



June 23, 2025

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Notice Concerning the Revision of the “Medium-Term Management Plan 2027”

RHYTHM CO., LTD. (the “Company”) hereby announces that it resolved to partially amend the Medium-Term Management Plan 2027, which was released on March 24, 2025, as described below.

1. Revisions to Financial Strategy

As stated in the “Notice Concerning Measures to Expand Shareholder Returns, Dividend Forecast for Fiscal Year Ending March 31, 2026, and Conclusion of an Agreement with Major Shareholders” dated June 23, 2025, our Dividends Policy has been changed. In addition, related Financial Strategy has been updated in light of the latest forecast.

	Initial plan	Revised plan
Dividends Policy	Payout ratio of 30% or more Dividends per share of ¥30 or more	Payout ratio (consolidated) of 35% or more DOE (dividend ratio on consolidated net assets) of 4% or more
Cash Allocation	[Cash inflow: 12 to 13 billion yen] -Operating CF: 6 to 7 billion yen -Cash on hand, asset sales, borrowings: 6 billion yen [Cash Outflow: 12 to 13 billion yen] -Shareholder returns: 2 billion yen	[Cash Inflow: 15 to 16 billion yen] -Operating CF: 7 to 8 billion yen -Cash on hand, asset sales, borrowings: 8 billion yen [Cash Outflow: 15 to 16 billion yen] -Shareholder returns: 5 billion yen

2. Revisions to Mobility Sales Plan

In terms of the “Mobility Sales” of our Management Goals, the planned figure has been amended due to the reevaluation of the calculation methods (calculation criteria).

(billions of yen)

	FY2024		FY2025		FY2026		FY2027	
	Forecast	Result	Initial plan	Revised plan	Initial plan	Revised plan	Initial plan	Revised plan
Mobility Sales	10.0	11.7	10.5	11.5	11.5	12.5	13.0	14.0



Medium-Term Management Plan 2027 (Revised)

(Fiscal Year Ending March 2026 to Fiscal Year Ending March 2028)

June 23, 2025
RHYTHM CO., LTD.
(TSE Prime Market 7769)

Note:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Review of Medium-Term Management Plan 2024

(Fiscal Year Ended March 2023 to Fiscal Year Ended March 2025)

2. Long-term Vision

3. Medium-Term Management Plan 2027

(Fiscal Year Ending March 2026 to Fiscal Year Ending March 2028)

Note:

- Unless otherwise noted in this document, amounts are rounded down and years represent the fiscal year (April to March of the following year).
- Those figures which were announced as FY2024 Forecast in Medium-Term Management Plan 2027 dated March 24, 2025 are replaced by results in this document.

1. Review of Medium-Term Management Plan 2024

Achievement rate of net sales is about 93%, and profitability is an issue. Must be able to respond to changes in the business environment.

Plan and Results

	FY 2024 Plan	FY 2024 Result
Net sales	35.5 billions of yen	32.6 billions of yen
Operating profit	2.0 billions of yen	0.8 billions of yen
Net profit	1.6 billions of yen	0.7 billions of yen
Operating profit margin	5.6 %	2.5 %
ROE	5.6 %	2.4 %
Overseas sales ratio	48 %	43 %
Vehicle-related sales	12.0 billions of yen	12.7 billions of yen

Results and Issues

Business	<u>Expanded business by M&A and carried out business structural reform</u> <div>Precision parts</div> While Rhythm Shoei joined by M&A, existing in-vehicle and assembly businesses were affected by customer inventory adjustments, etc. <div>Livingware</div> China factory achieved definite results of the reform . Mobile fan was a hit in Livingware products*1, but ensuring profits (measures against weak yen) is still an issue.
	<u>Implemented management that is conscious of cost of capital and strengthened shareholder returns</u> Implemented aggressive investment beyond plan, partial sales of strategic investment stocks and real estate, and dividend increase . Need to improve ROE by improving earnings urgently.
Sustainability	<u>Worked together with whole RHYTHM group to promote environmental and D&I activities</u> Reduced CO2 emissions earlier than planned. Measures to achieve net zero will be considered and women's empowerment will be further strengthened.
Management foundation	<u>Made foundation stronger to support business</u> Conducted a wide range of activities including corporate governance, HR, IT, and SR *2. Replacing enterprise system is under implementation after reviewing the plan.

*1 Small home appliances and miscellaneous goods category including mobile fans, circulators, and humidifiers, etc.

*2 Stakeholder Relations

1. Review of Medium-Term Management Plan 2024

Consolidated statements of income

(Millions of yen)	FY 2021	FY 2022		FY 2023		FY 2024		
	Result	Plan	Result	Plan	Result	Plan	Result	Compared to plan
Net sales	29,999	30,700	31,231	33,000	32,602	35,500	32,666	-2,833
Precision parts	22,133	22,700	23,561	24,600	25,173	26,300	24,813	-1,486
Livingware	7,422	7,600	7,222	8,000	7,027	8,800	7,447	-1,352
Others	444	400	446	400	401	400	405	5
Operating profit	892	1,000	886	1,600	730	2,000	817	-1,182
Precision parts	1,535	1,760	1,873	2,100	1,769	2,300	2,107	-228
Livingware	-174	-280	-432	0	-704	200	-764	-964
Others	64	60	64	70	68	75	60	-14
Adjustments	-532	-540	-620	-570	-401	-575	-550	24
Ordinary profit	1,286	1,300	1,246	1,850	1,259	2,250	1,160	-1,089
Net profit	1,031	1,000	794	1,300	477	1,600	758	-841
Exchange rate	122.39	120.00	133.53	120.00	151.41	120.00	149.52	29.52

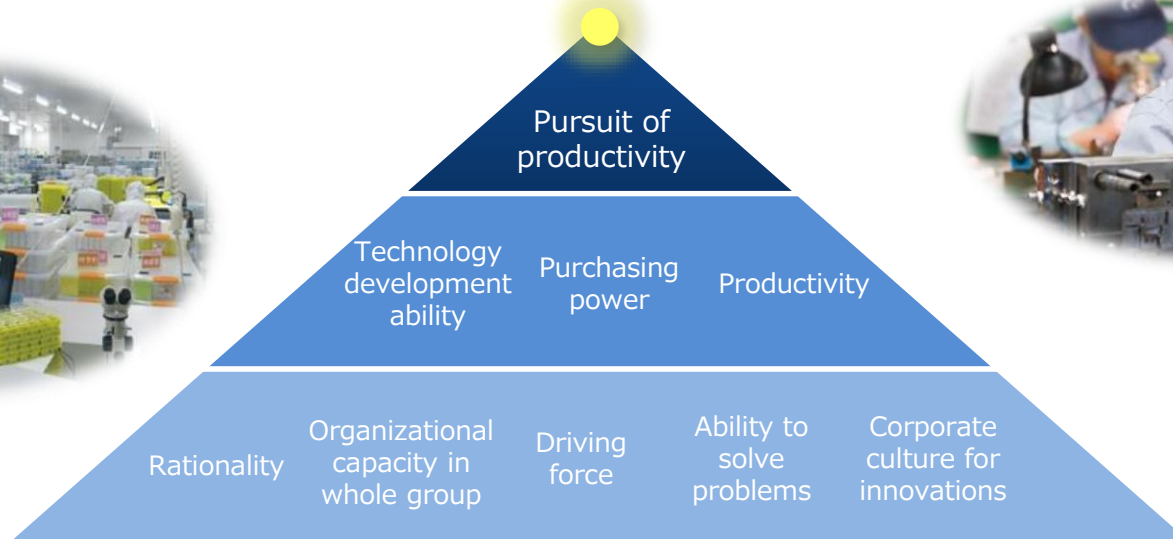
2. Long-term Vision

Have comfortable moments in safe and secure lives supported by manufacturing techniques cultivated over 70 years of clock manufacturing.

Business
Philosophy

We shall contribute to the formation of an enriched, enjoyable and safe society through the ongoing pursuit of unrelenting creation and innovation.

