Translation

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Summary of Consolidated Financial Results for the First Two Quarters of the Fiscal Year Ending November 2025 (Based on Japanese GAAP)

July 8, 2025

Company name: note inc. Listing exchange: Tokyo Stock Exchange

Securities code: 5243 URL: https://ir.note.jp/en

Representative: Sadaaki Kato, Founder & CEO

Inquiries: Yukihiro Kashima, CFO Board Member (TEL): +81-50-1751-2329

Scheduled date for filing quarterly securities report: July 8, 2025

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: Yes (for institutional investors, analysts and retail investors)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Financial Results for the First Two Quarters (December 1, 2024 to May 31, 2025) of the Fiscal Year Ending November 30, 2025

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

	Net sales		Adjusted EBITDA		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First two quarters ended May 31, 2025	1,970	22.0	51	93.6	23	95.7	35	126.2	70	405.1
First two quarters ended May 31, 2024	1,616	—	26	—	12	—	15	—	14	—

(Note) Comprehensive income (loss)
As of May. 31, 2025 105 million yen (650.3%)
As of May. 31, 2024 14 million yen (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First two quarters ended May 31, 2025	4.39	4.20
First two quarters ended May 31, 2024	0.92	0.90

(Note) 1. Since note, inc. (the "Company") started to prepare quarterly consolidated financial statements from the first quarter of the fiscal year ending November 30, 2024, the year-on-year changes for the first two quarters ended May 31, 2024 are not indicated.
2. Adjusted EBITDA = Operating profit + Depreciation + Stock compensation expense + Other one-time expenses

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2025	4,881	2,427	48.9
As of November 30, 2024	3,769	1,722	45.2

(Reference) Total shareholders' equity
As of May 31, 2025 2,386 million yen
As of November 30, 2024 1,702 million yen

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Nov. 30, 2024	—	0.00	—	0.00	0.00
Fiscal year ending Nov. 30, 2025	—	0.00			
Fiscal year ending Nov. 30, 2025 (Forecast)			—	0.00	0.00

(Note) Revisions to the most recently announced dividends forecast: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending November 30, 2025 (from December 1, 2024 to November 30, 2025)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,010	21.1	60	13.5	80	6.4	110	11.2	6.71

(Note) Revisions to the most recently announced earnings forecast: No

*Explanatory notes

(1) Significant changes in the scope of consolidation during the first two quarters of the fiscal year ending November 2025: No

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No
2) Changes in accounting policies other than those in 1) above: No
3) Changes in accounting estimates: No
4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)
2) Number of treasury shares at the end of the period
3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of May 31, 2025	16,613,300 shares	As of Nov. 30, 2024	15,390,500 shares
As of May 31, 2025	123 shares	As of Nov. 30, 2024	123 shares
First two quarters ended May 31, 2025	16,173,765 shares	First two quarters ended May 31, 2024	15,343,421 shares

* This summary of financial results is not subject to quarterly review procedures by a public accountant or audit corporation.
* Explanation regarding the appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual results, etc. may materially differ from the forecast due to various factors.

(How to obtain supplementary materials on financial results briefing materials and details of financial results briefing session)

The Company will hold a quarterly financial results briefing session for institutional investors, analysts and retail investors on July 8, 2025 (Tuesday). The materials for this briefing session will be disclosed on TDnet and will also be posted on its website.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the First Two Quarters of the Fiscal Year under Review

During the current fiscal year, while prices continue to rise due to global resource price increases, unstable exchange rate trends, and price increases for goods and services, the outlook remains uncertain.

Under such circumstances, the Company Group operates with the mission, " Start, and Keep on Creating," and aims to build an ecosystem on the internet that connects creators, media, and fans. In addition to its media platform business centered on "note"—a platform where creators can create, publish, and sell digital content while communicating with users—the Company also established Tales & Co. Inc. in May 2024 to develop its IP & Content Creation business.

For the first two quarters of the fiscal year under review, net sales were 1,970,898 thousand yen (up 22.0% year on year). Operating profit was 23,667 thousand yen (up 95.7% year on year), ordinary profit was 35,744 thousand yen (up 126.2% year on year) and profit attributable to owners of parent was 70,931 thousand yen (up 405.1% year on year).

Regarding reportable segments, the Company has two reportable segments: the "Media Platform Business" and the "IP & Content Creation Business."

