special retirement expenses	37	-
Other	50	101
Total non-operating expenses	259	315
Ordinary profit	1,259	1,160
Extraordinary income		
Gain on sale of non-current assets	143	181
Gain on sale of investment securities	-	62
Gain on bargain purchase	299	-
Gain on cancellation of leases	-	97
Total extraordinary income	442	342
Extraordinary losses		
Loss on liquidation of business	-	66
Loss on disposal of non-current assets	3	0
Loss on sale of non-current assets	0	-
Impairment losses	746	216
Loss on valuation of inventories	170	-
Total extraordinary losses	920	283
Profit before income taxes	781	1,219
Income taxes - current	424	350
Income taxes - deferred	(120)	109
Total income taxes	303	460
Profit	477	758
Profit attributable to owners of parent	477	758

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	477	758
Other comprehensive income		
Valuation difference on available-for-sale securities	650	117
Foreign currency translation adjustment	1,492	(233)
Remeasurements of defined benefit plans, net of tax	56	(75)
Total other comprehensive income	2,199	(191)
Comprehensive income	2,677	567
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,677	567

(3) Consolidated Statements of Changes in Equity

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)
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)
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

For the fiscal year ended March 31, 2025

(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	4,662	(283)	24,292
Changes during period					
Dividends of surplus			(400)		(400)
Profit attributable to owners of parent			758		758
Disposal of treasury shares		0		0	0
Purchase of treasury shares				(4)	(4)
Net changes in items other than shareholders' equity					
Total changes during period	-	0	358	(4)	353
Balance at end of period	12,372	7,540	5,020	(287)	24,645

	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	1,489	5,034	329	6,853	-	31,145
Changes during period						
Dividends of surplus						(400)
Profit attributable to owners of parent						758
Disposal of treasury shares						0
Purchase of treasury shares						(4)
Net changes in items other than shareholders' equity	117	(233)	(75)	(191)	-	(191)
Total changes during period	117	(233)	(75)	(191)	-	162
Balance at end of period	1,607	4,800	254	6,662	-	31,308

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	781	1,219
Depreciation	1,351	1,339
Loss on liquidation of business	-	66
Gain on cancellation of leases	-	(97)
Impairment losses	746	216
Amortization of goodwill	50	-
Gain on bargain purchase	(299)	-
Increase (decrease) in allowance for doubtful accounts	(11)	(5)
Increase (decrease) in retirement benefit liability	41	(96)
Decrease (increase) in retirement benefit asset	(124)	(0)
Increase (decrease) in provision for bonuses	(13)	6
Increase (decrease) in provision for bonuses for directors (and other officers)	(4)	23
Interest and dividend income	(139)	(183)
Interest expenses	40	58
Foreign exchange losses (gains)	(171)	15
Loss (gain) on disposal of non-current assets	3	0
Loss (gain) on sale of non-current assets	(143)	(181)
Loss (gain) on sale of investment securities	-	(62)
Decrease (increase) in trade receivables	(1,150)	764
Decrease (increase) in inventories	1,402	521
Increase (decrease) in trade payables	(116)	(415)
Increase (decrease) in accrued consumption taxes	183	(211)
Decrease (increase) in other assets	126	(159)
Increase (decrease) in other liabilities	171	(2)
Subtotal	2,724	2,814
Expenditure pertaining to business consolidation	-	(63)
Interest and dividends received	139	183
Interest paid	(33)	(58)
Income taxes paid	(370)	(435)
Net cash provided by (used in) operating activities	2,459	2,441
Cash flows from investing activities		
Purchase of securities	-	(300)
Purchase of property, plant and equipment	(1,580)	(1,242)
Proceeds from sale of property, plant and equipment	310	269
Purchase of intangible assets	(169)	(276)
Purchase of investment securities	(4)	(4)
Proceeds from sales of investments securities	-	93
Payments for acquisition of businesses	(703)	-
Proceeds from collection of loans receivable	5	5
Other, net	(1)	(2)
Net cash provided by (used in) investing activities	(2,143)	(1,458)

