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May 14, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: RHYTHM CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 7769

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

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President and Representative Director

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Scheduled date of annual general meeting of shareholders: June 24, 2026

Scheduled date to commence dividend payments: June 25, 2026

Scheduled date to file annual securities report: June 22, 2026

Preparation of supplementary material on financial results: None

Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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, 2026	34,755	6.4	1,586	94.0	1,979	70.5	2,311	204.6
March 31, 2025	32,666	0.2	817	11.9	1,160	(7.8)	758	58.8

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 4,233 million [645.6%]
For the fiscal year ended March 31, 2025: ¥ 567 million [(78.8)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	287.91	-	7.1	4.2	4.6
March 31, 2025	91.93	-	2.4	2.6	2.5

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2026: ¥ - million

For the fiscal year ended March 31, 2025: ¥ - million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	48,961	33,937	69.3	4,262.58
March 31, 2025	45,093	31,308	69.4	3,793.16

Reference: Equity

As of March 31, 2026: ¥ 33,937 million

As of March 31, 2025: ¥ 31,308 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 end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	3,373	(1,862)	(1,057)	14,013
March 31, 2025	2,441	(1,458)	1,323	13,219

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	0.00	-	73.00	73.00	602	79.4	1.9
Fiscal year ended March 31, 2026	-	0.00	-	167.60	167.60	1,357	58.2	4.2
Fiscal year ending March 31, 2027 (Forecast)	-	80.00	-	87.60	167.60		79.2	

* The Company will issue an interim dividend from the fiscal year ending March 31, 2027, with the aim of improving shareholder returns.

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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, 2026	18,400	10.9	1,100	8.0	1,300	12.7	1,000	(44.8)	124.54
Full year	37,000	6.5	2,000	26.0	2,300	16.2	1,700	(26.5)	211.72

* Notes

- (1) Significant changes in the scope of consolidation during the period: Yes
- Newly included: - companies()
- Excluded: 1 companies()

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	8,385,093 shares
As of March 31, 2025	8,385,093 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2026	423,445 shares
As of March 31, 2025	131,166 shares

- (iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	8,029,305 shares
Fiscal Year ended March 31, 2025	8,254,513 shares

* The number of treasury shares at the end of the fiscal year includes the Company's shares held by the ESOP trust account. In addition, the Company's shares held by the ESOP trust account are included in the number of treasury shares to be deducted in the calculation of the average number of shares during the period.

[Reference] Overview of non-consolidated financial results**1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	17,492	9.6	(217)	-	928	(16.7)	1,617	49.2
March 31, 2025	15,958	5.8	(633)	-	1,114	10.8	1,084	85.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2026	201.50		-	
March 31, 2025	131.38		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2026	36,623	24,464	66.8	3,072.80
March 31, 2025	34,186	23,350	68.3	2,829.03

Reference: Equity

As of March 31, 2026: ¥ 24,464 million

As of March 31, 2025: ¥ 23,350 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

Forward-looking statements in this document are based on information available to the Company and certain assumptions the Company considers reasonable as of the date of this announcement. Actual results may differ materially from these forecasts, depending on a variety of factors.

Uncertainties such as difficulties in procuring raw materials, soaring prices, and supply chain disruptions due to heightened geopolitical risks associated with recent tensions in the Middle East have not been incorporated into these earnings forecasts, as it is difficult to reasonably calculate their impact at this time. Actual results may differ due to various circumstances that were unforeseen at the time of the forecast. For details, please refer to P.2 "(1) Overview of Operating Results for the Current Fiscal Year" and P.5 "(4) Future Outlook" in the accompanying materials.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Fiscal Year

Forward-looking statements in the text are based on judgments as of the end of the current fiscal year.

Operating Results for the Fiscal Year Ended March 31, 2026

During the current fiscal year (from April 1, 2025 to March 31, 2026), the Japanese economy continued on a moderate recovery trend led by domestic demand, supported by personal consumption and capital investment. On the other hand, the outlook for the global economy remained uncertain due to such factors as U.S. tariff policies, the prolonged real estate downturn in China, and further increases in energy prices driven by geopolitical risks, including the situations in Ukraine and the Middle East.