The operating results by segment are as follows:

The Company Group previously had a single segment, the "Media Platform Business," but with the inclusion of Tales & Co. inc. as a consolidated subsidiary in May 2024, which was classified as "IP & Content Creation Business," the Company Group changed to two segment classifications, "Media Platform Business" and "IP & Content Creation Business," from the fourth quarter of the previous fiscal year. Therefore, segment information for the same period of the previous fiscal year has been restated based on the new segment classifications.

(Media Platform Business)

In the Media Platform Business, the Company operates the CtoC media platform "note," the corporate information dissemination media SaaS "note pro," and corporate services such as corporate-sponsored contests on "note."

For "note," continuous function improvements have led to a steady increase in users and content gathering on the platform, and as of the end of May 2025, the total number of user accounts reached 9.95 million, and the total number of published content items reached 58.98 million. The gross merchandise value for the first two quarters was 5,205 million yen (up 24.7% year on year), remaining at a high level. For "note pro," the number of companies using the service continues to increase due to increased recognition among companies along with the growth of the note service, and as of the end of May 2025, ARR (Note 1) reached 612 million yen (up 21.3% year on year). Regarding corporate services business, "note contest" projects have been steady due to an increase in the number of note users.

In addition, the Company also began offering new services, such as launching "note Money" in March 2025, a finance and investment information site that features articles from "note" useful for understanding markets and companies, and "Tales" in April 2025, a story-posting site jointly operated by the Company and its subsidiary, Tales & Co., Inc.

As a result, net sales for the Media Platform Business were 1,934,714 thousand yen (up 19.7% year on year). The breakdown is as follows: net sales from note of 1,577,375 thousand yen (up 19.3% year on year), net sales from note pro of 304,966 thousand yen (up 22.7% year on year), net sales from corporate services of 40,704 thousand yen (up 8.7% year on year), and other net sales of 11,667 thousand yen (up 45.5% year on year). Segment profit was 53,205 thousand yen (up 53.3% year on year).

(Note) 1. ARR = Annual Recurring Revenue is the MRR (Note 2) for the last month of each quarter multiplied by 12.
2. MRR = Monthly Recurring Revenue includes the basic fee for note pro in addition to some optional fees.

(IP & Content Creation Business)

In the IP & Content Creation Business, the Company is engaged in agent services for creators' plans and works, content production and sales, and undertaking planning and content production from external companies.

As a result, the IP & Content Creation business posted net sales of 38,809 thousand yen (no corresponding amount in the same period of the previous fiscal year) and a segment loss of 4,281 thousand yen (compared to a segment loss of 435 thousand yen in the same period of the previous fiscal year).

(2) Overview of Financial Position for the First Two Quarters of the Fiscal Year under Review

(Assets)

Total assets at the end of the first two quarters increased by 1,112,728 thousand yen from the end of the previous fiscal year to 4,881,880 thousand yen.

Current assets increased by 327,330 thousand yen from the end of the previous fiscal year to 3,998,766 thousand yen. This was mainly due to factors such as a decrease of 124,346 thousand yen in cash and deposits, and an increase of 347,793 thousand yen in accounts receivable - other.

Non-current assets increased by 785,397 thousand yen from the end of the previous consolidated fiscal year to 883,113 thousand yen, mainly due to an increase of 759,930 thousand yen in investment securities.

(Liabilities)

Total liabilities at the end of the first two quarters increased by 407,002 thousand yen from the end of the previous fiscal year to 2,453,990 thousand yen. Current liabilities increased by 407,002 thousand yen from the end of the previous fiscal year to 2,453,990 thousand yen. This was mainly due to an increase in deposits received of 362,217 thousand yen.

There were no non-current liabilities.

(Net assets)

Total net assets at the end of the first two quarters increased by 705,725 thousand yen from the end of the previous fiscal year to 2,427,889 thousand yen. This was mainly due to an increase of 253,948 thousand yen in capital surplus and an increase of 377,990 thousand yen in retained earnings, among other factors.

(3) Overview of Cash Flows for the First Two Quarters of the Fiscal Year under Review

Cash and cash equivalents (“net cash”) at the end of the period under review came to 2,042,521 thousand yen. The status of cash flows in the first two quarters of the fiscal year ending November 2025 and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the current interim consolidated accounting period was 19,425 thousand yen. This was mainly because, while cash decreased due to an increase in trade receivables of 52,086 thousand yen (driven by factors such as growth in the gross merchandise value of "note") and an increase in accounts receivable - other of 347,793 thousand yen, cash increased due to factors including income before income taxes of 35,744 thousand yen and an increase in deposits received of 362,217 thousand yen (resulting from an increase in deposits received from creators).

