



May 14, 2026

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### **Notice Concerning Recording of Extraordinary Loss (Impairment Loss) and Deferred Tax Assets, and Dividends of Surplus (Dividend Increase)**

RHYTHM CO., LTD. (the "Company") will record an extraordinary loss (impairment loss) and deferred tax assets as described below for the fourth quarter of the consolidated accounting period ended March 31, 2026 (January 1, 2026 to March 31, 2026). These have been reflected in the "Consolidated Financial Results for the Year Ended March 31, 2026" announced today.

In addition, the Company hereby announces that it resolved to propose the payment of dividends of surplus (year-end dividend) with a record date of March 31, 2026 to the 6th Annual General Meeting of Shareholders scheduled to be held on June 24, 2026. Details are as follows.

#### 1. Recording of Extraordinary Loss

Based on the profitability and near-term recovery prospects of the Company's Livingware business and the Precision parts business at RHYTHM INDUSTRIAL (DONG GUAN) LTD., a consolidated subsidiary, the Company recorded an impairment loss on the relevant business assets in accordance with the "Accounting Standard for Impairment of Fixed Assets," resulting in an extraordinary loss of ¥205 million in the fourth quarter of the consolidated accounting period for the fiscal year ended March 31, 2026.

Including the extraordinary loss already recorded for the nine months ended December 31, 2025, the total extraordinary loss for the fiscal year ended March 31, 2026 amounts to ¥247 million.

#### 2. Recording of Deferred Tax Assets

Based on the consolidated financial results for the fiscal year ended March 31, 2026 and the outlook for future consolidated financial results, the Company carefully reviewed the recoverability of deferred tax assets and decided to record additional deferred tax assets. As a result, the Company recorded income taxes-deferred (gain) of ¥277 million for the fiscal year ended March 31, 2026.

### 3. Dividends of Surplus

#### (1) Details of Dividends

	Determined amount	Latest dividend forecast (Announced on February 13, 2026)	Results in previous fiscal year (FY 2024)
Record date	March 31, 2026	March 31, 2026	March 31, 2025
Dividend per share	¥167.60	¥151.75	¥73.00
Total dividend amount	¥1,357 million	-	¥602 million
Effective Date	June 25, 2026	-	June 19, 2025
Source of Funds for dividend distribution	Retained earnings	-	Retained earnings

#### (2) Reason

The Company's basic dividend policy is "a dividend payout ratio of 35% or more, and DOE (dividend ratio on consolidated net assets) of 4% or more."

Based on this policy, the dividends of surplus (year-end dividend) with a record date of March 31, 2026 are calculated based on consolidated net assets. Reflecting improved business performance and other factors, consolidated net assets as of the above record date increased, and as a result of recalculating the dividends of surplus (year-end dividend), the Company has decided to pay a dividend exceeding the previous forecast.

Furthermore, the Company has decided to pay an interim dividend for the fiscal year ending March 31, 2027. For details, please refer to the "Consolidated Financial Results for the Year Ended March 31, 2026" announced today.

#### (Reference) Breakdown of Annual Dividends

	Dividend per share		
	End of Q2	End of FY	Annual
Results in the current fiscal year (FY 2025)	¥0.00	¥167.60	¥167.60
Results in the previous fiscal year (FY 2024)	¥0.00	¥73.00	¥73.00