

Translation

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Announcement Regarding the Issuance of Paid Stock Options (Stock Acquisition Rights)

note inc. (the "Company") announces that its Board of Directors resolved on December 17, 2025, to issue paid stock options (stock acquisition rights) as outlined below. Since these rights will be issued at a fair price to subscribers and do not constitute "especially favorable conditions," the issuance will be conducted without seeking approval from the general meeting of shareholders. Furthermore, these rights are not granted as compensation but are subscribed to base on the individual investment judgment of each participant.

1. Purpose and Reason for Issuance

The Company is issuing these stock acquisition rights to further enhance the motivation, morale, and sense of responsibility of its directors and employees in expanding business performance and increasing mid-to-long-term corporate value. Additionally, the issuance aims to align their interests with those of existing shareholders and integrate their incentives with shareholder profits.

These stock acquisition rights include an exercise price adjustment clause. If the performance targets set by the Company are achieved, the exercise price will remain at the initial exercise price (the closing price of the Company's stock on the business day preceding the Board of Directors' resolution to issue the rights). However, before these targets are met, the exercise price will be adjusted to a level higher than the closing price of the stock on the business day preceding the exercise date.

By setting these conditions, the plan is expected to function as an incentive, similar to standard paid stock options, once performance targets are met. Even before targets are achieved, the plan allows eligible participants to acquire shares and become shareholders, which is expected to strengthen their sense of belonging to the Company. Regarding the performance targets, the Company has selected consolidated net sales to encourage a commitment to high top-line growth, viewing this as an essential level for accelerating business growth based on its mid-to-long-term growth trajectory.

The total number of shares of common stock to be increased if all rights are exercised represents approximately 0.6% of the 16,748,700 total issued shares as of November 30, 2025. However, since the ability to exercise at the initial price is contingent upon achieving predefined performance goals, the Company believes achieving these targets will contribute to enhanced corporate and shareholder value. Therefore, the Company considers the impact of share dilution to be reasonable and believes this issuance will contribute to the interests of existing shareholders.

