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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 8, 2025

Company name: RHYTHM CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 7769

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: None

Holding of financial results briefing: None

President and Representative Director

Director and Executive Officer

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 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	%
Three months ended June 30, 2025	8,382	2.8	589	185.0	738	87.2	1,511	520.7
June 30, 2024	8,153	17.0	206	57.6	394	19.4	243	-

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ 860 million [(37.3) %]
Three months ended June 30, 2024: ¥ 1,373 million [30.1 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	184.81	-
June 30, 2024	29.51	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	45,342	30,566	67.4
March 31, 2025	45,093	31,308	69.4

(Reference) Equity: As of June 30, 2025: ¥ 30,566 million
As of March 31, 2025: ¥ 31,308 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, 2025	-	0.00	-	73.00	73.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		0.00	-	151.75	151.75

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

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		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, 2025	17,200	7.6	1,000	187.6	1,200	90.6	1,600	375.1	200.95
Full year	33,500	2.6	1,550	89.5	1,800	55.1	2,000	163.6	251.19

(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: RHYTHM U.S.A.,INC.)

(2) Adoption of accounting treatment specific to the preparation of quarterly 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):

June 30, 2025: 8,385,093 shares

March 31, 2025: 8,385,093 shares

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

June 30, 2025: 422,870 shares

March 31, 2025: 131,166 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2025: 8,180,990 shares

Three months ended June 30, 2024: 8,255,026 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes(voluntary)

* Proper use of earnings forecasts, and other special matters

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1. Overview of Operating Results

(1) Overview of Operating Results for the Three Months Ended June 30, 2025

Forward-looking statements are based on judgments made as of June 30, 2025.

(Overview of Operating Results)

During the 1Q of the current fiscal year (April 1, 2025 to June 30, 2025), the domestic economy showed a gradual recovery trend due to improvement in the employment and income environment and an increase in inbound demand, while the impact of rising prices of raw materials and energy continued. In addition, the global economy remained uncertain due to the new U.S. tariff policy, unstable exchange rate trends, and the stagnation of Chinese economy.

Under the above situation, sales of Precision parts business decreased due to continuous stagnant orders related to automotive and assembly, despite a recovery in orders for machine tool components and continued strong performance in air-conditioning-related business. In Livingware business, total sales increased due to an increase in comfortable products sales such as mobile fans, despite a decrease in sales of clocks. 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 substantial improvement in the ratio of the cost of goods sold and the curtailment of selling, general and administrative expenses, despite the impact of higher purchase prices caused by the continuing weakness of the yen and soaring raw material and energy prices.

As a result of the above, for the 1Q of the current fiscal year, net sales were ¥8.382 billion (up 2.8% year on year), operating income was ¥589 million (up 185.0%), and ordinary income was ¥738 million (up 87.2%). Quarterly net income attributable to owners of the parent increased by 520.7% year on year to ¥1.511 billion due to gains on sales of fixed assets and on liquidation of a subsidiary.

(Millions of yen)

		For three months ended June 30, 2024	For three months ended June 30, 2025	Changes	Rate of change
Net sales	Precision parts business	6,139	5,804	(334)	(5.4%)
	Livingware business	1,929	2,463	534	27.7%
	Other	84	114	29	34.6%
	Total	8,153	8,382	229	2.8%
Operating profit (loss)	Precision parts business	517	371	(145)	(28.2%)
	Livingware business	(202)	332	535	-
	Other	8	17	9	119.4%
	Adjustments	(116)	(132)	(16)	-
	Total	206	589	382	185.0%
Ordinary profit		394	738	343	87.2%
Quarter Profit attributable to owners of parent		243	1,511	1,268	520.7%

The following is an analysis of these by business segment.

① Precision parts business

Domestically, machine tool components are recovering in orders, and parts for optical, air-conditioning, and solar power systems purposes remain favorable. On the other hand, orders for parts for the European BEV have declined due to stagnation of the market after subsidies were ended, and orders for automotive parts for Japanese manufacturers entered the Chinese market have also been stagnant. As a result, although domestic sales increased, profits decreased.

Overseas, net sales and operating income decreased due to the slow recovery in assembly-related orders in Vietnam, and also affected by a decline in automobile sales in Southeast Asia.