“Strong manufacturing” RHYTHM aim for

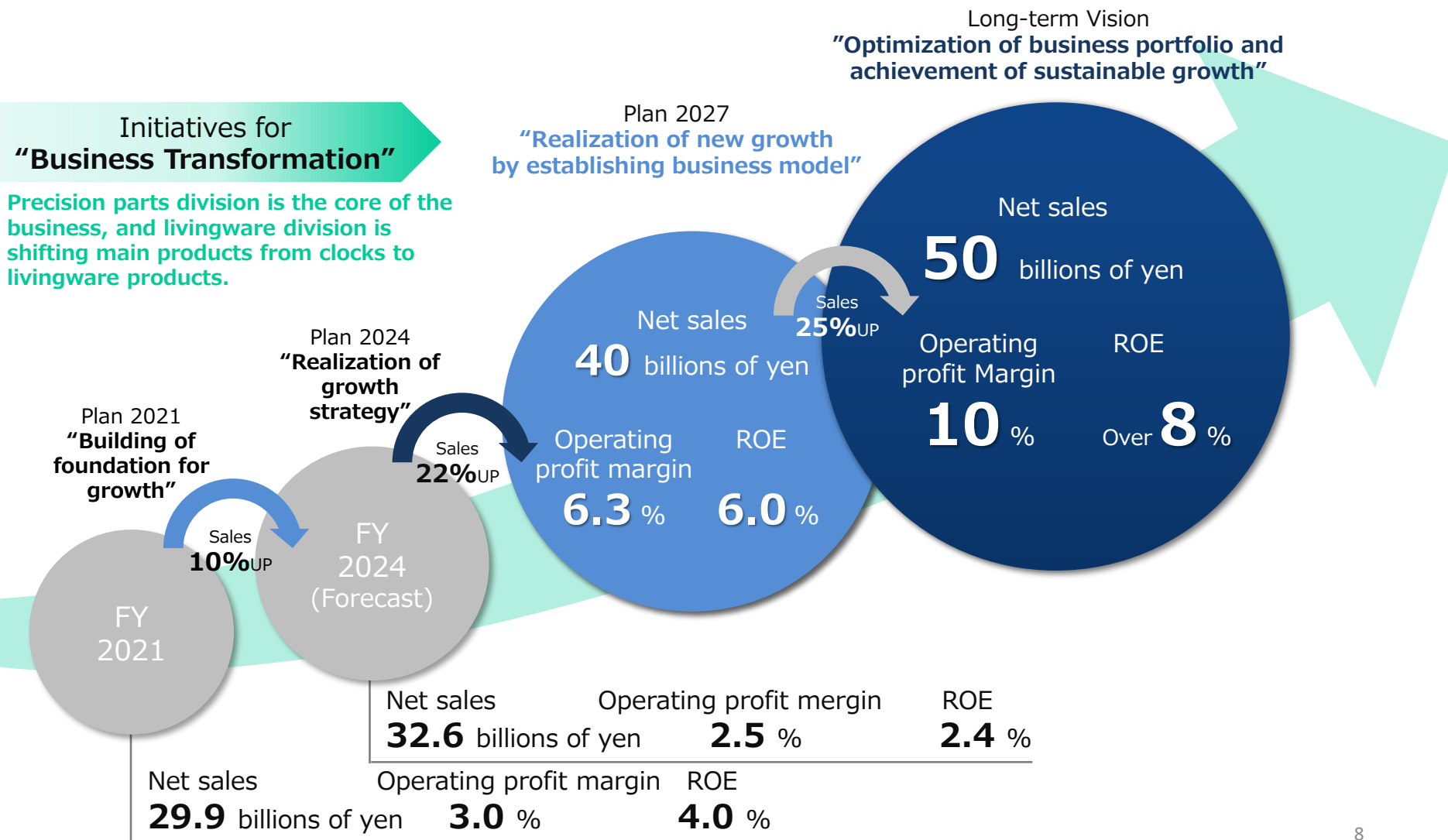


Ideal state

As **“a company of precision parts and livingware products”**
RHYTHM deliver "safety, security and comfort" to the world.

Aim to increase net sales by 7 billions of yen during medium-term management plan 2027.

Aim to achieve 50 billions of yen in net sales in the near future.



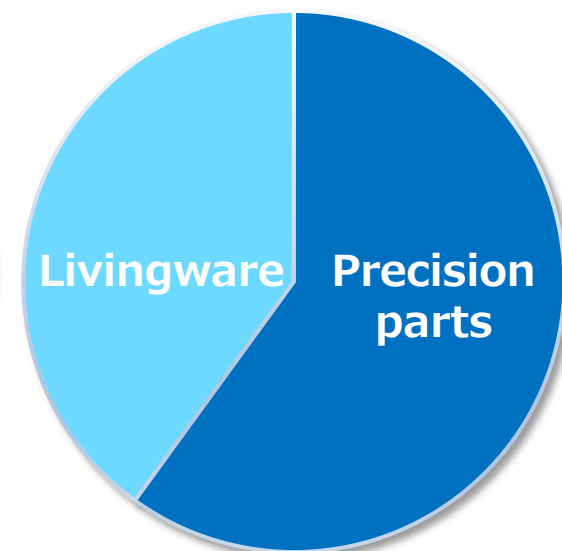
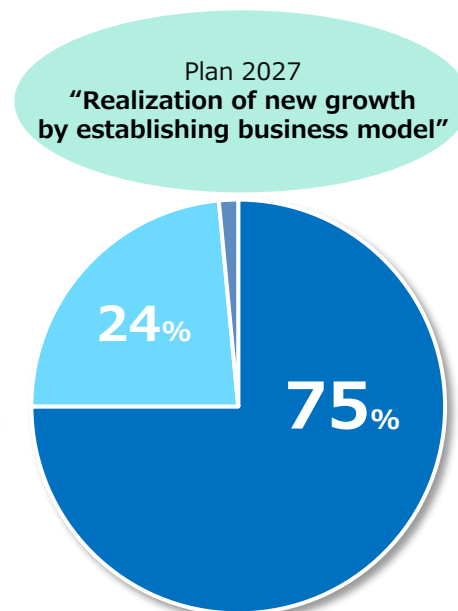
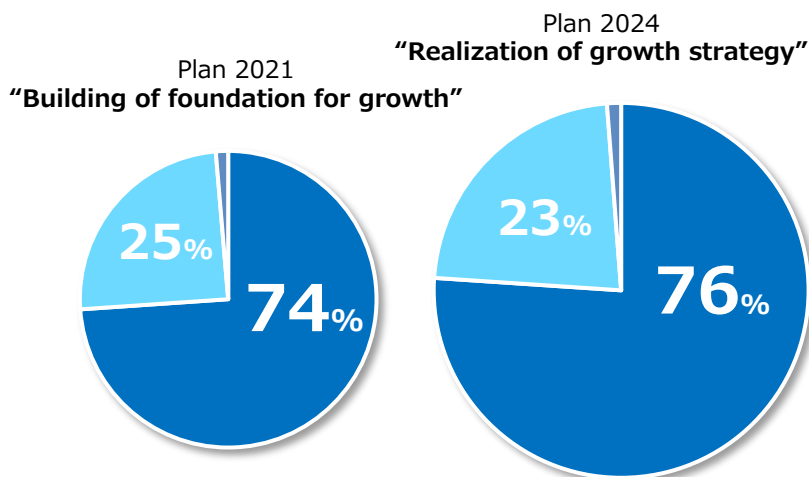
3. Medium-Term Management Plan 2027

3. Medium-Term Management Plan 2027

(1) Positioning of Medium-Term Management Plan 2027

Positioned as "Realization of new growth by establishing business model" phase.

Long-term vision and further beyond ...
"Optimization of business portfolio and achievement of sustainable growth"



Second
pillar

Growth
driver

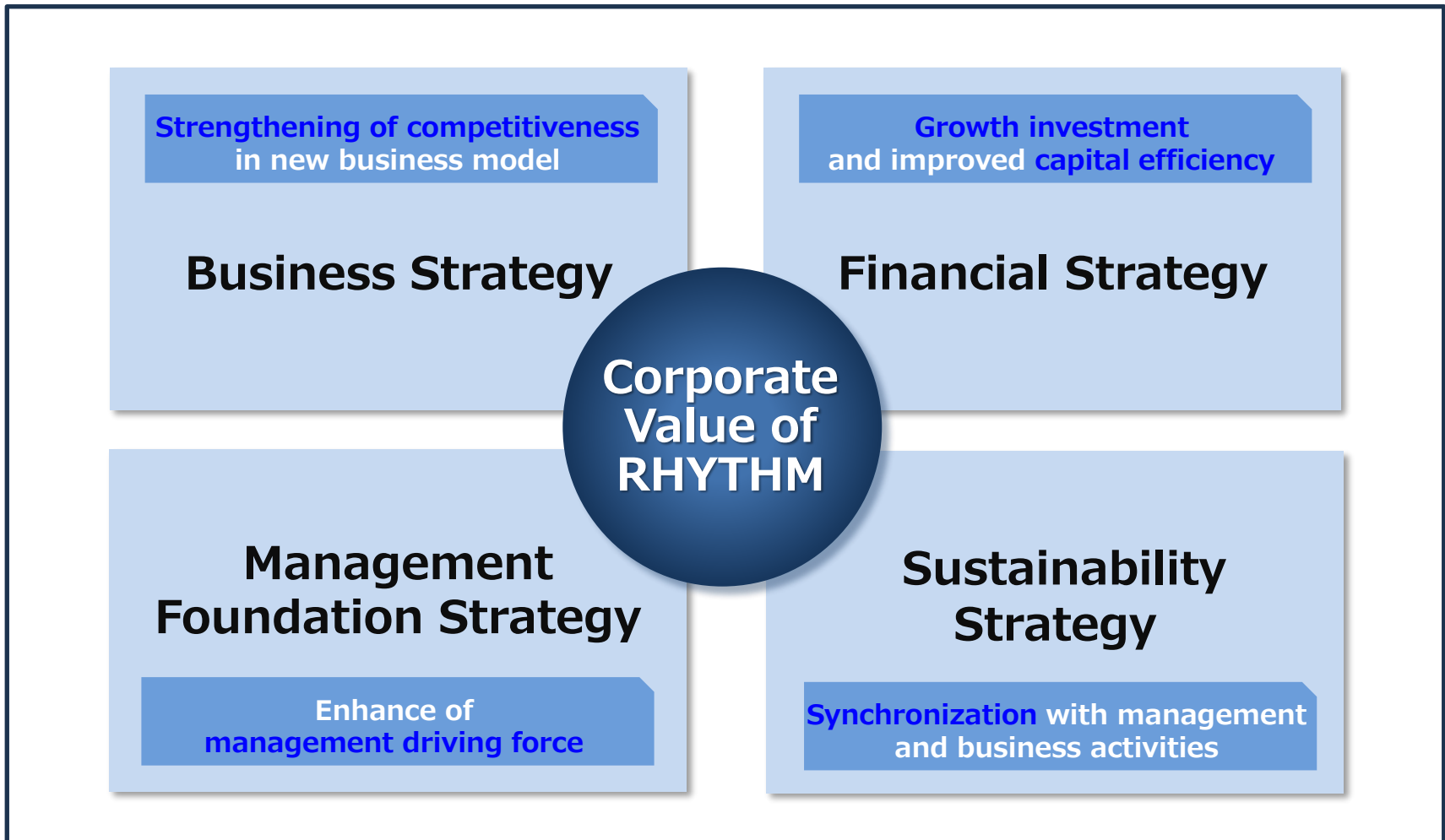
FY 2021 Result	Net sales (billions of yen)
Precision parts	22.1
Livingware	7.4
Other	0.4
Total	29.9