Under these circumstances, the Group's business results were as follows. In the Precision Parts Business, although performance was weak in certain overseas regions, overall sales of automotive-related parts remained firm. In addition to strong sales of machine tool parts and optical equipment-related parts, sales increased due to growing demand for new optical cable-related parts and parts for AI data servers. In the Livingware Business, sales also increased, supported by strong sales of comfort products such as handy fans and humidifiers. As a result, net sales increased overall.

On the profit front, in addition to higher earnings driven by increased sales in the Precision Parts Business, substantial profit improvement in the Livingware Business resulting from higher sales and progress in production efficiency led to a significant increase in operating income. This was achieved despite a deterioration in the ratio of selling, general and administrative expenses to net sales due to the shareholder benefit program introduced in the current fiscal year.

As a result, for the current fiscal year, net sales amounted to ¥34,755 million, up 6.4% year on year, and operating income totaled ¥1,586 million, up 94.0% year on year. Ordinary profit increased 70.5% year on year to ¥1,979 million, mainly due to an increase in dividend income and other factors. Profit attributable to owners of parent rose 204.6% year on year to ¥2,311 million, as gains on sale of fixed assets and gains on liquidation of subsidiaries more than offset impairment losses.

(Millions of yen)

		Fiscal Year ended March 31, 2025	Fiscal Year ended March 31, 2026	Changes	Rate of change
Net Sales	Precision parts business	24,813	26,679	1,865	7.5%
	Livingware business	7,447	7,581	134	1.8%
	Others	405	494	88	21.8%
	Total	32,666	34,755	2,088	6.4%
Operating Profit (Loss)	Precision parts business	2,071	2,536	464	22.4%
	Livingware business	(764)	(78)	685	—
	Others	60	79	19	31.2%
	Adjustments	(550)	(951)	(400)	—
	Total	817	1,586	768	94.0%
Ordinary profit	1,160	1,979	818	70.5%	
Profit attributable to owners of parent	758	2,311	1,552	204.6%	

The following is an analysis of these by business segment.

① Precision parts business

Domestically, in addition to increased orders for machine tool parts and optical equipment-related parts, strong demand for AI data server parts continued. In the mobility sector, although affected by the continued slump of European automakers, orders for HEV parts for domestic and North American markets remained steady. As a result, overall domestic sales and profits increased.

Overseas, while sluggish sales of automotive parts continued in China and Southeast Asia, orders for new optical cable-related parts and OEM products for North America in Vietnam remained strong, resulting in increased overall sales. On the profit side, profits increased due to increased sales as well as efforts to improve productivity and efficiency, including strengthened inventory management.

As a result, both total sales and profits increased in the Precision Parts Business.

② Livingware business

Domestically, sales of handy fans grew significantly during summer, and the newly launched humidifiers were well received during winter, resulting in increased sales. Clock sales did not grow due to market contraction, resulting in decreased sales. On the profit side, an operating loss was recorded due to the impact of the weak yen, but there was a significant improvement compared to the previous year due to increased sales and an improved cost of sales ratio.

Overseas, sales of comfortable products and clocks in China have been strong, but sales in Asian regions excluding China, in Europe and in North America, where operations were closed in the previous fiscal year did not grow, resulting in decreased sales. On the profit side, profits increased due to improved production efficiency from increased production of comfortable products at the Chinese production base.

As a result, overall sales increased in the Livingware business. In terms of profits, although the business did not achieve profitability, there was significant improvement from the previous year.

③ Others

In the business segment classified under Others, overall sales and profits increased due to the contribution from a warehouse that began operations in Q3 of the previous fiscal year at the logistics subsidiary, as well as increased sales of the Company's products at the retail subsidiary.