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from long-term borrowings	1,000	2,000
Repayments of long-term borrowings	(1,103)	(1,414)
Proceeds from issuance of bonds	1,000	1,500
Purchase of treasury shares	(4)	(4)
Proceeds from sale of treasury shares	-	0
Dividends paid	(400)	(400)
Repayments of finance lease liabilities	(340)	(356)
Net cash provided by (used in) financing activities	150	1,323
Effect of exchange rate change on cash and cash equivalents	677	(130)
Net increase (decrease) in cash and cash equivalents	1,143	2,176
Cash and cash equivalents at beginning of period	9,899	11,043
Cash and cash equivalents at end of period	11,043	13,219

(5) Notes to consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes - Significant accounting policies for preparation of consolidated financial statements)

1 Scope of consolidation

12 subsidiaries- PRITEC CO.,LTD., RHYTHM SERVICE CO.,LTD., RHYTHM KAIHATSU CO.,LTD., RHYTHM SHOEI CO.,LTD., RHYTHM U.S.A., INC., RHYWACO(H.K.) CO., LTD., RHYTHM INDUSTRIAL(H.K.) LTD., RHYTHM VIETNAM(HANOI) CO.,LTD., RHYTHM INDUSTRIAL(DONG GUAN) LTD., KYOSHIN VIETNAM CO.,LTD., KYOSHIN INDUSTRY ASIA PTE LTD., PT. RHYTHM KYOSHIN INDONESIA are all included in the scope of consolidation.

2 Application of equity method

Not applicable.

3 Fiscal years of consolidated subsidiaries

Among consolidated subsidiaries, the closing date of RHYTHM INDUSTRIAL(DONG GUAN) LTD. is December 31. In preparing the consolidated financial statements, the financial statements as of the closing date of December 31 are used. However, necessary adjustments for consolidation have been made for significant transactions that occurred during the period from January 1 to March 31 of the consolidated closing date.

The last day of the fiscal year of other consolidated subsidiaries is the same as the consolidated closing date.

(Segment information, etc.)

(Segment information)

1 Description of reportable segments

Our reportable segments are our constituent units for which separate financial information is available, and which are subject to periodic review by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating performance.

We have 2 reportable segments: the Precision parts business and the Livingware business, which are engaged in business activities based on the formulation of comprehensive domestic and overseas strategies for products and services, respectively.

The precision parts business segment manufactures and sells parts for automotive, industrial equipment, optical equipment, office and telecommunications equipment, photovoltaic power generation, precision components used in home appliances, EMS such as high-precision molds and electronic equipment, information-related equipment, automotive-related equipment, and decorative compound products.

The Livingware business segment manufactures and sells wall clocks, table clocks, alarm clocks, digital clocks, equipment clocks, clock movements, emergency broadcast radios, humidifiers, USB fans, and other products.

2 Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those described in "Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements."

Profit of reportable segments is based on operating income. Intersegment sales and transfers are based on prevailing market prices.

3 Changes in reportable segments

(Changes in the Method of Calculating Incomes or Losses for Reportable Segments)

From the 1Q of the current fiscal year, in order to more appropriately evaluate the result of each reportable segment, the Company has changed the method of disclosing reportable segments incomes by allocating unrealized profits to each reportable segment as commodity cost.

Segment information for the previous fiscal year is presented based on the method of calculating segment income or loss after the change.