FY 2024 Result	Net sales (billions of yen)
Precision parts	24.8
Livingware	7.4
Other	0.4
Total	32.6

FY 2027 Plan	Net sales (billions of yen)
Precision parts	30.0
Livingware	9.4
Others	0.6
Total	40.0

Uninfluenced by business conditions such as economic conditions, foreign exchange rates and others, then
build a balanced business portfolio.

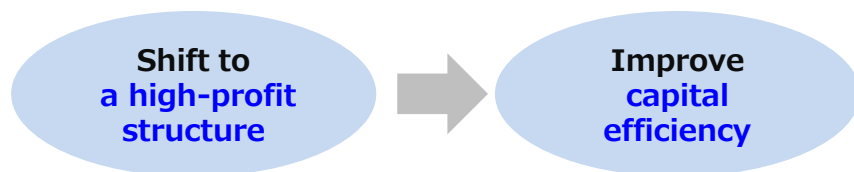
Transform to a highly profitable structure and improve capital efficiency by 4 strategies and basic policies



Overcoming remaining issues of Medium-Term Management Plan 2024 (Profitability and ability to adapt to change)

Overall Policy

Expanding self-driven growth that can withstand changes in the external environment



Management Goals

	FY 2027 Plan		FY 2027 Plan
Net sales	40.0 billions of yen	Mobility sales	14.0 billions of yen
Operating profit	2.5 billions of yen	Livingware products sales	5.0 billions of yen
Operating profit margin	6.3 %	Overseas sales ratio	41 %
ROE	6.0 %		

4 Strategies and Basic Policies

Business	Strengthening of competitiveness in new business model	
	Precision parts	Continuing to focus on mobility as the most important market , expanding RHYTHM original parts with high added value.
	Livingware	Earning profits quickly and establishing a stable profit structure by expanding the business scale of livingware products .
Finance	Growth investment and improved capital efficiency	
	Strengthening management that is conscious of cost of capital . Building a stable earnings base resulting from business expansion, and making aggressive investments for the future.	
Management foundation	Enhance of management driving force	
	Achieving growth through both proactive and defensive corporate governance , IT/DX initiatives, and cultivating human resources with highly driving force.	
Sustainability	Synchronization with management and business activities	
	Promote environmental and DEI activities as a survival strategy for the company.	

Consolidated statements of income

(Millions of yen)	FY 2024 Result	FY 2025 Plan	FY 2026 Plan	Plan	FY 2027 Compared to FY 2024	
Net sales	32,666	33,500	37,000	40,000	7,333	22.4%
Precision parts	24,813	24,700	27,500	30,000	5,186	20.9%
Livingware	7,447	8,300	9,000	9,400	1,952	26.2%
Others	405	500	500	600	194	47.9%
Operating profit	817	1,400	2,000	2,500	1,682	205.7%
Precision parts	2,071	2,150	2,450	2,850	778	37.6%
Livingware	-764	-250	50	150	914	—
Other	60	90	100	110	49	80.7%
Adjustments	-550	-590	-600	-610	-59	—
Ordinary profit	1,160	1,700	2,300	2,800	1,639	141.3%
Net profit	758	1,200	1,700	2,100	1,341	176.7%
Exchange rate	149.52	140.00	140.00	140.00	-9.52	—

Key Performance Indicators					
	FY 2024 Result	FY 2025 Plan	FY 2026 Plan	FY 2027 Plan Compared to FY 2024	
Operating profit margin	2.5 %	4.2 %	5.4 %	6.3 %	3.8 pt
ROE	2.4 %	4.0 %	5.0 %	6.0 %	3.6 pt
Mobility Sales *1	11.7 billions of yen	11.5 billions of yen	12.5 billions of yen	14.0 billions of yen	2.2 billions of yen
Livingware products Sales	2.7 billions of yen	3.7 billions of yen	4.3 billions of yen	5.0 billions of yen	2.2 billions of yen
Overseas sales ratio *2	43 %	41 %	41 %	41 %	-2 pt
(Precision parts)	50 %	48 %	47 %	46 %	-4 pt
(Livingware)	24 %	20 %	26 %	27 %	3 pt

*1 Calculation methods have been changed due to the reassessment of the definition of "Mobility Sales" since FY2025 which was defined and managed as "In-Vehicle Item Sales" until FY2024. Calculated in the former method, the sales result is ¥12.7 billions in FY2024.

*2 As domestic sales growth ratio will exceed the overseas sales growth ratio, it is expected to decline overseas sales ratio compared to FY2024.