(2) Overview of Financial Position for the Current Fiscal Year

(Assets)

Total assets were ¥48,961 million, an increase of ¥3,868 million from ¥45,093 million at the end of the previous fiscal year. Current assets increased by ¥968 million from the end of the previous fiscal year, mainly due to increases in cash and deposits and inventories. Non-current assets increased by ¥2,899 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 ¥15,024 million, an increase of ¥1,239 million compared to ¥13,784 million at the end of the previous fiscal year.

Current liabilities increased by ¥429 million from the end of the previous fiscal year, mainly due to increases in long-term borrowings due within one year and provision for shareholder benefits. Non-current liabilities increased by ¥810 million from the end of the previous fiscal year, mainly due to increases in long-term borrowings and deferred tax liabilities.

(Net assets)

Total net assets were ¥33,937 million, an increase of ¥2,628 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 Current Fiscal Year

Cash and cash equivalents (hereinafter, "cash") at the end of the current fiscal year increased by ¥793 million from the end of the previous fiscal year to ¥14,013 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 ¥3,373 million, an increase of ¥931 million compared with the previous fiscal year, mainly due to an increase in income before income taxes.

(Cash flows from investing activities)

Cash flows from investing activities were a decrease of ¥1,862 million, a decrease of ¥403 million compared with the previous fiscal year, mainly due to the purchase of property, plant and equipment and investment securities.

(Cash flows from financing activities)

Cash flows from financing activities were a decrease of ¥1,057 million, a decrease of ¥2,381 million compared with the previous fiscal year, mainly due to acquisition of treasury shares and payment of dividends.

(Reference) Trends in cash flow-related indicators

	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025	Fiscal Year ended March 31, 2026
Equity ratio	70.5	72.7	71.5	69.4	69.3
Equity ratio based on market value	32.2	38.9	71.0	68.0	56.9
Interest-bearing debt/cash flows	3.9	4.1	2.5	3.3	2.6
Interest coverage ratio (times)	29.2	57.2	73.4	41.9	40.2

Equity ratio: Equity capital/Total assets

Equity ratio based on market value: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/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 judgment of the Group as of the end of the current fiscal year.

① Medium-Term Management Plan

a. Targets

The Group has formulated the Medium-Term Management Plan 2027, which covers the 3 years from the fiscal year ended 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 ended March 31, 2026 (Actual)	Fiscal Year ending March 31, 2027 (Plan)	Fiscal Year ending March 31, 2028 (Plan)
Net sales	¥32.6 billion	¥34.7 billion	¥37.0 billion	¥40.0 billion
Operating profit	¥800 million	¥1.5 billion	¥2.0 billion	¥2.5 billion
Ordinary profit	¥1.1 billion	¥1.9 billion	¥2.3 billion	¥2.8 billion
Profit attributable to owners of parent	¥700 million	¥2.3 billion	¥1.7 billion	¥2.1 billion

Financial Indicators	Fiscal Year ended March 31, 2025 (Actual)	Fiscal Year ended March 31, 2026 (Actual)	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%	7.1%	5.0%	6.0%
Mobility sales ※ 1	¥11.7 billion	¥12.0 billion	¥12.5 billion	¥14.0 billion
Comfortable products sales	¥2.7 billion	¥3.2 billion	¥4.3 billion	¥5.0 billion
Overseas sales ratio	43%	44%	41%	41%
(Precision parts)	50%	52%	47%	46%
(Livingware)	24%	19%	26%	27%

※1 Calculation of Mobility sales are changed from the Medium-Term Management Plan 2027 (fiscal year ended March 31, 2026).

Non-financial Indicators	Fiscal Year ended March 31, 2026 (Actual)	Fiscal Year ending March 31, 2028 (Plan)	Fiscal Year ended March 31, 2019 (Plan)
Reduce CO2 emissions ※1	※2	30% reduction	Net Zero
Percentage of female managerial staff	24.0%	30%	-
(Domestic G)	9.7%	10%	-
(Overseas G)	33.6%	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 the company website as soon as the calculation is made.

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

b. Management Strategy, etc.