4 Sales, profit (loss), asset, liability, and other items for each reportable segment

Previous fiscal year (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments			Others (NOTE)	Total
	Precision parts business	Livingware business	Total		
Net sales					
Revenues from external customers	25,173	7,027	32,201	401	32,602
Transactions with other segments	4	10	15	660	675
Total	25,178	7,038	32,216	1,061	33,278
Segment profit (loss)	1,812	(655)	1,156	68	1,225
Segment assets	30,586	5,886	36,472	1,786	38,259
Other items					
Depreciation	1,169	71	1,240	66	1,307
Goodwill amortization	50	-	50	-	50
Gain on bargain purchase	299	-	299	-	299
Impairment losses	-	461	461	-	461
Loss on valuation of inventories	-	170	170	-	170
Increase in property, plant and equipment and intangible assets	658	183	842	751	1,593

(NOTE) "Others" is a business segment that is not included in the reportable segments, and includes the logistics business, etc.

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments			Others (NOTE)	Total
	Precision parts business	Livingware business	Total		
Net sales					
Revenues from external customers	24,813	7,447	32,261	405	32,666
Transactions with other segments	56	15	72	632	704
Total	24,870	7,463	32,333	1,037	33,371
Segment profit (loss)	2,071	(764)	1,307	60	1,368
Segment assets	30,730	6,085	36,815	1,734	38,549
Other items					
Depreciation	1,152	78	1,230	75	1,306
Loss on liquidation of business	-	66	-	-	66
Impairment losses	-	216	216	-	216
Increase in property, plant and equipment and intangible assets	966	199	1,166	1	1,167

(NOTE) "Others" is a business segment that is not included in the reportable segments, and includes the logistics business, etc.

4 Difference between the total amount of reportable segments and the amount recorded in the consolidated financial statements, and main details of said difference (matters related to difference reconciliation)

(Millions of yen)

Net sales	Previous fiscal year	Current fiscal year
Reportable segment total	32,216	32,333
Net sales classified in "Others"	1,061	1,037
Elimination of inter-segment transactions	(675)	(704)
Net sales in the consolidated financial statements	32,602	32,666

(Millions of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	1,156	1,307
Income classified in "Others"	68	60
Elimination of inter-segment transactions	36	27
Expenses for the Group (Note)	(531)	(578)
Operating profit in the consolidated financial statements	730	817

(NOTE) Expenses for the Group are mainly general and administrative expenses that do not belong to any reportable segment.

(Millions of yen)

Assets	Previous fiscal year	Current fiscal year
Reportable segment total	36,472	36,815
Assets classified in "Others"	1,786	1,734
Assets for the Group (Note)	5,627	7,085
Other adjustments	(313)	(541)
Total assets in the consolidated financial statements	43,573	45,093

(NOTE) Assets for the Group are mainly parent company assets that do not belong to any reportable segment.

(Millions of yen)

Other items	Reportable segment total		Others		Adjustments		Total in the consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	1,240	1,230	66	75	44	33	1,351	1,339
Goodwill amortization	50	-	-	-	-	-	50	-
Gain on bargain purchase	299	-	-	-	-	-	299	-
Loss on liquidation of business	-	66	-	-	-	-	-	66
Impairment losses	461	216	-	-	285	-	746	216
Loss on valuation of inventories	170	-	-	-	-	-	170	-
Increase in property, plant and equipment and intangible assets	842	1,166	751	1	156	351	1,750	1,518

(NOTE) Impairment losses in the Adjustments is mainly the amount of impairment losses on fixed assets of the parent company that do not belong to any reportable segment.

Increase in property, plant and equipment and intangible assets in the Adjustments is mainly increases in non-current assets of the parent company that do not belong to any reportable segment.

(Per Share Information)

	Fiscal Year Ended March 31,2024 (April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31,2025 (April 1, 2024 to March 31, 2025)
Net assets per share	¥3,772.88	¥3,793.16
Basic earnings per share	¥57.86	¥91.93

(NOTE) 1. Diluted earnings per share is not presented because there are no diluted shares.

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	Fiscal Year Ended March 31,2024 (April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31,2025 (April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (millions of yen)	477	758
Amount not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common shares (millions of yen)	477	758
Average number of common shares during the period (thousands of shares)	8,256	8,254

(Significant subsequent events)

Not applicable.