Medium-Term Management Plan 2027

Business Strategy

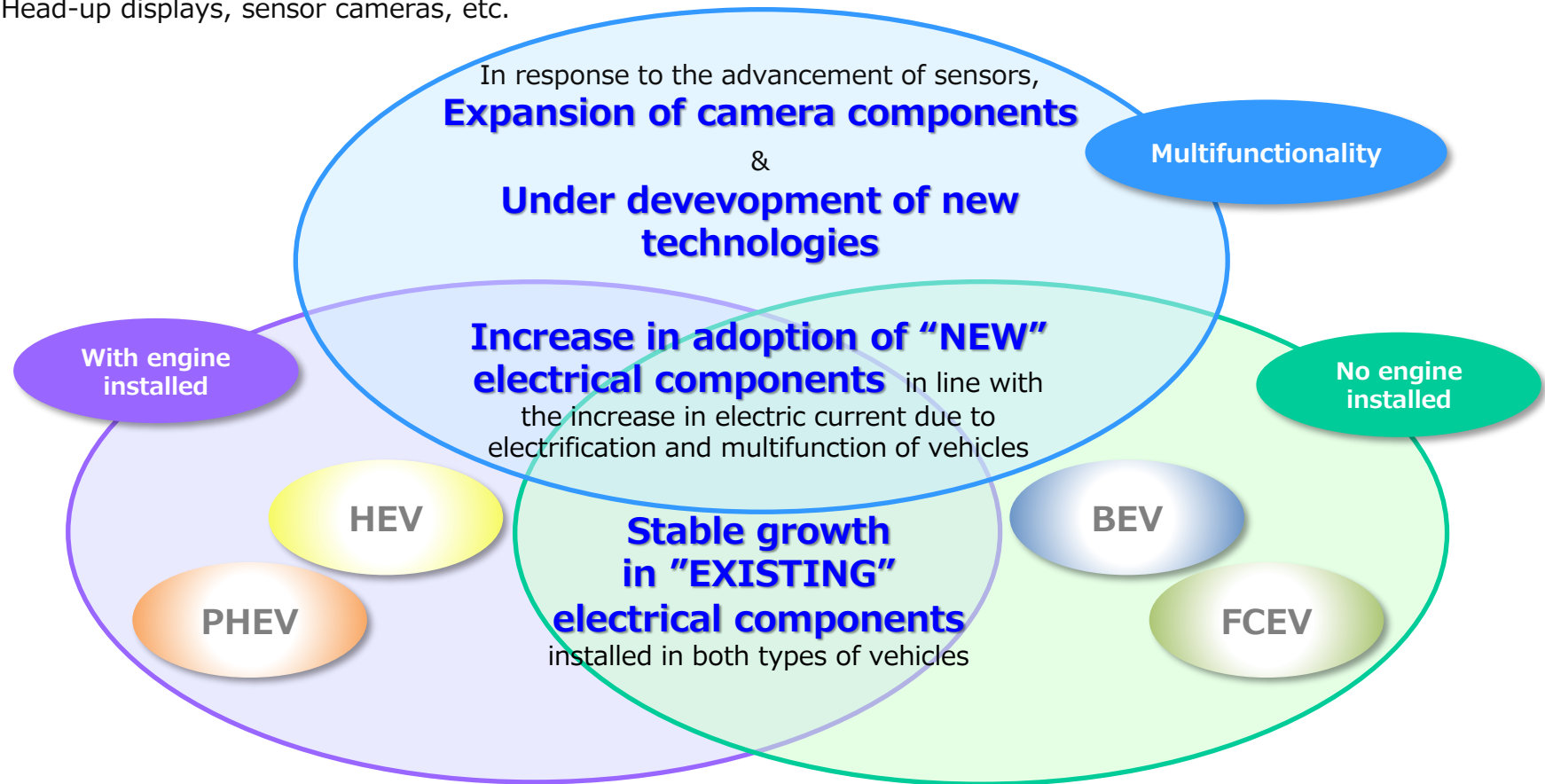
Precision parts

Mobility is the most important market and especially focus on **electrical components** and **ADAS**. Aim to expand the field of **sensors**.

ADAS

Expansion of fields related to Advanced Driver Assistance Systems

Head-up displays, sensor cameras, etc.

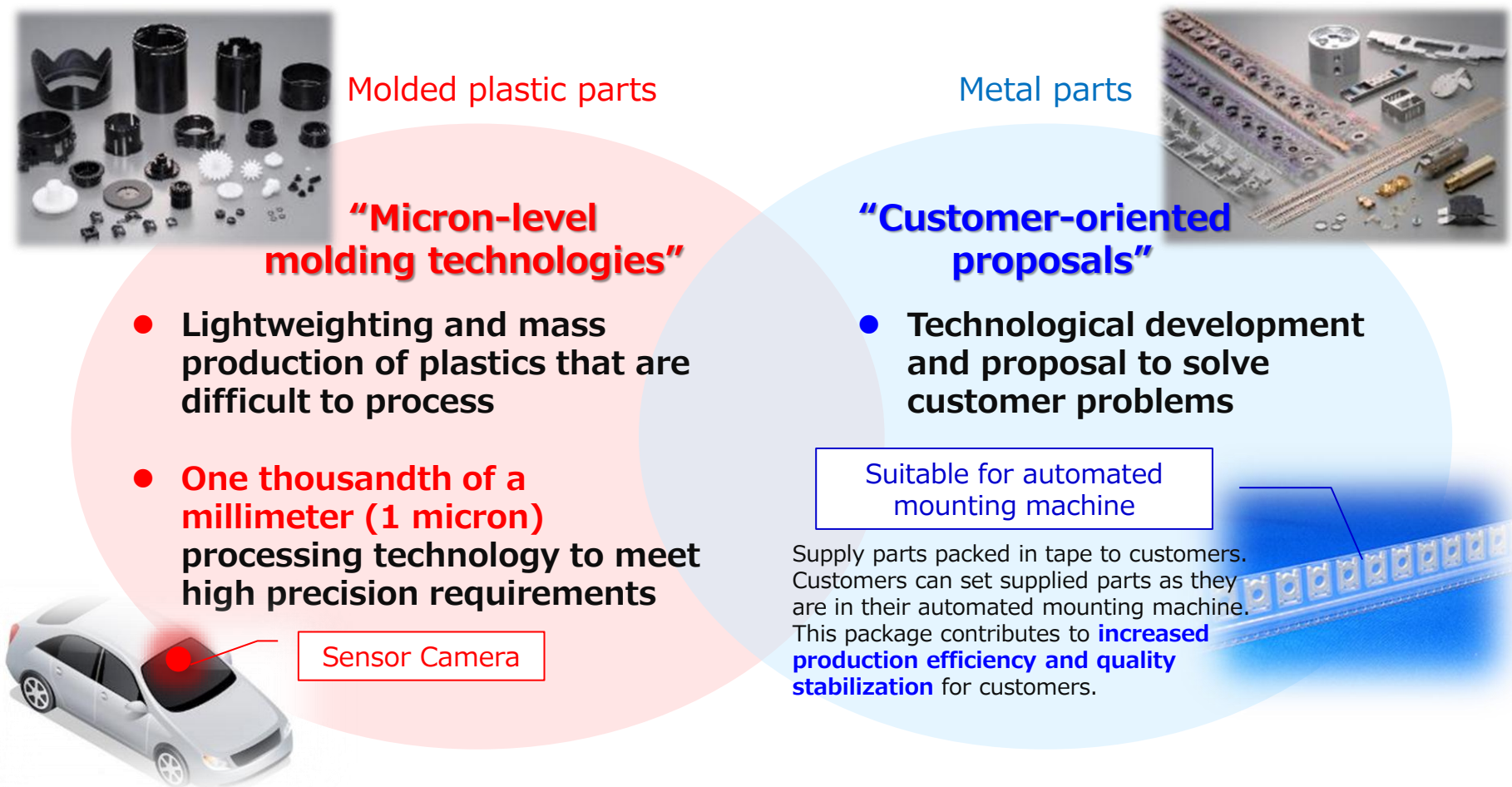


Electrical components

Steady growth is expected regardless of spread in electric vehicles

Suspensions, inverters, converters, chargers, etc.

“Micron-level molding technologies” and “Customer-oriented proposals” are RHYTHM’s strengths.



More than **1000** customers including Tier 1 companies of Japanese and foreign automobile manufacturers, major electronics manufacturers and optical manufacturers

Seeding for the widespread use of electric vehicles, and ensuring reaping of existing and new parts.

Key
measures
1

**Deepning
existing parts**

Solenoid coils

- ✓ New development fully utilizing metal processing, plastic molding, and winding technology
- ✓ Strengthening sales to a wide range of markets including automobiles and home appliances



Key
measures
2

**Evolving to
new parts**

Unit parts

- ✓ New development of plastic unit parts with something additional value

Assembly products

- ✓ From design to assembly. Cultivating as the next pillar of business after molded plastic parts and metal parts

Electrical components

- ✓ Development and sales of new parts for mobility

Key
measures
3

**Productivity
improvement**

**Automation and
rationalization**

- ✓ Imprement of drastic measures such as full automation
 - >Expansion of production capacity
 - >Shortening production lead time

Per capita
Production

FY 2027

Over **10%** increase
(Compared to FY 2024)

Common policy

- [Products] Develop **RHYTHM original parts** with high added value and aim to **quantitative expansion by versatility**.
[Production] **Expansion of Unit parts** utilizing **one-stop production system**.
[Sales] **Deepening cultivation of strategic customers** utilizing global networks.

3. Medium-term management plan 2027

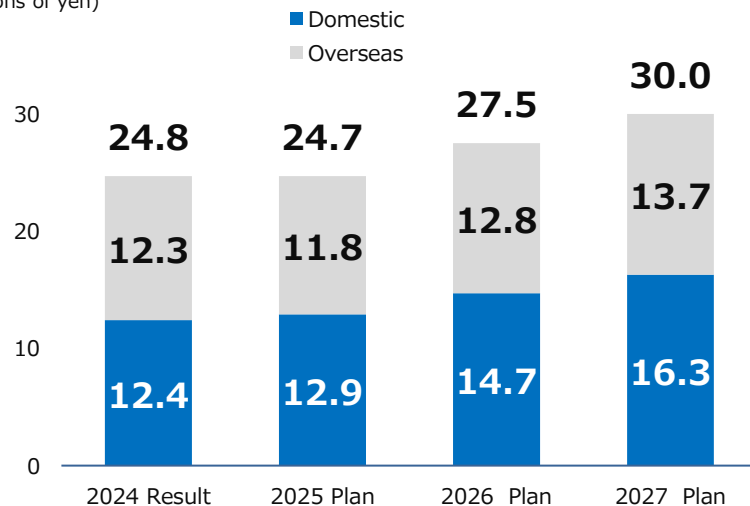
(5) Business Strategy - Targets

Precision parts



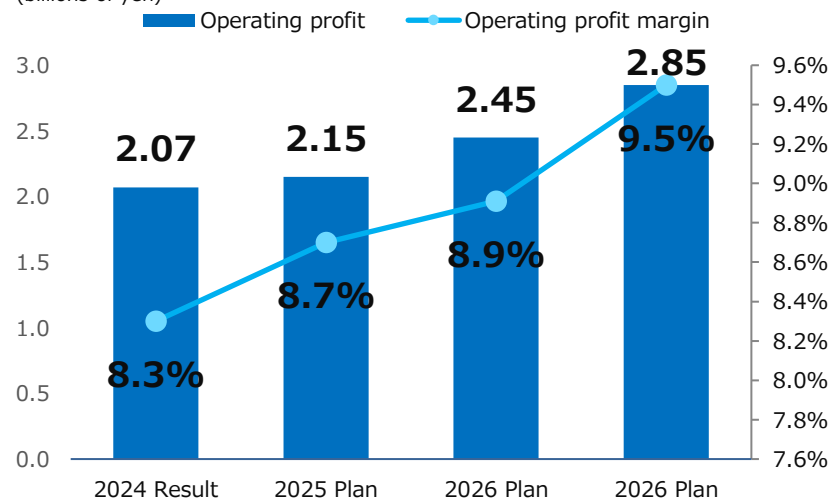
Net sales

(billions of yen)