Under the Medium-Term Management Plan 2027, as a phase of "realization of new growth by establishing business model," we are

completing our past business transformation efforts, and working 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, we positioned the Precision parts business as a growth driver and aimed for expansion centered on the automotive-related business. In the Livingware business, our 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 establishing and realizing new growth, and we are promoting initiatives to strengthen our competitiveness.

a. Precision parts business

Although BEV adoption remains in a stagnation trend, demand for HEV remains strong, and the electrification, automation, and multi-functionalization of automobiles are steadily progressing. This continues to be a tailwind for our company, 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.

b. Livingware business

With the contraction of the clock market, we are moving away from dependence on clock and building a new business model. Profitability is also improving due to increased productivity at our factory in China and the creation of hit products (handy fans, humidifiers) of comfortable products. We will continue to ensure the results of these structural reforms and work toward early monetization and the creation of 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 in 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" for further cost reduction. Through these efforts, we will expand comfortable products to become 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, and will promote active investment in the Precision parts business, which is our growth driver, expand investment in the Livingware business's new pillar (comfortable products), including new product development, and make investments in systems and IT for sustainable growth. 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. Based on the dividend policy of "dividend payout ratio (consolidated) of 35% or more and DOE (dividend ratio on consolidated net assets) of 4% or more" announced on June 23, 2025, we will increase dividends to ¥167.60 per share (dividend payout ratio of 58.2%) for the fiscal year ended March 31, 2026. We will also continue to enhance shareholder returns, including the introduction of the Shareholder Benefit Plan announced at the same time.

We have been implementing and enhancing management based on capital costs. In March 2024, we disclosed "Measures to Achieve Management Conscious of Capital Cost and Stock Price," and in March 2025, we provided an update on these initiatives. 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 improvement 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, are being strengthened as a means of enhancing the driving force of management. In terms of human resources, we will secure, develop, and appropriately allocate human resources that will be the driving force for promoting our management strategy, and we will also work

to develop management executive candidates who will lead the future of RHYTHM. 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, and we will aim for thorough efficiency improvements such as introducing generative AI in administrative operations. 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 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 diverse human resources, including women and persons with disabilities, based on respect for human rights.

②Future Outlook

In the Precision parts business, demand for automotive-related, machine tool-related, and AI data server-related parts remains strong, and we expect continued steady orders. In the Livingware business, the effects of structural reforms are emerging, including profitability improvements at our China production bases, increased production volume of comfortable products centered handy fans and humidifiers and the closure of unprofitable bases, and we expect further expansion of sales and profitability.

[Forecast for the fiscal year ending March 31, 2027]

Under these circumstances, for the consolidated business forecast for the fiscal year (fiscal year ending March 31, 2027), as stated in the Medium-Term Management Plan 2027 announced on March 24, 2025, the Company estimates net sales of ¥37.0 billion (up 6.5% from the current fiscal year), operating income of ¥2.0 billion (up 26.0%), ordinary income of ¥2.3 billion (up 16.2%), and net income attributable to owners of parent of ¥1.7 billion (down 26.5%). Although net income attributable to owners of parent is expected to decrease, this is due to the rebound from gains on sales of real estate recorded in the previous fiscal year.

In addition, uncertainties such as difficulty in procuring raw materials, price increases, and supply chain disruptions associated with heightened geopolitical risks, including the recent escalation of tensions in the Middle East, are not factored into these forecasts, as it is difficult to reasonably estimate their impact at this time. Actual results may differ from these forecasts due to various factors.

