



June 23, 2025

Company Name: RHYTHM CO., LTD.
Representative: Takeo Yumoto
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(Securities code: 7769 TSE Prime Market)
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Notice Concerning Measures to Expand Shareholder Returns, Dividend Forecast for Fiscal Year Ending March 31, 2026, and Conclusion of an Agreement with Major Shareholders

RHYTHM CO., LTD. (the “Company”) resolved, at the Board of Directors meeting held on June 23, 2025, to implement measures to expand shareholder returns, including changes to the dividend policy, introduction of a shareholder benefit plan, and acquisition of its own shares. In addition, the Company resolved to enter into a contract with its major shareholders, including agreements on the exercise of voting rights and the shareholding ratio, and concluded this contract on the same day.

Furthermore, the dividend forecast for the Fiscal Year Ending March 31, 2026, which was previously undetermined, is fixed to announce.

1. Regarding the Enhancement of Shareholder Return

The Company has positioned the enhancement of corporate value and shareholder returns as one of its most important tasks and has been considering various measures. As a result of these considerations, the Company has decided to expand shareholder returns by implementing changes to the dividend policy, introducing a shareholder benefit plan, and repurchasing its own shares.

Through these measures, the Company aims to improve corporate value, capital efficiency, ROE, PBR, liquidity of its shares, and meet the Continued Listing Criteria by increasing tradable share ratio and the market capitalization of tradable shares.

2. Changes to the Dividend Policy and Dividend Forecast for the Fiscal Year Ending March 31, 2026

(1) Changes to the Dividend Policy

Before the change	After the change
Payout ratio of 30% or more Dividend per share of 30 yen or more	Consolidated payout ratio of 35% or more, DOE (dividend ratio on consolidated net assets) of 4% or more

(2) Dividend Forecast for the Fiscal Year Ending March 31, 2026

The changes to the dividend policy will apply from the Fiscal Year Ending March 31, 2026, and based on the “Notice Concerning the Consolidated Forecast for the Fiscal Year Ending March 31, 2026” released today and other factors, the dividend forecast which was announced undecided is determined as follows.

	Annual dividend (yen)					Total dividend amount (millions of yen)	Payout ratio (Consolidated) (%)	Dividend ratio on net asset (Consolidated) (%)
	End of Q1	End of Q2	End of Q3	End of FY	Total			
Previous forecast (as of May 14, 2025)	-	-	-	-	-	-	-	-
Current forecast	-	0.00	-	151.75	151.75	1,252	73.7	4.0
Result in previous fiscal year (FY2024)	-	0.00	-	73.00	73.00	602	79.4	1.9

*The current forecast is based on the revised dividend policy mentioned above, calculated using the net asset amount and the total number of issued shares excluding treasury shares as of the end of March 2025, and the “Notice Concerning the Consolidated Forecast for the Fiscal Year Ending March 31, 2026” dated June 23, 2025, etc. However, the actual dividend for the Fiscal Year Ending March 31, 2026 may vary depending on the net asset amount and the total number of issued shares excluding treasury shares as of the end of March 31, 2026.

(3) Revision of the Medium-Term Management Plan 2027

In line with the changes to the dividend policy, the financial strategy of the Medium-Term Management Plan 2027 announced on March 24, 2025, has been updated to reflect the new policy.

For details, please refer to the “Notice Concerning the Revision of the Medium-Term Management Plan 2027” announced today.

3. Introduction of a Shareholder Benefit Plan

(1) Reason for Introduction

The plan aims to express gratitude for the continuous supports from shareholders and to deepen understanding of the Company's group business among individual shareholders and others, encouraging long-term ownership of the Company's shares. It is also expected to improve the investment attractiveness and the liquidity of the Company's shares and to increase recognition in the market.

(2) Details of the Shareholder Benefit Plan

Eligible shareholders	Shareholders entered or recorded in the shareholder registry as of the record date who hold 100 shares (1 unit) or more
Record date	End of March each year
Benefit details	Electronic money or electronic gift equivalent to 15,000 yen
Presentation period	Guidance will be sent within three months from the record date
Starting date	From shareholders entered or recorded in the shareholder registry as of the end of March 2026

(3) Other

If any changes are made to the details of the shareholder benefit plan, it will be promptly notified.

4. Acquisition of Own Shares

The Company has decided to acquire its own shares through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3), with a total acquisition of up to 300,000 shares of common stock and a total acquisition price of up to 1 billion yen.

For details, please refer to the “Notice Concerning Acquisition of Own Shares and Repurchase of Own Shares

Through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)” announced today.