As a result of these factors, both sales and profits of Precision parts business declined.

② Livingware business

Domestically, although sales of clocks declined, comfortable products, which the Group is focusing on as a new business, saw a significant increase in sales, driven largely by sales of mobile fans, which have entered their peak sales season. Sales of circulators and other comfortable products also grew. The operating loss in the previous fiscal year turned into an operating profit, in spite of the impact of the yen's weakness in the foreign exchange market, due to an increase in sales and the significant improvement in profitability through cost reductions at the China plant.

Overseas, despite weak sales of clocks, comfortable products sales increased in China and Southeast Asia. However, total sales decreased due to the liquidation of an overseas subsidiary. In terms of profit, incomes increased significantly due to an increase in production volume at our plant in China and improvement of production efficiency.

As a result of these factors, overall sales of Livingware business increased, and it turned profitable, recovering from an operating loss in the previous fiscal year.

③ Other

In the business segment classified under "Other", overall sales and profits increased due to the contribution from a warehouse that began operations in 3Q of the previous fiscal year at the logistics subsidiary.

(2) Overview of Financial Position for the Three Months Ended June 30, 2025

(Assets)

Total assets were ¥45.342 billion, an increase of ¥249 million from ¥45.093 billion at the end of the previous fiscal year. Current assets increased by ¥253 million from the end of the previous fiscal year, mainly due to increases in cash and deposits and notes and accounts receivable-trade. Non-current assets decreased by ¥3 million from the end of the previous fiscal year, mainly due to a decrease in Property, plant and equipment.

(Liabilities)

Total liabilities were ¥14.776 billion, an increase of ¥991 million from ¥13.784 billion at the end of the previous fiscal year. Current liabilities increased by ¥23 million from the end of the previous fiscal year due to an increase in current portion of long-term borrowings, etc. Non-current liabilities increased by ¥967 million from the end of the previous fiscal year, mainly due to an increase in long-term borrowings, etc.

(Net assets)

Total net assets were ¥30.566 billion. Decreased by ¥742 million from ¥31.308 billion at the end of the previous fiscal year, mainly due to the acquisition of own shares and a decrease in foreign currency translation adjustment.

(3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements

The consolidated financial forecast announced on June 23, 2025, has been changed considering the progress made in the 1Q results for the fiscal year ending March 31, 2026 and the current outlook for the year. Details of the change are stated in "Notice Concerning Revision to the Consolidated Full-Year Forecast for the Fiscal Year Ending March 31, 2026" announced today.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	13,219	13,506
Notes and accounts receivable - trade	4,930	5,152
Electronically recorded monetary claims - operating	1,678	1,741
Securities	300	-
Inventories	7,438	7,438
Other	797	778
Allowance for doubtful accounts	(0)	(0)
Total current assets	28,363	28,616
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,324	5,418
Other, net	5,707	5,450
Total property, plant and equipment	11,031	10,868
Intangible assets		
Leased assets	-	267
Other	491	259
Total intangible assets	491	526
Investments and other assets		
Investment securities	3,512	3,630
Deferred tax assets	55	67
Other	1,701	1,693
Allowance for doubtful accounts	(62)	(61)
Total investments and other assets	5,206	5,330
Total non-current assets	16,729	16,725
Total assets	45,093	45,342
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,996	2,665
Current portion of long-term borrowings	1,272	1,472
Income taxes payable	160	118
Provision for bonuses	351	267
Provision for bonuses for directors (and other officers)	33	-
Other provisions	17	8
Other	1,519	1,843
Total current liabilities	6,351	6,375
Non-current liabilities		
Bonds payable	4,000	4,000
Long-term borrowings	2,374	3,281
Retirement benefit liability	277	280
Other	781	838
Total non-current liabilities	7,432	8,400
Total liabilities	13,784	14,776

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Net assets		
Shareholders' equity		
Share capital	12,372	12,372
Capital surplus	7,540	7,540
Retained earnings	5,020	5,929
Treasury shares	(287)	(1,288)
Total shareholders' equity	24,645	24,554
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,607	1,562
Foreign currency translation adjustment	4,800	4,211
Remeasurements of defined benefit plans	254	237
Total accumulated other comprehensive income	6,662	6,011
Total net assets	31,308	30,566
Total liabilities and net assets	45,093	45,342