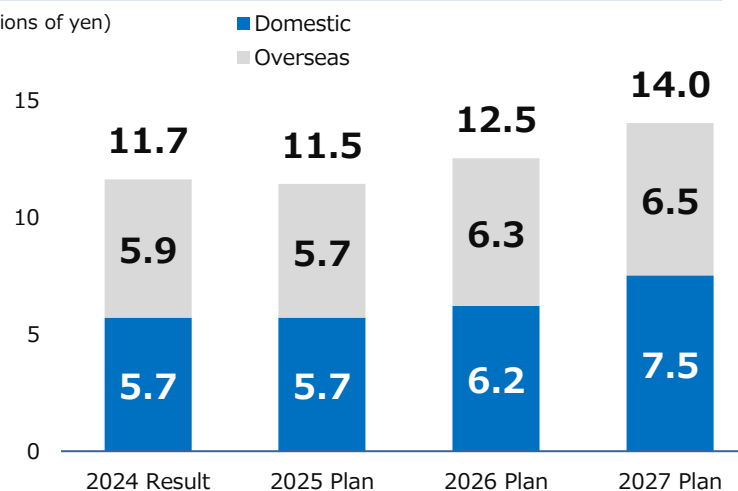
Operating profit

(billions of yen)



Mobility sales

(billions of yen)



*Calculation methods have been changed due to the reassessment of the definition of "Mobility Sales" since FY2025 which was defined and managed as "In-Vehicle Item Sales" until FY2024. Calculated in the former method, the sales result is ¥12.7 billions in FY2024.

Medium-Term Management Plan 2027

Business Strategy

Livingware

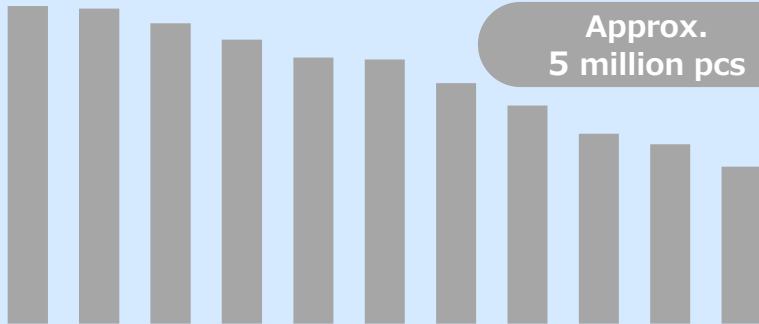
Ensuring the results of structural reform since FY2020.

Business Environment

**[Domestic Clock Market]
Shipping quantity of clocks**

2012

Approx.
10 million pcs



2022

Approx.
5 million pcs

* Source: Japan Clock and Watch Association

Leaving from **clock-dependent business**

Building **new business model**

Structural Reform

Selection and
concentration of clocks

Reconstruction of
factory in China

Product development
of livingware products

Liquidation of two
subsidiaries

Medium-Term Management Plan 2024

Improved
profitability of
factory in China

Big hit of
mobile fans

Medium-Term Management Plan 2027

Making profit quickly
(expanding livingware products including overseas
market and reducing costs)

Creating a next hit of livingware products

Must achieve profitability in Medium-Term Management Plan 2027. Increasing sales with livingware products at the core of product portfolio.

Key
measures
1

**Expansion of sales
channels in livingware
products**

**Major e-commerce and
home appliance retailers
5 priority overseas countries**

- ✓ Promotion of sales strategies by each sales channels
- ✓ Market development in China and Southeast Asia using mobile fans as a hook
- ✓ Increasing sales and gain brand recognition through SNS marketing

Key
measures
2

**Next hit of livingware
products**

New products

- ✓ **Expansion of the air conditioning field and new fields** challenge
- ✓ Product development with emphasis on high-value-added, long-life, year-round products and overseas expansion

Key
measures
3

**Strengthening the
Production System**

Cost Reduction

- ✓ Efforts to achieve no sales opportunity loss
- ✓ Enhancing purchasing power and improving productivity through centralized production and assembly automation
- ✓ Maximizing efficiency by further narrowing down lineup of clocks

Common policy

Expanding sales of livingware products in Japan and overseas toward early achievement of 10 billions of yen sales.
To achieve both **speed and accuracy in executing strategies to scale the business.**

3. Medium-Term Management Plan 2027

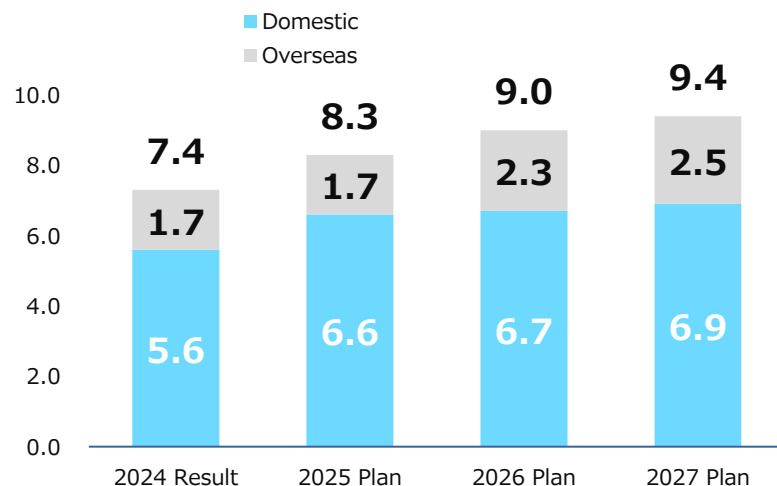
(6) Business Strategy - Targets

Livingware



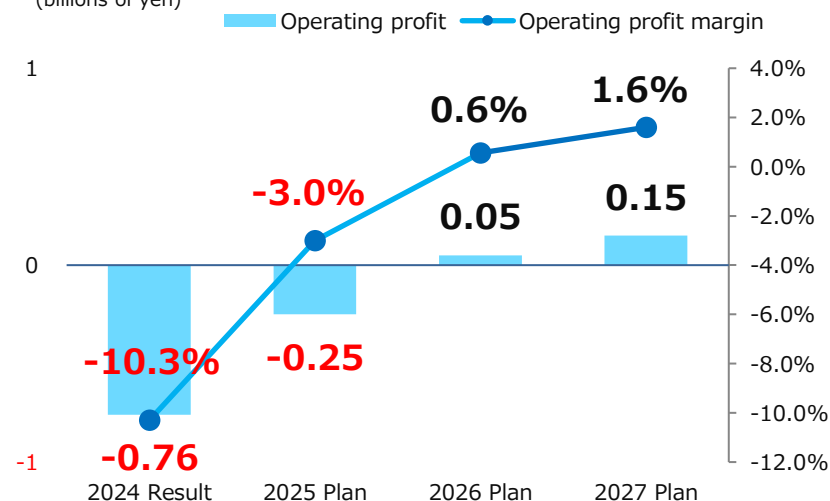
Net sales

(billions of yen)



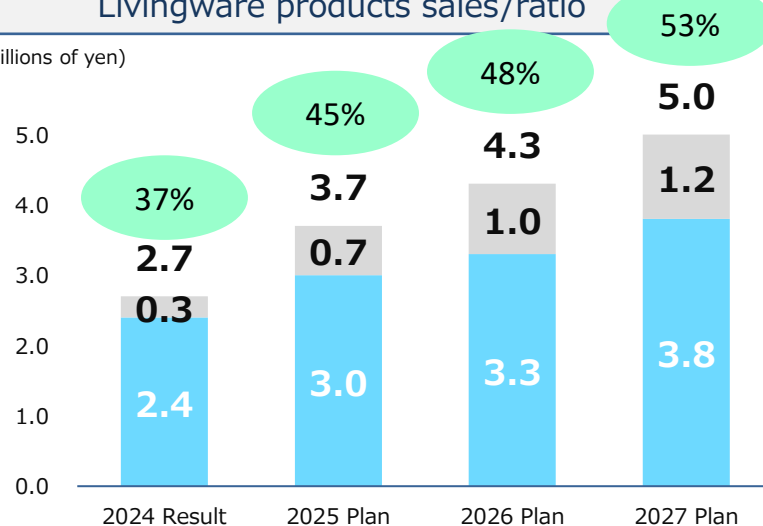
Operating profit

(billions of yen)



Livingware products sales/ratio

(billions of yen)



Concept of livingware products

Recognizing the essential value of life and providing **products that provide "spending a relaxing time"** with problem-solving, new uses, and high-quality design.

