

## Translation

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May 11, 2026

Company Name note inc.  
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### Main Questions and Answers on the Q1 FY2026 Financial Results

We would like to thank you for your ongoing interest in our business activities.

Regarding the financial results for the first quarter of the fiscal year ending November 2026, announced on Tuesday on April 14, 2026, we are publishing the main questions and answers below from the viewpoint of fair disclosure. These questions were gathered from our meetings with institutional investors and through inquiries from shareholders and other investors.

Please note that to promote a deeper understanding, the questions have been edited or rephrased without altering their original intent. Furthermore, please be aware that the answers provided reflect the Company's judgments and views as of the date of this disclosure, and that actual results may differ due to future events or other factors.

#### **Q. How does the company evaluate the financial results for the first quarter of the fiscal year ending November 30, 2026?**

A. As shown in the chart below, we achieved high growth in the first quarter: Net sales were 1,218 million yen (+27.3% YoY), Adjusted EBITDA was 255 million yen (+1,273.5% YoY), and Operating Profit was 235 million yen (+4,167.1% YoY). We believe we have made a smooth start toward achieving our full-year plan. The primary factors include revenue expansion from the steady growth of each business and progress in AI-driven productivity improvements, which allowed us to control cost increases, including personnel expenses.

### Summary of Consolidated Financial Results for Q1 FY2026

Due to the expansion of note's GMV, the revenue growth rate continued to be high at YoY +27.3%. In addition to revenue growth, initiatives to improve productivity through AI are also progressing, leading to substantial increases in both revenue and profit across all items due to the containment of personnel and other costs.

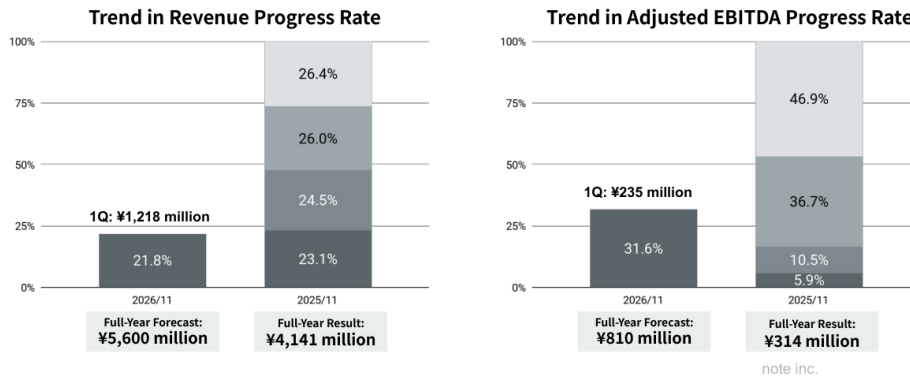
Unit: Millions of yen	Q1 FY2026	Q1 FY2025	YoY change	FY2026 full-year forecast	Progress rate
Net sales	1,218	957	+27.3%	5,600	21.8%
Gross profit	1,137	905	+25.6%	4,800	23.7%
Adjusted EBITDA	255	18	+1,273.5%	810	31.6%
Operating profit	235	5	+4,167.1%	700	33.6%
Ordinary profit	231	6	+3,728.5%	700	33.1%
Profit attributable to owners of parent	291	4	+5,760.6%	850	34.3%

**Q. Profit progress for the first quarter exceeded 30% of the full-year forecast. What is the background behind this? Do you plan to revise the forecast upward?**

A. As shown in the chart below, progress toward the full-year forecast reached 21.8% for net sales and 31.6% for adjusted EBITDA, representing a strong start. This was mainly due to robust sales and the successful management of costs such as personnel expenses.

**Progress Towards Earnings Forecast**

Revenue is within expectations, despite the small revenue contribution from the AI-related business in Q1. We anticipate growth in each business every quarter, showing steady progress. Adjusted EBITDA already shows progress of over 30% in Q1 due to revenue growth and the containment of costs such as personnel expenses.



Regarding net sales, we expect each business to grow quarter by quarter. Additionally, we anticipate approximately 500 million yen in full-year sales from the GENIAC project, with the majority of this revenue to be recorded from the second quarter onward. Therefore, progress is within our expectations.

Regarding profit, although progress has already exceeded 30%, we have maintained our full-year forecast at this time. This is because we expect personnel expenses to increase from the second quarter as hiring progresses. While we anticipate increases in telecommunication expenses and commission fees due to business expansion, we do not expect any extraordinary expenses. We remain committed to further business growth to exceed the full-year forecast and will disclose any necessary revisions in a timely and appropriate manner based on future progress.