2. Basic Approach to Selection of Accounting Standards

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

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

Consolidated Financial Statements and Primary Notes

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	13,219	14,013
Notes and accounts receivable - trade	4,930	4,891
Electronically recorded monetary claims - operating	1,678	1,773
Securities	300	300
Inventories	7,438	7,818
Prepaid expenses	195	172
Other	602	363
Allowance for doubtful accounts	(0)	(0)
Total current assets	28,363	29,332
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,784	14,321
Accumulated depreciation	(8,459)	(9,082)
Buildings and structures, net	5,324	5,239
Machinery, equipment and vehicles	11,344	12,184
Accumulated depreciation	(8,745)	(9,507)
Machinery, equipment and vehicles, net	2,598	2,676
Tools, furniture and fixtures	4,777	4,639
Accumulated depreciation	(4,576)	(4,395)
Tools, furniture and fixtures, net	201	244
Land	2,315	2,351
Leased assets	461	680
Accumulated depreciation	(240)	(397)
Leased assets, net	220	283
Construction in progress	371	174
Total property, plant and equipment	11,031	10,969
Intangible assets		
Software	122	117
Leased assets	-	254
Other	369	285
Total intangible assets	491	656
Investments and other assets		
Investment securities	3,512	5,926
Long-term loans receivable	62	64
Distressed receivables	0	0
Deferred tax assets	55	57
Retirement benefit asset	379	716
Other	1,259	1,293
Allowance for doubtful accounts	(62)	(57)
Total investments and other assets	5,206	8,002
Total non-current assets	16,729	19,629
Total assets	45,093	48,961

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,996	2,737
Current portion of long-term borrowings	1,272	1,472
Accounts payable - other	651	455
Accrued expenses	312	327
Income taxes payable	160	194
Contract liabilities	91	86
Provision for bonuses	351	407
Provision for bonuses for directors (and other officers)	33	53
Provision for shareholder benefit program	-	369
Other provisions	17	12
Other	463	664
Total current liabilities	6,351	6,781
Non-current liabilities		
Bonds payable	4,000	4,000
Long-term borrowings	2,374	2,746
Deferred tax liabilities	391	620
Retirement benefit liability	277	305
Other	389	570
Total non-current liabilities	7,432	8,243
Total liabilities	13,784	15,024
Net assets		
Shareholders' equity		
Share capital	12,372	12,372
Capital surplus	7,540	7,684
Retained earnings	5,020	6,729
Treasury shares	(287)	(1,434)
Total shareholders' equity	24,645	25,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,607	2,708
Foreign currency translation adjustment	4,800	5,445
Remeasurements of defined benefit plans	254	430
Total accumulated other comprehensive income	6,662	8,584
Total net assets	31,308	33,937
Total liabilities and net assets	45,093	48,961

Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	32,666	34,755
Cost of sales	26,072	26,763
Gross profit	6,594	7,991
Selling, general and administrative expenses	5,776	6,404
Operating profit	817	1,586
Non-operating income		
Interest income	47	63
Dividend income	135	176
Rental income	326	298
Foreign exchange gains	54	13
Other	93	150
Total non-operating income	658	702
Non-operating expenses		
Interest expenses	58	83
Rental expenses	155	173
Other	101	52
Total non-operating expenses	315	310
Ordinary profit	1,160	1,979
Extraordinary income		
Gain on sale of non-current assets	181	589
Gain on sale of investment securities	62	-
Gain on liquidation of subsidiaries	-	191
Gain on cancellation of leases	97	-
Total extraordinary income	342	780
Extraordinary losses		
Loss on liquidation of business	66	-
Loss on disposal of non-current assets	0	16
Loss on sale of non-current assets	-	2
Loss on valuation of investment securities	-	3
Impairment losses	216	247
Loss on liquidation of subsidiaries	-	4
Total extraordinary losses	283	274
Profit before income taxes	1,219	2,485
Income taxes - current	350	450
Income taxes - deferred	109	(277)
Total income taxes	460	173
Profit	758	2,311
Profit attributable to owners of parent	758	2,311

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	758	2,311
Other comprehensive income		
Valuation difference on available-for-sale securities	117	1,101
Foreign currency translation adjustment	(233)	645
Remeasurements of defined benefit plans, net of tax	(75)	175
Total other comprehensive income	(191)	1,922
Comprehensive income	567	4,233
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	567	4,233