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income for the three months ended June 30, 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	8,153	8,382
Cost of sales	6,496	6,342
Gross profit	1,657	2,040
Selling, general and administrative expenses	1,450	1,450
Operating profit	206	589
Non-operating income		
Interest income	4	10
Dividend income	80	90
Rental income	82	79
Foreign exchange gains	75	-
Insurance claim income	-	36
Other	21	27
Total non-operating income	264	245
Non-operating expenses		
Interest expenses	11	17
Rental expenses	33	39
Foreign exchange losses	-	31
Other	32	9
Total non-operating expenses	77	97
Ordinary profit	394	738
Extraordinary income		
Gain on sale of non-current assets	8	568
Gain on liquidation of subsidiaries	-	191
Total extraordinary income	8	759
Extraordinary losses		
Loss on disposal of non-current assets	-	9
Loss on sale of non-current assets	-	1
Impairment losses	19	-
Total extraordinary losses	19	10
Profit before income taxes	383	1,486
Income taxes - current	127	100
Income taxes - deferred	11	(125)
Total income taxes	139	(24)
Profit	243	1,511
Profit attributable to owners of parent	243	1,511

Quarterly Consolidated Statement of Comprehensive Income for the three months ended June 30, 2025

	(Millions of yen)	
	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	243	1,511
Other comprehensive income		
Valuation difference on available-for-sale securities	239	(44)
Foreign currency translation adjustment	892	(588)
Remeasurements of defined benefit plans, net of tax	(2)	(17)
Total other comprehensive income	1,129	(650)
Comprehensive income	1,373	860
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,373	860

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

At a meeting of the Board of Directors held on June 23, 2025, it was resolved to acquire the Company's own shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph (3) of the same Act. In the 1Q of the current fiscal year, the Company repurchased 291,5000 own shares for ¥999 million.

(Segment Information, etc.)

(Segment Information)

I For the Three Months Ended June 30, 2024 (From April 1, 2024, to June 30, 2024)

1. Sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable Segments			Other (NOTE)	Total
	Precision parts business	Livingware business	Total		
Net sales					
Revenues from external customers	6,139	1,929	8,068	84	8,153
Transactions with other segments	-	4	4	156	160
Total	6,139	1,934	8,073	240	8,314
Segment profit (loss)	517	△202	315	8	323

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

2. Difference between the total amount of profit (loss) of reportable segments and the amount recorded in the quarterly consolidated statements of income, and the main details of said difference (matters related to difference reconciliation)

(Millions of yen)

Profit	Amount
Reportable segment total	315
Income classified in "Other"	8
Elimination of inter-segment transactions	8
Expenses for the Group (Note)	(124)
Operating profit in the quarterly consolidated statements of income	206

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

3.Information on impairment loss on non-current assets and goodwill for each reportable segment

(Significant impairment loss on non-current assets)

The amount of impairment loss on non-current assets was ¥19 million under Livingware business segment.

II For the Three Months Ended June 30, 2025 (From April 1, 2025, to June 30, 2025)

1. Sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Other (NOTE)	Total
	Precision parts business	Livingware business	Total		
Net sales					
Revenues from external customers	5,804	2,463	8,268	114	8,382
Transactions with other segments	13	12	25	163	188
Total	5,818	2,476	8,294	277	8,571
Segment profit	371	332	704	17	722

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

2. Difference between the total amount of profit (loss) of reportable segments and the amount recorded in the quarterly consolidated statements of income, and the main details of said difference (matters related to difference reconciliation)

(Millions of yen)

Profit	Amount
Reportable segment total	704
Income classified in "Other"	17
Elimination of inter-segment transactions	4
Expenses for the Group (Note)	(136)
Operating income in the quarterly consolidated statements of income	589

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

(Notes to Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the 1Q of the current fiscal year are not prepared. Depreciation for the 1Q of the current consolidated fiscal year is as follows.

	For the three months ended June 30, 2024 (April 1, 2024 to June 30, 2024)	For the three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)
Depreciation	313 Millions of yen	314 Millions of yen

(Significant Subsequent Events)

Not applicable.