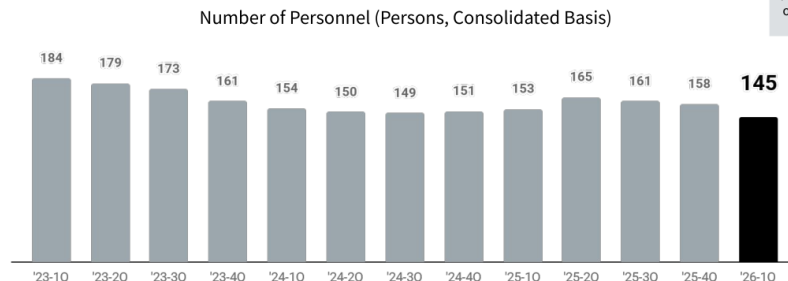
**Q. You mentioned that operational efficiency is improving through AI. What are your expectations for future headcount and personnel expenses?**

A. We are promoting AI utilization company-wide in three areas: creating new business opportunities, enhancing platform value, and improving employee productivity and organizational management.

As a result of these efforts, headcount is on a downward trend despite revenue growth, as shown in the chart below, demonstrating improved productivity. While the number of employees at the end of the first quarter decreased to 145 from the end of the previous quarter, this was due to a concentration of resignations around the year-end and New Year period. Rather than simply filling vacancies, we are actively using AI to redesign operations from the ground up, which has helped limit the increase in headcount.

## Headcount Trends(Consolidated Basis)

Personnel costs at the end of Q1 temporarily decreased due to the continuation of a selective hiring policy, the impact of year-end retirements, and productivity improvement/optimization of organizational operations based on the active utilization of AI. As hiring progresses from Q2 onwards, headcount and personnel costs are expected to increase.



For details on the promotion of AI utilization, please refer to the following pages.

\* The number of employees is calculated based on the sum of regular and contract employees and does not include directors and temporary employees.  
 \* Starting from the financial results presentation material disclosed on January 11, 2024, the definition of the number of employees has been changed from "the number not including management members and temporary employees" to "the number not including directors and temporary employees." All figures for 2024 Q1 onward in the above graph have been changed to the figures according to the new definition.

note inc.

13

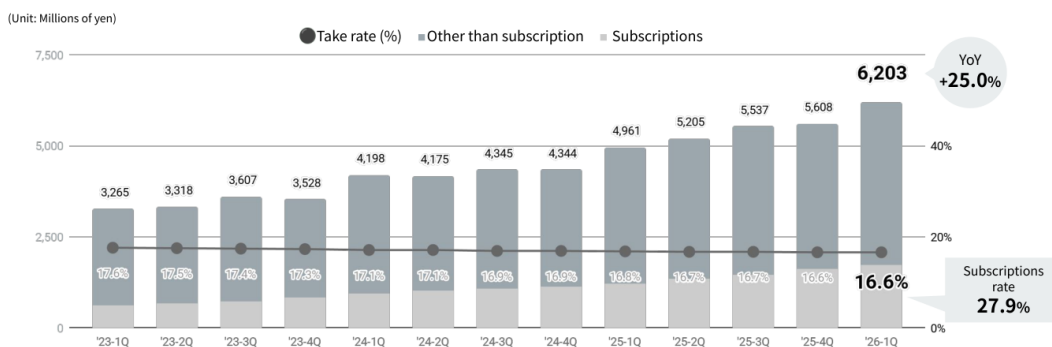
However, we expect both headcount and personnel expenses to increase from the second quarter as recruitment progresses. We believe investment in human resources is necessary, particularly in new business areas such as business development and AI/IP-related projects. For this fiscal year, we expect a net increase of approximately 10 to 20 employees from the end of the first quarter. We do not intend to increase headcount indiscriminately; instead, we aim to balance revenue growth and profit expansion through AI utilization and strategic hiring.

### Q. note's GMV grew by 25% year-on-year. Can we expect this level of growth to continue?

A. As shown in the chart below, quarterly GMV for the note business in the first quarter was 6,203 million yen (+25% YoY). GMV tends to grow in the first quarter due to the year-end and New Year holidays, and we achieved significant growth consistent with past trends. Key drivers include the widespread adoption of generative AI and the increase in creators and content due to network effects.