2. Outline of the Issuance

(1)	Grantees, Number of Persons, and Number of Stock Acquisition Rights to be Allotted	Directors of the Company (not serving as Audit and Supervisory Committee Members): 2 persons (600 units) Directors of the Company (serving as Audit and Supervisory Committee Members): 3 persons (60 units) Employee of the Company (Executive Officer): 1 person (400 units)
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	The Executive Officer is included as a grantee because the growth and profitability of the new business area managed by said individual are considered critical to enhancing the Company's corporate value.
(2) Class and Number of Shares Underlying the Stock Acquisition Right	<p>The number of shares for each stock acquisition right shall be 100 shares of common stock. If the Company conducts a stock split or reverse stock split after the allotment date, the number of shares shall be adjusted using the following formula, with any fraction less than one share rounded down:</p> $\text{\$Adjusted Number of Shares} = \text{Pre-adjustment Number of Shares} \times \text{Ratio of Split or Consolidation}$ <p>The number of shares may also be adjusted within a reasonable range in the event of a merger, company split, or reduction of capital.</p>
(3) Total Number of Stock Acquisition Rights	1,060 units
(4) Payment Amount for Stock Acquisition Rights	<p>The issue price shall be 4,000 yen per unit.</p> <p>This amount was determined based on a valuation by Plutus Consulting, a third-party appraiser, using a Monte Carlo simulation.</p> <p>The valuation considered the stock price (1,468 yen), exercise period (10 years), volatility (68.06%), dividend yield (0%), risk-free interest rate (1.966%), and the exercise price adjustment clause.</p> <p>The Company has judged that this price does not constitute an "advantageous issuance."</p>
(5) Value of Assets Contributed upon Exercise (Exercise Price) and Adjustments	<p>The value of assets to be contributed upon the exercise of each Stock Acquisition Right shall be the amount obtained by multiplying the payment amount per share (the "Exercise Price") by the number of granted shares.</p> <p>The initial Exercise Price shall be 1,468 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on December 16, 2025, which is the trading day preceding the date of the Board of Directors' resolution for the issuance.</p> <p>However, the Exercise Price shall be adjusted each time a holder makes an exercise request. The Exercise Price will be revised to 105% of the closing price of the Company's common stock on the business day preceding the exercise request date (the "Adjustment Date"), with any fraction less than one yen rounded up (the "Revised Exercise Price"). If the Revised Exercise Price is lower than the Initial Exercise Price, it shall be set at the Initial Exercise Price. The Revised Exercise Price shall apply from the day following the Adjustment Date.</p> <p>Notwithstanding the above, if the net sales recorded in the Company's (consolidated) profit and loss statement meet any of the following conditions (a) through (d), the Exercise Price shall be fixed at the Initial Exercise Price, and no further floating adjustments shall be made:</p> <ul style="list-style-type: none"> (a) Net sales exceed 6.0 billion yen in any fiscal year up to the fiscal year ending November 2027. (b) Net sales exceed 7.2 billion yen for the fiscal year ending November 2028. (c) Net sales exceed 8.6 billion yen for the fiscal year ending November 2029. (d) Net sales exceed 10.0 billion yen for the fiscal year ending November 2030. <p>This fixed revision shall apply from the day following the submission of the Annual Securities Report for the fiscal year in which the target is achieved.</p> <p>In the event of a stock split or reverse stock split after the allotment date, the Exercise Price shall be adjusted using the following formula, with any fraction less than one yen rounded up:</p> $\text{Adjusted Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{1}{\text{Ratio Split or Consolidation}}$ <p>Additionally, in the event of a merger, company split, or other similar circumstances requiring an adjustment, the Company may appropriately adjust the Exercise Price within a reasonable range.</p>
(6) Exercise Period of Stock Acquisition Rights	The period during which the Stock Acquisition Rights may be exercised (the "Exercise Period") shall be from January 5, 2026, to January 4, 2036.

<p>(7) Conditions for Exercise of Stock Acquisition Rights</p>	<ol style="list-style-type: none"> 1 . A holder of Stock Acquisition Rights must, at the time of exercise, be a director, corporate auditor, or employee of the Company or its affiliates. However, this shall not apply in cases of retirement due to expiration of term, mandatory retirement, or other justifiable reasons recognized by the Board of Directors. 2 . Exercise of the Stock Acquisition Rights by an heir of a holder shall not be permitted. 3 . The Stock Acquisition Rights may not be exercised if the exercise would cause the total number of issued shares of the Company to exceed the total number of authorized shares at that time. 4 . Each Stock Acquisition Right may not be exercised in part (less than one unit).
<p>(8) Amount of Stated Capital and Capital Reserve to be Increased upon Issuance of Shares through Exercise</p>	<ol style="list-style-type: none"> 1 . The amount of stated capital to be increased shall be one-half of the maximum limit of increase in stated capital calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Corporate Accounting. Any fraction less than one yen resulting from the calculation shall be rounded up. 2 . The amount of capital reserve to be increased shall be the maximum limit of increase in stated capital minus the amount of stated capital to be increased as defined in 1 . above.
<p>(9) Matters Concerning the Acquisition of Stock Acquisition Rights by the Company</p>	<p>The Company may acquire the Stock Acquisition Rights without consideration on a date separately determined by the Board of Directors (or a general meeting of shareholders if the Company does not have a board of directors) if any of the following events occur:</p> <ol style="list-style-type: none"> 1 . Approval of an organizational restructuring (merger, company split, share exchange, or share transfer) at a general meeting of shareholders (or by the Board of Directors if shareholder approval is not required). 2 . The holder becomes unable to exercise the rights pursuant to the provisions in section (7) above. 3 . A written agreement is reached to transfer a majority of the Company's total issued shares to a third party. 4 . Approval of a share delivery where the Company becomes a subsidiary or the effective date of such delivery arrives. 5 . Approval of a demand for a cash-out by a controlling shareholder. 6 . The Company may acquire unexercised Stock Acquisition Rights without consideration if any of the following events occur: <ol style="list-style-type: none"> (a) The holder is sentenced to imprisonment or a heavier penalty. (b) The holder competes with the Company or its subsidiaries, such as by establishing a competing entity or becoming an officer or employee thereof, without prior written approval. (c) The holder damages the credit of the Company or its subsidiaries through a violation of laws or other misconduct. (d) The holder is subject to a petition for seizure, provisional seizure, provisional disposition, compulsory execution, or auction, or is subject to a disposition for delinquent taxes and public charges. (e) The holder suspends payments, becomes insolvent, or a bill or check issued or accepted by the holder is dishonored. (f) A petition is filed for the commencement of bankruptcy, civil rehabilitation, corporate reorganization, special liquidation, or similar proceedings for the holder. (g) A resolution for dissolution is passed regarding the holder. (h) The holder is found to be an anti-social force (including organized crime groups or related individuals) or is involved with such forces through funding or other means. (i) The holder violates these terms or the agreement concluded with the Company regarding the Stock Acquisition Rights. 7 . If a holder is a director, corporate auditor, or employee of the Company or its subsidiary, the Company may acquire unexercised rights without consideration if: <ol style="list-style-type: none"> (a) The holder falls under grounds for disciplinary action specified in the work rules applicable to them. (b) The holder violates duties to the Company or its subsidiary, such