Medium-Term Management Plan 2027

Financial Strategy

Continue to promote management that is conscious of cost of capital based on ROIC management framework.

Structure

Management Committee / Board of Directors

Business portfolio report (twice a year)

- Discussion on basic policy
 - Business portfolio evaluation
 - Discussion on M&A, etc.
- *There is regular reports on M&A separately.

Business Portfolio Practitioners' Council

Topics of discussion with working-level leaders

- Setting of key improvement indicators
- Confirmation of progress and effects of specific measures

ROIC management framework

Business portfolio evaluation

Decision of investment based on capital cost

(Estimation by the company)
WACC approx. 6%
Cost of equity approx. 7%

Asset optimization

Sale of real estate
Sale of strategic investment stocks
Efforts to optimize inventories

Roadmap for ROE Improvement

FY 2024
2.4%

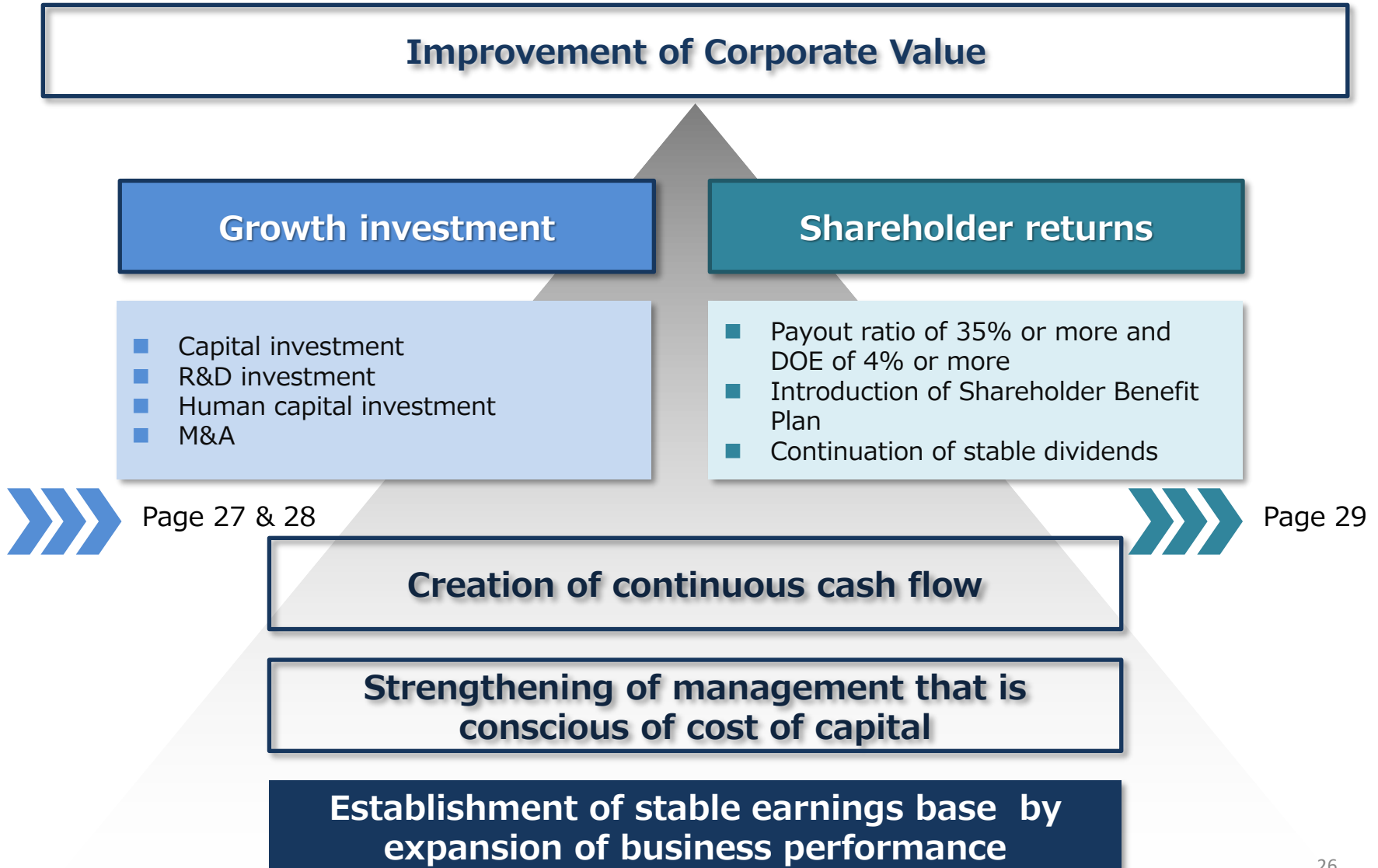
FY 2027
6.0%

Long-term Vision
Over **8%**

Management of shareholder equity and realization of optimal capital structure

Active investment to maximize profits

To improve Corporate Value by allocating resources in an optimal balance based on stable earnings base.



Plan for **aggressive investment for growth** based on cash generated from improved earnings and sales of certain assets

Cash In

15.0 ~16.0
billions of yen

- Improvement of Earnings
- Improvement of asset efficiency
(Appropriate inventory levels)

Cash flows from
operating activities
7.0~8.0
billions of yen

- Effective use of cash on hand
- Sale of some assets
such as real estate and
strategic investment
stocks
- Use of debt

Cash on hand
Asset sales
Borrowings
8.0 billions of yen

Cash Out

15.0 ~16.0
billion of yen

Business
investment
5.0~6.0
billions of yen

M&A
5.0 billions of yen

Shareholder return
5.0 billions of yen

Precision parts

Livingware

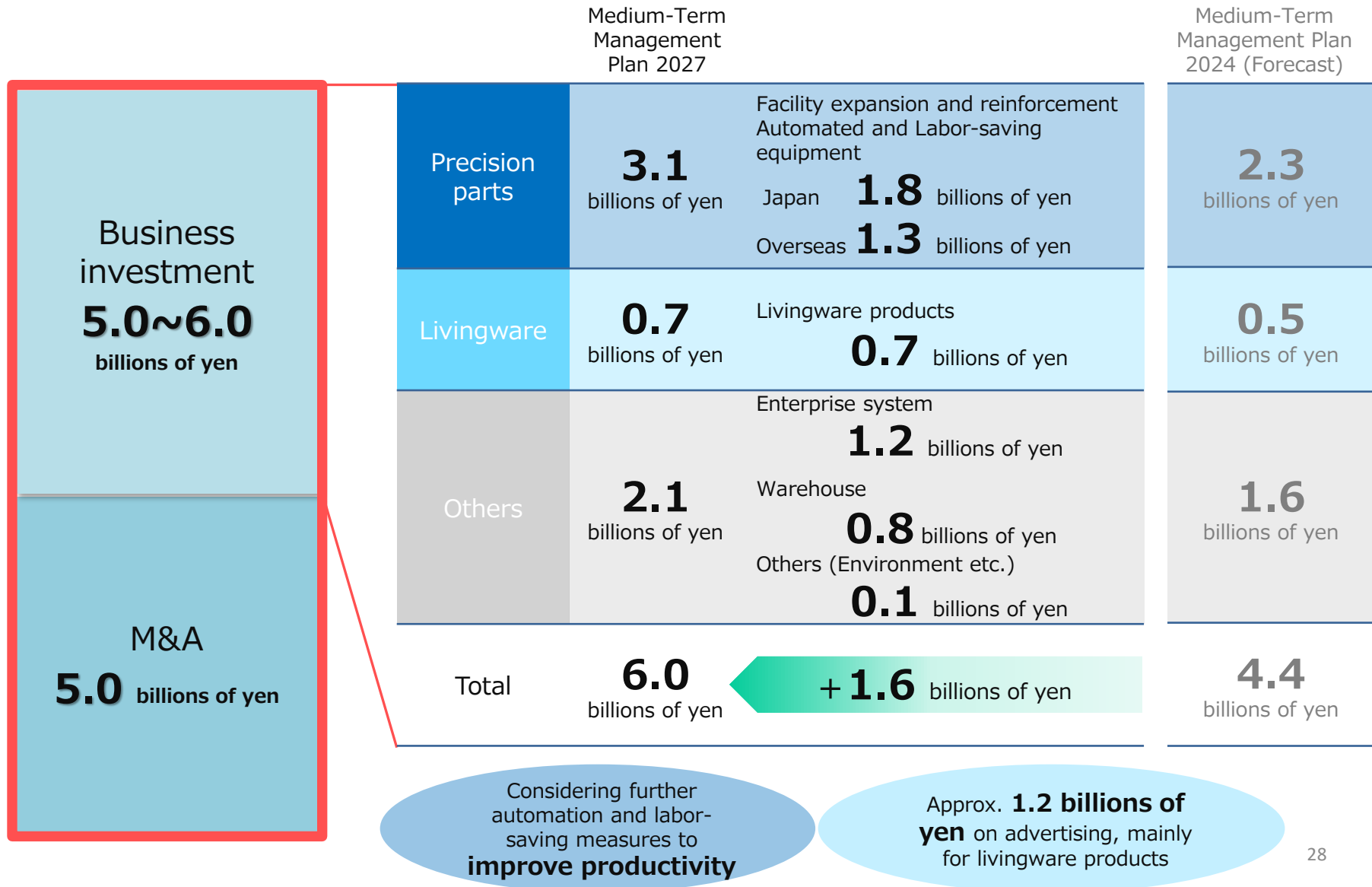
Others

- Facility expansion and reinforcement
- Automated and Labor-saving equipment
- Development of livingware products
- Replacement of enterprise system
- Warehouse construction
- Environment-related investment
- Human capital investment

- Manufacturers with a certain scale
- Companies with technology, know-how and human resources of livingware products

- DOE (dividend ratio on consolidated net assets) of 4% or more
- Stock repurchase, etc.