## note: GMV / Take Rate

GMV, which is typically slower in Q4, continued to grow from Q3 this fiscal year, reaching ¥5,608 million (+29.1% YoY), with the growth rate also increasing and accelerating the strong performance. The subscription ratio also rose steadily.



\* Take rate is the quarterly average of platform usage fees + settlement fees (both inclusive of tax) as a percentage of total distribution value.  
 \* note premium usage fees are excluded from the quarterly circulation totals beginning with Q1 FY 2023.  
 \* Subscriptions are GMV of sum of "Membership" and "Subscription magazines"

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16

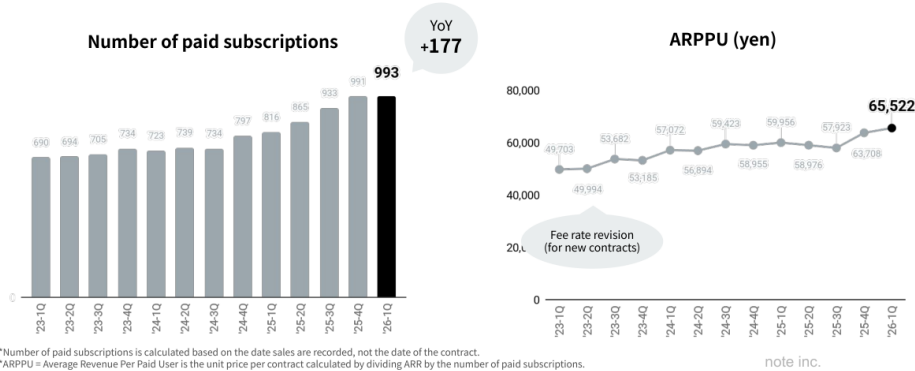
Looking ahead, we believe the adoption of generative AI is a continuing trend. Furthermore, the platform's network effect naturally strengthens as its scale increases. Therefore, we believe we can maintain a high GMV growth rate of approximately 20% to 30% for the time being. Additionally, the number of monthly subscribers is approximately 700,000, which remains a small fraction of the approximately 12 million registered members and 86 million MAUs. We believe there is still significant room for GMV expansion. We aim for further growth by encouraging registered users to subscribe through improvements in AI recommendation engines and increased traffic from AI-based searches.

**Q. The net increase in note pro contracts was only 2 units. Is there an issue with sales activities? What is the outlook?**

A. As shown in the chart below, the number of paid note pro contracts saw a net increase of 2 units from the previous quarter. This was primarily a reaction to the large-scale campaign in the fourth quarter of the previous fiscal year, and there are no issues with our sales activities. Companies that joined during the campaign are transitioning to paid plans, and ARR grew to 780 million yen (+33% YoY), maintaining a high growth rate. ARPPU also exceeded 65,000 yen and continues to trend upward. We are running campaigns in the current fiscal year from the second quarter onward and expect the pace of net contract growth to accelerate again.

**note pro: Number of Paid Subscriptions / ARPPU**

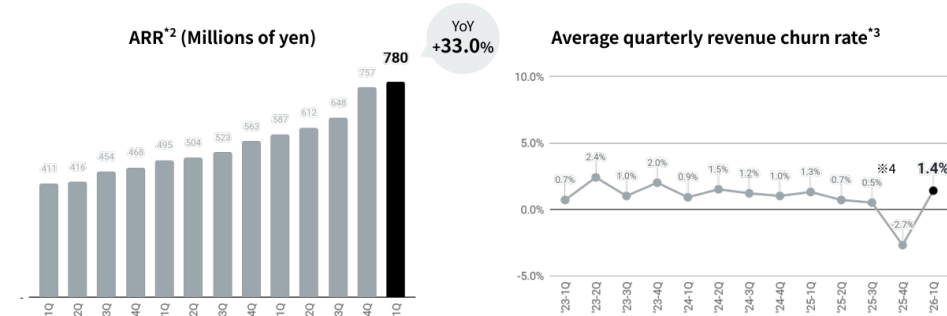
While QoQ growth slowed due to the reactionary effect from the significant increase in contracts in the previous Q3 and Q4 following a large-scale campaign, the number steadily expanded by +177 YoY. ARPPU rose to the ¥65,000 range, driven by the conversion of companies introduced during the campaign period to paid subscriptions.