Consolidated Statement of Changes in Equity

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

For the fiscal year ended March 31, 2026

(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	5,020	(287)	24,645
Changes during period					
Dividends of surplus			(602)		(602)
Profit attributable to owners of parent			2,311		2,311
Disposal of treasury shares		144		426	570
Purchase of treasury shares				(1,572)	(1,572)
Net changes in items other than shareholders' equity					
Total changes during period	-	144	1,709	(1,146)	706
Balance at end of period	12,372	7,684	6,729	(1,434)	25,352

	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	1,607	4,800	254	6,662	-	31,308
Changes during period						
Dividends of surplus						(602)
Profit attributable to owners of parent						2,311
Disposal of treasury shares						570
Purchase of treasury shares						(1,572)
Net changes in items other than shareholders' equity	1,101	645	175	1,922	-	1,922
Total changes during period	1,101	645	175	1,922	-	2,628
Balance at end of period	2,708	5,445	430	8,584	-	33,937

Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	1,219	2,485
Depreciation	1,339	1,448
Loss on liquidation of business	66	-
Gain on cancellation of leases	(97)	-
Impairment losses	216	247
Increase (decrease) in allowance for doubtful accounts	(5)	(5)
Increase (decrease) in retirement benefit liability	(96)	185
Decrease (increase) in retirement benefit asset	(0)	(247)
Increase (decrease) in provision for bonuses	6	55
Increase (decrease) in provision for bonuses for directors (and other officers)	23	20
Increase (decrease) in provision for shareholder benefit program	-	369
Interest and dividend income	(183)	(240)
Interest expenses	58	83
Foreign exchange losses (gains)	15	(46)
Loss (gain) on disposal of non-current assets	0	16
Loss (gain) on sale of non-current assets	(181)	(586)
Loss (gain) on sale of investment securities	(62)	-
Loss (gain) on valuation of investment securities	-	3
Decrease (increase) in trade receivables	764	78
Decrease (increase) in inventories	521	(190)
Increase (decrease) in trade payables	(415)	(378)
Increase (decrease) in accrued consumption taxes	(211)	212
Decrease (increase) in other assets	(159)	43
Increase (decrease) in other liabilities	(2)	39
Subtotal	2,814	3,595
Expenditure pertaining to business consolidation	(63)	-
Interest and dividends received	183	240
Interest paid	(58)	(83)
Income taxes paid	(435)	(378)
Net cash provided by (used in) operating activities	2,441	3,373
Cash flows from investing activities		
Purchase of securities	(300)	-
Purchase of property, plant and equipment	(1,242)	(1,335)
Proceeds from sale of property, plant and equipment	269	589
Purchase of intangible assets	(276)	(221)
Purchase of investment securities	(4)	(901)
Proceeds from sales of investments securities	93	-
Proceeds from collection of loans receivable	5	5
Other, net	(2)	0
Net cash provided by (used in) investing activities	(1,458)	(1,862)

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from financing activities		
Proceeds from long-term borrowings	2,000	2,069
Repayments of long-term borrowings	(1,414)	(1,497)
Proceeds from issuance of bonds	1,500	-
Purchase of treasury shares	(4)	(1,572)
Proceeds from sale of treasury shares	0	0
Proceeds from disposal of treasury shares	-	569
Dividends paid	(400)	(602)
Repayments of finance lease liabilities	(356)	(405)
Proceeds from sale and leaseback transactions	-	381
Net cash provided by (used in) financing activities	1,323	(1,057)
Effect of exchange rate change on cash and cash equivalents	(130)	340
Net increase (decrease) in cash and cash equivalents	2,176	793
Cash and cash equivalents at beginning of period	11,043	13,219
Cash and cash equivalents at end of period	13,219	14,013

(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

All 11 subsidiaries, RHYTHM PRITEC CO., LTD., RHYTHM SERVICE CO., LTD., RHYTHM KAIHATSU CO., LTD., RHYTHM SHOEI CO., LTD., RHYTHM HONG KONG CO., LTD., RHYTHM INDUSTRIAL (H.K.) LTD., RHYTHM INDUSTRIAL (DONG GUAN) LTD., RHYTHM VIETNAM (HANOI) CO., LTD., RHYTHM VIETNAM (SAIGON) CO., LTD., RHYTHM INDUSTRY ASIA PTE LTD, and PT. RHYTHM MANUFACTURING INDONESIA, are included in the scope of consolidation.