Breakdown of investment for growth



Improve shareholder returns along with investment for growth by improving earnings and generating more cash.

**Dividends
Basic Policy**

- **Payout ratio (consolidated) of 35% or more and DOE (dividend ratio on consolidated net assets) of 4% or more**
- **Continuation of stable dividends**

	FY 2024 Result	FY 2025 Initial plan *2	FY 2025 Forecast *3	FY 2026 Plan *4	FY 2027 Plan *4
Net sales (millions of yen)	32,666	33,500	33,500	37,000	40,000
Net profit (millions of yen)	758	1,200	1,700	1,700	2,100
Earnings per share (yen)	91.93	145.38	205.95	205.95	254.42
Dividends per share (yen) *1	73	73	151.75	151.75	151.75
Payout ratio (%)	79	50	74	74	60

*1 Calculated based on the net assets and the total number of issued shares (excluding treasury shares) as of March 31, 2025.

*2 "Announcement of Medium-Term Management Plan 2027" dated March 24, 2025

*3 "Notice Concerning the Consolidated Forecast for the Fiscal Year Ending March 31, 2026" dated June 23, 2025

*4 "Notice Concerning Measures to Expand Shareholder Returns, Dividend Forecast for Fiscal Year Ending March 31, 2026, and Conclusion of an Agreement with Major Shareholders" dated June 23, 2025

Note: The planned figures are estimated based on the Medium-Term Management Plan 2027 and the dividends described above are not guaranteed..

Shareholder return

5.0 billions of yen



Introduction of
Shareholder Benefit Plan

Medium-Term Management Plan 2027

Management Foundation Strategy

Securing, developing, and properly allocating human resources to drive management strategy.


Linkage between
management strategy
and human resources
strategy



Virtuous cycle of
development of RHYTHM and
employee growth


Policy

Through **high productivity and creativity** of diverse human resources, creating an organization that can **promote management strategy**

Human Resources
Required

- Executives with high perspectives
- Managers and leaders with high management skills
- Specialists (Technology, Overseas)
- Autonomous and capable of challenging change
- Digital natives

Management
Commitment

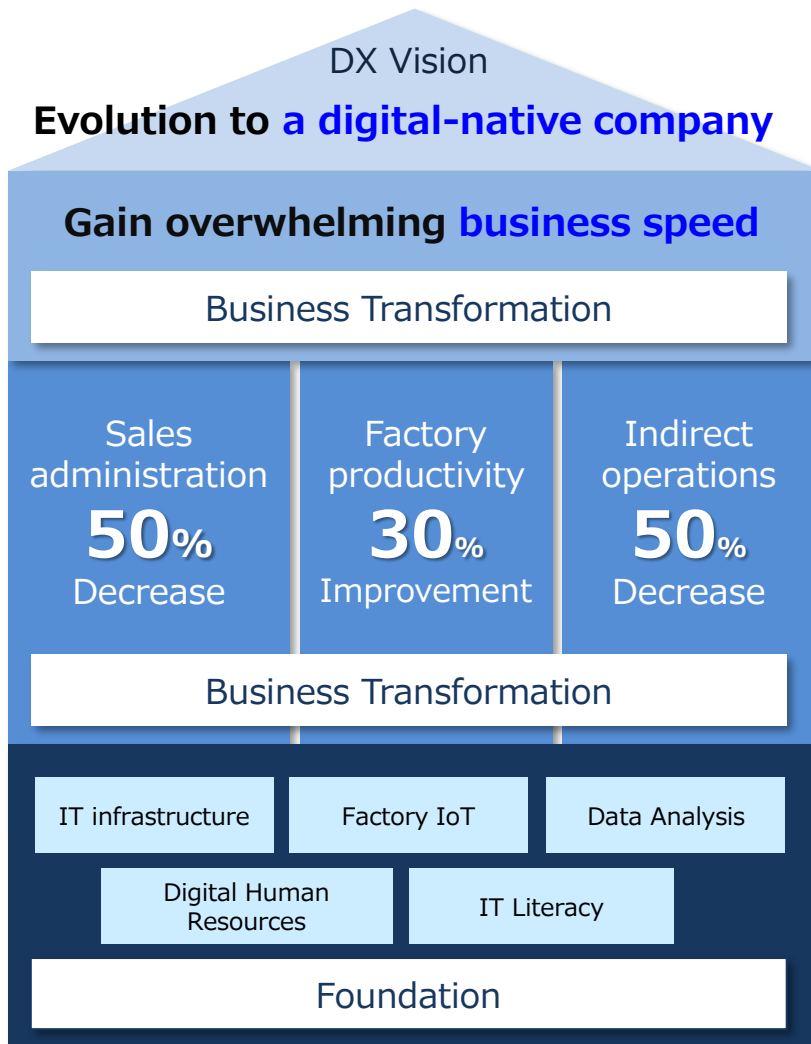
- **Human capital investment** for leaders and employees
- Sustainability Committee's promotion of **DEI** activities

Human
resources
pipeline

- **Proper allocation** of human resources and providing opportunities for active participation
- Implementation of **education by level and theme**
- Implementation of **retention measures**
- Restructuring of **the personnel system**
- Use of **engagement surveys**

**Systematization of human
resources development**
for improving practical skills
on the job

Achieving overwhelming speed through IT/DX and realizing DX vision



Long-term policy

Promoting IT strategies overlook the whole group

- Analysis of current situation, planning and implementation of measures in Medium-Term Management Plan 2027

Promoting IT/DX

- Matching the latest technology with on-site demand by IT/DX promotion department

**Important measures in
Medium-Term Management Plan 2027**

Replacing enterprise system

- Standardization, efficiency, and control enhancement through business process integration

Achieving growth through appropriate risk hedging and bold risk taking.

Improvement of corporate value

Proactive
corporate governance

Risk Taking

Strengthening of management that is conscious of cost of capital (Business portfolio evaluation)

Strengthening the Effectiveness of Board of Directors

Improving and speeding up decision-making systems and processes in business execution

Defensive
corporate governance

Risk Hedging

Enhancement of global frameworks for internal audit, compliance, and risk management

Enhancement of group management through overall optimization

Strengthening IT system vulnerability response and security through risk diagnosis

Strengthening compliance with CG codes (83 items in total)