\*Number of paid subscriptions is calculated based on the date sales are recorded, not the date of the contract.  
 \*ARPPU = Average Revenue Per Paid User is the unit price per contract calculated by dividing ARR by the number of paid subscriptions.

**note pro: ARR / Churn Rate**

note pro's ARR maintained the significant growth achieved in the previous 4Q due to the effect of the large-scale campaign conducted last year, resulting in a steady increase of +33.0% YoY.



\*1. Fee rate revision was conducted for new contracts concluded in February 2023 or after, changing the monthly fee from 50,000 yen (excluding tax) to 80,000 yen (excluding tax). Usage fees for existing contracts concluded in January 2023 or before remain unchanged at 50,000 yen.  
 \*2. ARR = Annual Recurring Revenue is the MRR for the last month of each quarter multiplied by 12. MRR = Monthly Recurring Revenue MRR includes the basic fee for note pro in addition to some optional fees.  
 \*3. Revenue churn rate is the churn rate calculated based on revenue from customers. Since the calculation is based on revenue, the revenue churn rate may be negative even in months when churn occurs, if revenues from continuing customers increase due to the end of the campaign rate application period or the addition of options.  
 \*4. The figures have been revised due to an error in the "Financial Results Presentation Material for the Second Quarter of the Fiscal Year Ending November 2025" disclosed on July 8, 2025.

**Q. What is the status of the GENIAC project's contribution to earnings, and what is the future outlook?**

A. The GENIAC project is our AI-related business selected for a generative AI development project by the Ministry of Economy, Trade and Industry (METI) and NEDO. We plan to record approximately 500 million yen in sales for the full year ending November 30, 2026. However, as this is a commissioned project where sales are recorded as consideration for actual expenses incurred, we do not expect it to contribute to profit.

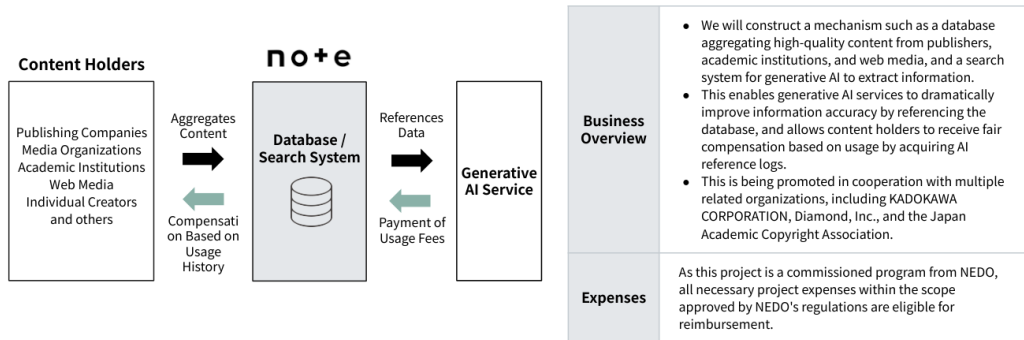
We established a new AI-related business segment starting this first quarter, which recorded sales of approximately 14 million yen. Most of this revenue came from this project. We expect the recording of both sales and expenses to accelerate as development scales up from the second quarter onward.

In parallel with the contract development of the RAG database for this project, we are also working to provide the developed RAG database to generative AI service providers. Several companies have already expressed positive interest in adoption. We are currently considering specific revenue models and will continue working toward future monetization.

**C** Expansion of AI-Related Business

**Selected for "GENIAC," a Generative AI National Project by METI and NEDO**

Our RAG database development and collaboration track record with media organizations were recognized, leading to our selection for "GENIAC," a generative AI national project. We are building a database that aggregates high-quality content both from within and outside of note as a commissioned project by NEDO.



**Q. What is the purpose of the capital and business alliance with KADOKAWA? How will the raised funds be used?**

A. Our strategy is to expand the note ecosystem by leveraging assets such as our network of content, creators, and media, as well as relationships with capital and business alliance partners. The alliance with KADOKAWA is a partnership to further accelerate this initiative. As shown in the chart below, we are collaborating in four areas: IP creation and development, publishing DX, AI data distribution, and fan communities.

Please see the following materials for details.

- [Timely Disclosure Material](#)
- [Supplemental Explanation Material](#)

**Details of the Business Alliance**

We announced a Capital and Business Alliance with KADOKAWA to build a new framework spanning from creation to distribution and monetization, and will work on AI/DX in the publishing and media industries by leveraging the strengths of both companies.