5. Conclusion of a Contract with Major Shareholders

The Company has entered into a contract (hereinafter referred to as "This Contract") with the investors listed below in (2), including three major shareholders who are mutually joint owners (hereinafter referred to as the "Investors"), which includes agreements on restrictions on the exercise of voting rights and limitations on holding Company shares beyond a certain shareholding ratio. Regarding the conclusion of This Contract, an extraordinary securities report has been submitted today.

(1) Conclusion Date of the Contract

June 23, 2025

(2) Names and Addresses of the Counterparties

Name	Address
Kankuro Ueshima	Shibuya-ku, Tokyo
UESHIMA, Inc.	3-20-6 Sendagaya, Shibuya-ku, Tokyo
DOE 5% Co., Ltd.	Kitasando 96 Building ANNEX, 3-20-6 Sendagaya, Shibuya-ku, Tokyo
DREAMCAREER HOLDINGS CO., LTD. *	2-27-27 Minami-Aoyama, Minato-ku, Tokyo
Naturali Co., Ltd. *	2-27-27 Minami-Aoyama, Minato-ku, Tokyo

*Note: As of March 31, 2025, these two companies do not hold the Company shares, but according to the Change Report No. 33 dated January 27, 2025, etc., the five investors were reported as mutual joint holders of the shares.

(3) Contents of the Agreements

The outline of the contents agreed upon by the Company and the Investors in This Contract is as follows.

- ① The Investors will take necessary measures to classify the Company shares held by them and their affiliates as tradable shares within one month from the contract conclusion date and continue to take necessary measures thereafter.
- ② The Investors will not exercise minority shareholder rights, etc. (excluding the right to request inspection and copying of the shareholder registry).
- ③ If requested by the Company, the Investors will delegate the exercise of all voting rights related to the Company shares they hold in the manner specified by the Company.
- ④ The Investors and their affiliates will state the purpose of holding Company shares as "pure investment" in reports of large volume holding and change reports, and hold Company shares in accordance with this purpose.
- ⑤ By the end of March 2026, the Investors will dispose of Company shares so that the total voting rights ratio related to the Company shares they hold (including the voting rights ratio regarding the shares held in credit positions) is 33.3% or less.
- ⑥ When selling or otherwise disposing of Company shares, the Investors will do so through market transactions, sales to securities companies acquiring Company shares for the purpose of market transactions, or sales through applications for transfer in response to the Company's acquisition of its own shares, and will not sell or dispose of shares by any other methods. Disposal of Company shares among the Investors is not subject to these restrictions.

- ⑦ The investors will not engage in the purchase or acquisition of Company shares, etc., that increase the total shareholding ratio related to the Company shares they hold (including actions that increase the shareholding ratio), nor will they engage in succession, solicitation (including public announcement of plans), agreement, or preparation for such actions.
- ⑧ This Contract will become effective upon the announcement of the changes to the dividend policy mentioned above, the dividend forecast for the Fiscal Year Ending March 31, 2026, in line with these changes, and the introduction of the shareholder benefit plan mentioned above, and will remain in effect unless these measures are withdrawn or changes are made to reduce the amounts specified (excluding minor changes).

(4) Purpose of the Agreements

The purpose of concluding This Contract is to enhance corporate value and ultimately improve the common interest of shareholders by steadily working on to increase the tradable share ratio, which contributes to the enhancement of shareholder returns and the maintenance of listing on the Prime Market.

(5) Consideration Status at the Company's Board of Directors and the Process leading to the Decision on the Agreements

The Company has been engaging in dialogue with its shareholders and obtaining advice from external experts while considering measures to enhance shareholder returns and corporate value. Additionally, as of March 31, 2025, there was a possibility that the Company might not meet the tradable share ratio and market capitalization criteria for maintaining listing on the Prime Market, so measures to comply with these criteria were also considered.

In this context, the Company concluded that entering into This Contract with the investors and steadily advancing efforts to increase the tradable share ratio, which contributes to the enhancement of shareholder returns and the maintenance of listing on the Prime Market, would enhance corporate value and ultimately improve the common interest of shareholders, and the Company's Board of Directors resolved to enter into This Contract.

(6) Impact of the Agreements on the Company's Corporate Governance

This Contract is intended to steadily advance efforts to increase the tradable share ratio, which contributes to the enhancement of shareholder returns and the maintenance of listing on the Prime Market, and it remains effective on the condition of maintaining the substantial shareholder return measures specified in the contract. Therefore, it is not considered to have an inappropriate impact on the Company's corporate governance and is believed to contribute to enhancing corporate value and ultimately improving the common interest of shareholders.

(7) Measures to Meet the Continued Listing Criteria

Based on the conclusion of This Contract, the Company has announced the "Plan for Compliance with Continued Listing Criteria (Beginning of Improvement Period)" today.