RHYTHM U.S.A., INC., which was a subsidiary of the Company, has been excluded from the scope of consolidation due to the completion of its liquidation. In addition, RHYTHM NORTH AMERICA, INC. has been newly established.

Two subsidiaries, RHYTHM SHOEI GERMANY GmbH and RHYTHM NORTH AMERICA, INC., have been excluded from the scope of consolidation because total assets, net sales, net income or loss (equity interest portion), and retained earnings (equity interest portion) do not have a material impact on the consolidated financial statements.

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

The Company's reportable segments are its 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.

The Company has two reportable segments: the Precision parts business and the Livingware business. Each segment conducts business activities based on comprehensive strategies for its products and services in both domestic and international markets.

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

The Livingware business segment manufactures and sells handy fans, humidifiers, emergency broadcast radios, wall clocks, table clocks, alarm clocks, digital clocks, equipment clocks, clock movements, 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 accounting policies 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 Sales, profit (loss), asset, liability, and other items for each reportable segment

Previous fiscal year (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 (Segment information)	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

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments			Other (NOTE)	Total
	Precision parts business	Livingware business	Total		
Net sales					
Revenues from external customers	26,679	7,581	34,261	494	34,755
Transactions with other segments (Segment information)	212	165	378	603	982
Total	26,891	7,747	34,639	1,098	35,737
Segment profit (loss)	2,536	(78)	2,458	79	2,538
Segment assets	32,190	4,825	37,015	1,628	38,644
Other items					
Depreciation	1,135	150	1,285	88	1,373
Gain on liquidation of subsidiaries	-	191	191	-	191
Loss on valuation of investment securities	3	-	3	-	3
Loss on liquidation of subsidiaries	4	-	4	-	4
Impairment losses	197	50	247	-	247
Increase in property, plant and equipment and intangible assets	1,131	202	1,333	1	1,334

(NOTE) "Others" is a business segment that is not included in the reportable segments

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	32,333	34,639
Net sales classified in "Others"	1,037	1,098
Elimination of inter-segment transactions	(704)	(982)
Net sales in the consolidated financial statements	32,666	34,755

(Millions of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	1,307	2,458
Income classified in "Others"	60	79
Elimination of inter-segment transactions	27	25
Expenses for the Group (NOTE)	(578)	(977)
Operating profit in the consolidated financial statements	817	1,586

(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	36,815	37,015
Assets classified in "Others"	1,734	1,628
Assets for the Group (NOTE)	7,085	10,807
Other adjustments	(541)	(490)
Total assets in the consolidated financial statements	45,093	48,961

(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	1,230	1,285	75	88	33	74	1,339	1,448
Gain on liquidation of subsidiaries	-	191	-	-	-	-	-	191
Loss on liquidation of business	66	-	-	-	-	-	66	-
Loss on valuation of investment securities	-	3	-	-	-	-	-	3
Loss on liquidation of subsidiaries	-	4	-	-	-	-	-	4
Impairment losses	216	247	-	-	-	-	216	247
Increase in property, plant and equipment and intangible assets	1,166	1,333	1	1	351	222	1,518	1,557

(NOTE) Impairment losses in the Adjustments are 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)

	Previous fiscal year (April 1, 2024 to March 31, 2025)	Current fiscal year (April 1, 2025 to March 31, 2026)
Net assets per share	¥3,793.16	¥4,262.58
Basic earnings per share	¥91.93	¥287.91

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

2. The basis for calculating basic earnings per share is as follows.

	Previous fiscal year (April 1, 2024 to March 31, 2025)	Current fiscal year (April 1, 2025 to March 31, 2026)
Profit attributable to owners of parent (millions of yen)	758	2,311
Amount not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common shares (millions of yen)	758	2,311
Average number of common shares during the period (thousands of shares)	8,254	8,029

(Significant Subsequent Events)

Not applicable.