<p><b>(1) Collaboration in IP Creation and Development</b></p> <ul style="list-style-type: none"> <li>Promote book publication and media-mix development originating from note, and build a new IP creation model stemming from digital content.</li> <li>Support the monetization of writers by utilizing features such as the Membership function.</li> </ul>	<p><b>(2) Collaboration in the Publishing DX Domain</b></p> <ul style="list-style-type: none"> <li>Introduce note pro's SaaS platform to some of KADOKAWA's websites to support operational efficiency and AI search compatibility.</li> <li>Build a new value chain that links word-of-mouth and reviews gathered on note to promotional activities through the AI Context Network.</li> </ul>
<p><b>(3) Collaboration in the AI Data Distribution Domain</b></p> <ul style="list-style-type: none"> <li>Jointly build a mechanism for sound data distribution and appropriate compensation in the AI era through the GENIAC project and other initiatives.</li> </ul>	<p><b>(4) Collaboration in the Fan Community Domain</b></p> <ul style="list-style-type: none"> <li>Utilize KADOKAWA's video distribution technology on note to create points of contact between creators and fans through video and audio.</li> <li>Create new revenue opportunities by leveraging the membership bases of both companies.</li> </ul>

Through this alliance, we raised approximately 2.2 billion yen via a third-party allotment of shares. The funds will be used for strategic investments, including future M&A, and for development costs associated with promoting the alliance.

## Outline of Use of Proceeds

We will allocate the proceeds to strategic investments, such as future M&A and business alliances, as well as the repayment of debt, to accelerate our business growth.

	Specific Use	Amount (Millions of JPY)	Description
1	Investment funds for future M&A and capital and business alliances	1,281	<ul style="list-style-type: none"> <li>Execute strategic investments, such as M&amp;A and capital/business alliances, to achieve non-linear growth                             <ul style="list-style-type: none"> <li>Targeting companies that contribute to strengthening IP creation and distribution, expanding the note ecosystem, or possess advanced AI-related technologies.</li> </ul> </li> </ul>
2	System development and personnel investment associated with this capital and business alliance	250	<ul style="list-style-type: none"> <li>Development of sales promotion solutions leveraging note                             <ul style="list-style-type: none"> <li>Integrating product/work databases held by publishers and manufacturers with reviews/feedback on note, and developing features to generate introduction pages that showcase the appeal of products.</li> </ul> </li> <li>Enhancing note pro features                             <ul style="list-style-type: none"> <li>Expanding CMS functions to increase design flexibility and strengthening API connectivity for seamless integration with corporate databases and e-commerce sites.</li> </ul> </li> <li>Verification of new expression formats and expansion of community features                             <ul style="list-style-type: none"> <li>Technical verification and feature development to support rich content, such as video, on note.</li> </ul> </li> <li>Recruitment and personnel expenses to promote the measures above</li> </ul>
3	Repayment of existing borrowings to improve financial soundness	665	<ul style="list-style-type: none"> <li>Repayment of existing debt</li> </ul>

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31

### Q. What business model is envisioned for the AI Context Network?

A. The AI Context Network is a new feature where AI aggregates reviews and articles on note to automatically generate landing pages for specific works, such as books. These pages guide users to corporate purchase pages, leading to transactions. The first phase has launched covering approximately 7,000 KADOKAWA titles.

**A** Further Expansion of note

### New Feature "AI Context Network" Launched to Link note Articles to Product Purchases

This new feature automatically aggregates fan reviews and comments on note for each work using AI, allowing direct book purchases from the work page. The first phase starts with about 7,000 works from KADOKAWA, with plans to expand genres and partner companies in the future.

#### AI Context Network Overview

A mechanism that utilizes AI to automatically collect official product/work information, generate a work page on note, and aggregate fan reviews and comments to link note articles to purchases or viewing.

##### [Value Provided]

- Fan voices lead to sales, enabling readers of reviews to proceed directly to purchase, reserve, or view.
- An information hub for both people and AI, where official information and fan voices are consolidated on one note page, also functioning as an AI search reference source.

##### [Future Development]

- Expansion of compatible genres and partner companies.
- Construction of a mechanism for returning revenue to creators.



Image of "Ningen Hyouhon" Work Page

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40

We expect purchases from readers who view these reviews and feedback. Furthermore, since note content is easily cited by AI, we expect the automatically generated pages to serve as references for AI searches. We envision offering this to companies as a promotional tool adapted for the AI era. We plan to expand this to various genres beyond books. We have already begun proposing this service to some companies and will determine specific pricing models based on corporate needs and the effectiveness of the feature.