		<p>as the duty of loyalty as a director.</p> <p>8. The Company may acquire all Stock Acquisition Rights without consideration if it resolves to dissolve. In this case, the Company shall acquire the rights on a date separately determined by the Board of Liquidators.</p>
(10)	Restriction on Transfer of Stock Acquisition Rights	The acquisition of the Stock Acquisition Rights by transfer shall require approval by a resolution of the Company's Board of Directors.
(11)	Treatment of Stock Acquisition Rights upon Organizational Restructuring	<p>In the event that the Company conducts a merger (limited to cases where the Company is dissolved), absorption-type split, incorporation-type split, share exchange, or share transfer (collectively, "Organizational Restructuring"), stock acquisition rights of the respective restructured company (the "Reorganized Company") as stipulated in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act shall be delivered to holders on the effective date of such restructuring. This applies only if the delivery of such rights is specified in the relevant restructuring agreement or plan. The terms are as follows:</p> <p>① Number of Rights to be Delivered: The Company shall deliver the same number of rights as those held by the holder.</p> <p>② Class of Shares: Common stock of the Reorganized Company.</p> <p>③ Number of Underlying Shares: Determined in accordance with section (2) above, taking into account the restructuring conditions.</p> <p>④ Value of Assets Contributed upon Exercise: The total payment per right shall be the post-reorganization exercise price (adjusted from the price in section (5)) multiplied by the number of underlying shares determined in ③ above.</p> <p>⑤ Exercise Period: From the later of the start date in section (6) or the effective date of the restructuring, until the end date in section (6).</p> <p>⑥ Increase in Capital and Capital Reserve: Determined in accordance with section (8) above.</p> <p>⑦ Restriction on Transfer: Any transfer shall require approval by a resolution of the Board of Directors of the Reorganized Company.</p> <p>⑧ Other Exercise Conditions: Determined in accordance with section (7) above.</p> <p>⑨ Acquisition Events and Conditions: Determined in accordance with section (9) above.</p> <p>⑩ Other Conditions: Determined in accordance with the terms of the Reorganized Company.</p>
(12)	Allotment Date of Stock Acquisition Rights	January 5, 2026.
(13)	Issuance of Stock Acquisition Right Certificates	The Company shall not issue any certificates for the Stock Acquisition Rights.
(14)	Payment Date for Stock Acquisition Rights	January 5, 2026.

< Inquiries regarding this matter >

note inc. IR inquiry desk: <https://ir.note.jp/inquiry>