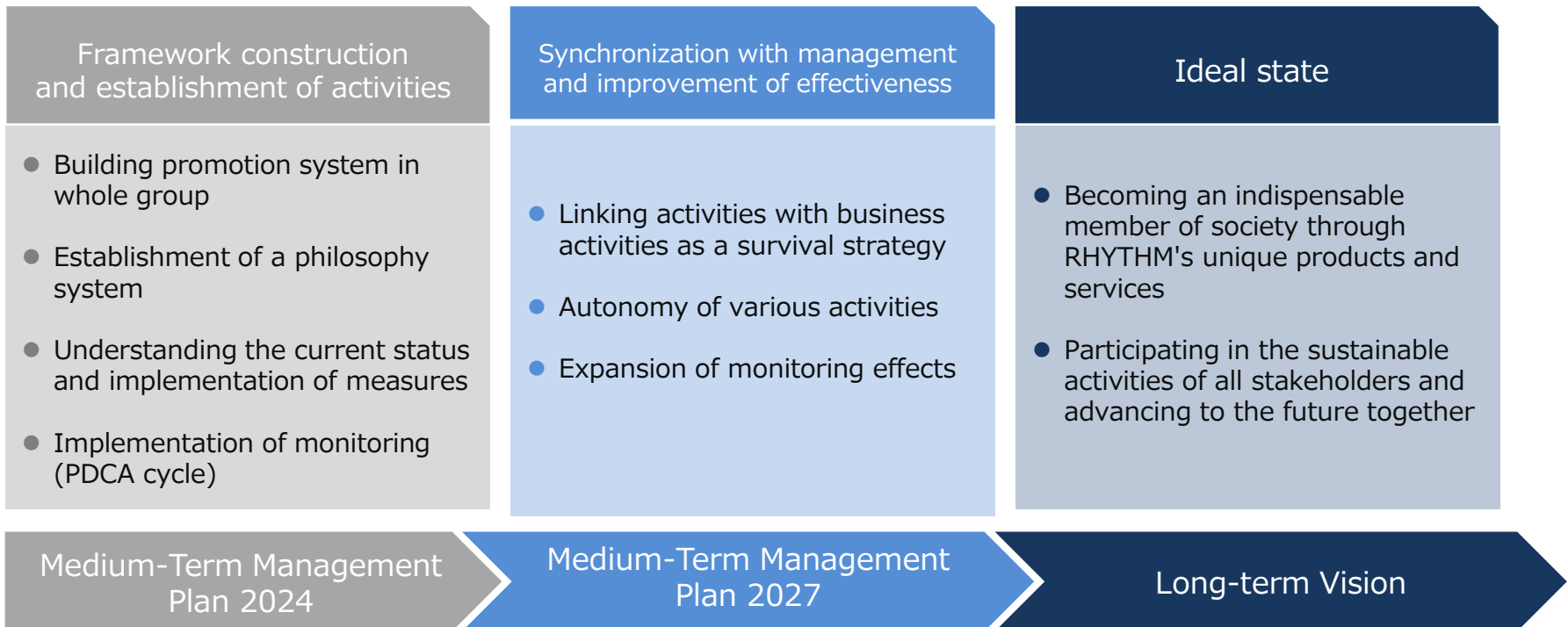
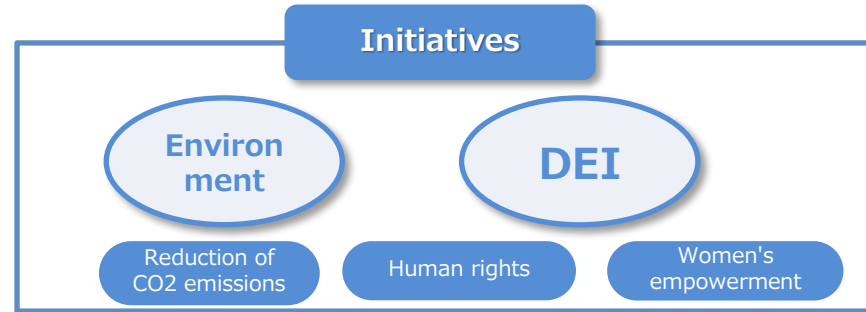
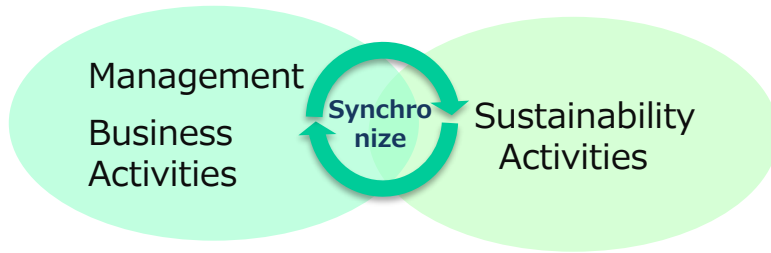
Human capital

Expanding
information
disclosure and
dialogue with
investors

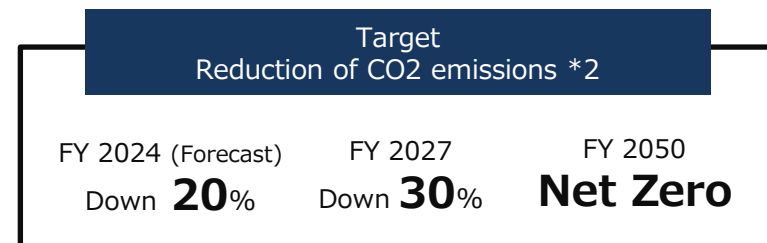
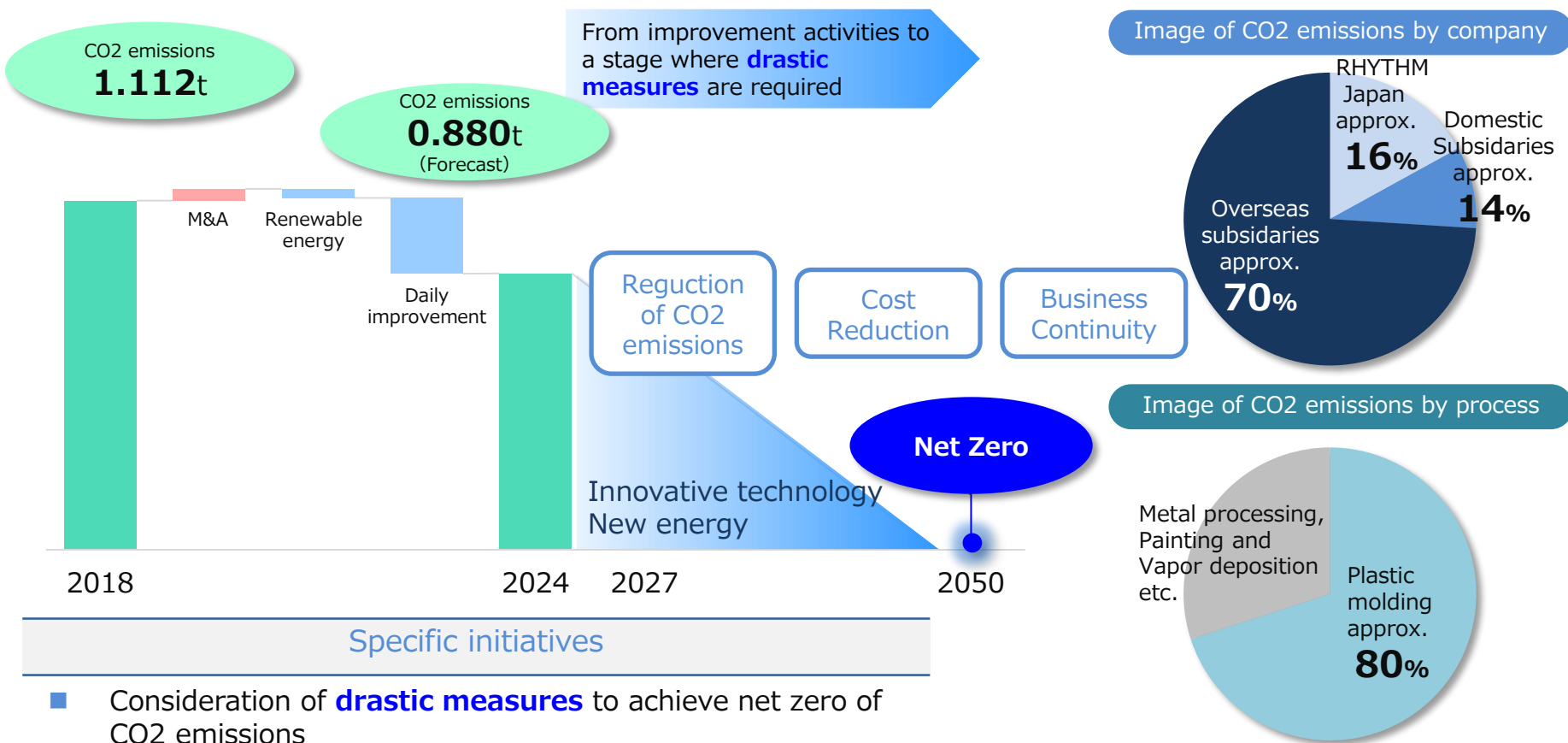
Medium-Term Management Plan 2027

Sustainability Strategy

Synchronize with management and business activities to promote sustainable management.



To reduce CO2 emissions *1 by 30% by FY 2027, ahead of the initial plan.



From D&I to DEI. Achieving the advancement of diverse human resources, including women and persons with disabilities, on the basis of respect for human rights.



*The full policy will be published on the company website.

Specific initiatives
■ Human rights initiatives (strengthening the operation of human rights due diligence)
■ Initiatives for Women's empowerment Diverse work style systems, career advancement support, women themselves and corporate awareness reform
■ Initiatives for the recruitment, training, and retention of persons with disabilities
■ Promotion of health management

Target Ratio of female managers		Long-term vision over 40% (Group as a whole)
FY 2024	FY 2027	
22.3% (Group as a whole)	30% (Group as a whole)	
7.9% (Domestic group)	10% (Domestic group)	
32.8% (Overseas group)	40% (Overseas group)	

This document has been prepared to provide an understanding of the company.

Forecasts, plans, and other forward-looking statements in this document are based on information available at the time and do not constitute guarantees. Please note that this document may differ from the company's future results.

The contents of this document are provided on the premise that any use by investors for any purpose is at their own discretion and responsibility, and the company assumes no responsibility for such use.

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