**Q. Please explain the background of the stock sale by CEO Kato.**

A. We recently entered multiple capital and business alliances and conducted third-party allotments to create business synergies. This resulted in an increase in the ownership ratio of specific shareholders and a relative decrease in market liquidity.

Given this background, this transaction was executed to increase market liquidity and the free float ratio of our shares, with a view toward a future transition to the Prime Market. Mr. Kato has stated that he will not sell any shares of our common stock for two years from the date of this transaction. He will remain a major shareholder and continue to lead our management, committing to our long-term growth.

We take the concerns of our shareholders and investors seriously. We will strive to be highly valued by a wide range of investors through our future business and IR activities.

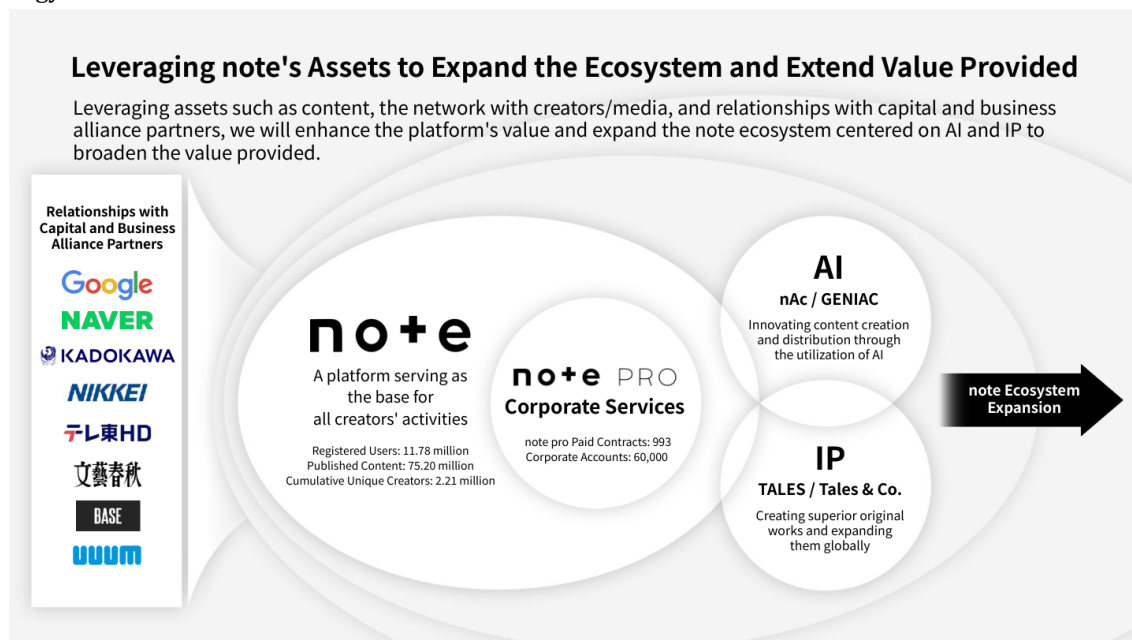
**Q. When do you expect to transition to the Prime Market?**

A. Transitioning to the Prime Market is an important management goal that we aim to achieve in the medium to long term. To transition, we must meet requirements regarding the number of shareholders, number of tradable shares, free float ratio, market capitalization of tradable shares, net assets, profit, and total market capitalization. Currently, we believe we meet criteria such as the free float ratio, but we have not yet reached the required profit level.

We will work steadily on business growth toward our medium-to-long-term financial targets—approximately 10 billion yen in net sales and an EBITDA margin of 30% to 40% around 2028–2030—and aim to transition to the Prime Market in conjunction with these goals.

**Q. Is there a possibility of further large-scale capital and business alliances like those with Google, NAVER, and KADOKAWA?**

A. As shown in the chart below, the core of our growth strategy is the expansion of the note ecosystem. We have recently realized capital and business alliances with Google, NAVER, and KADOKAWA as central partnerships for this strategy.



We will continue to actively consider opportunities for collaboration with companies that contribute to the expansion of our ecosystem. However, a capital alliance is not a prerequisite. We will pursue the most suitable form of partnership by comprehensively considering the nature of the synergies and our financial position.

<Inquiries regarding this matter> note inc. IR inquiry desk: <https://ir.note.jp/inquiry>