(Cash flows from investing activities)

Net cash used in investing activities during the current interim consolidated accounting period was 718,228 thousand yen. This was mainly due to factors such as an expenditure of 708,070 thousand yen for the purchase of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities during the current interim consolidated accounting period was 575,266 thousand yen. This was mainly due to factors such as proceeds of 497,323 thousand yen from the issuance of shares.

(4) Explanations on Consolidated Earnings Forecast and Other Forecast Information

There have been no changes to the full-year consolidated earnings forecast for the fiscal year ending November 30, 2025, announced on January 14, 2025.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of November 30, 2024)	First two quarters of fiscal year under review (As of May 31, 2025)
Assets		
Current assets		
Cash and deposits	2,154,912	2,030,565
Notes and accounts receivable - trade	195,711	247,797
Merchandise and finished goods	830	1,492
Work in process	612	52
Accounts receivable - other	1,209,473	1,557,266
Other	109,895	161,590
Total current assets	3,671,436	3,998,766
Non-current assets		
Property, plant and equipment	10,311	6,889
Investments and other assets		
Investment securities	—	759,930
Other	87,404	116,293
Total investments and other assets	87,404	876,223
Total non-current assets	97,715	883,113
Total assets		4,881,880
Liabilities		
Current liabilities		
Accounts payable - trade	3,474	6,608
Current portion of long-term borrowings	80,000	80,000
Income taxes payable	3,804	1,467
Deposits received	1,577,858	1,940,075
Other	381,850	425,839
Total current liabilities	2,046,987	2,453,990
Total liabilities	2,046,987	2,453,990
Net assets		
Shareholders' equity		
Share capital	30,964	48,268
Capital surplus	1,987,652	2,241,601
Retained earnings	(315,903)	62,086
Treasury shares	(69)	(69)
Total shareholders' equity	1,702,643	2,351,886
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	34,435
Total accumulated other comprehensive income	—	34,435
Share acquisition rights	19,520	41,568
Total net assets	1,722,164	2,427,889
Total liabilities and net assets	3,769,151	4,881,880

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

First two quarters

(Thousands of yen)

	First two quarters of previous fiscal year (December 1, 2023 – May 31, 2024)	First two quarters of fiscal year under review (December 1, 2024 – May 31, 2025)
Net sales	1,616,109	1,970,898
Cost of sales	91,070	119,426
Gross profit	1,525,038	1,851,472
Selling, general and administrative expenses	1,512,947	1,827,804
Operating profit (loss)	12,091	23,667
Non-operating income		
Interest income	8	862
Foreign exchange gains	—	7,198
Penalty income	11,717	6,228
Other	2,340	1,010
Total non-operating income	14,065	15,299
Non-operating expenses		
Interest expenses	506	178
Share issuance costs	137	3,044
Foreign exchange losses	8,462	—
Other	1,248	—
Total non-operating expenses	10,355	3,223
Ordinary profit (loss)	15,801	35,744
Extraordinary Loss		
Loss on disposal of fixed assets	—	0
Total extraordinary loss	—	0
Profit before income taxes	15,801	35,744
Income taxes – current	1,758	1,469
Income taxes – deferred	—	(36,657)
Total income taxes	1,758	(35,187)
Profit	14,042	70,931
Profit attributable to owners of parent	14,042	70,931

Quarterly Consolidated Statement of Comprehensive Income

First two quarters

(Thousands of yen)

	First two quarters of previous fiscal year (December 1, 2023 – May 31, 2024)	First two quarters of fiscal year under review (December 1, 2024 – May 31, 2025)
Profit	14,042	70,931
Valuation difference on available-for-sale securities	—	34,435
Total other comprehensive income	—	34,435
Comprehensive income	14,042	105,366
(Breakdown)		
Comprehensive income attributable to owners of parent	14,042	105,366

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First two quarters of previous fiscal year (December 1, 2023 – May 31, 2024)	First two quarters of fiscal year under review (December 1, 2024 – May 31, 2025)
Cash flows from operating activities		
Income before income taxes	15,801	35,744
Depreciation and amortization	4,604	3,421
Loss on disposal of fixed assets	—	0
Interest income	(8)	(862)
Interest expense	506	178
Stock-based compensation expense	10,084	22,047
Increase/decrease in trade and other receivables	(7,947)	(52,086)
Increase/decrease in inventories	(50)	(101)
Increase/decrease in trade payables	(663)	3,133
Increase/decrease in accounts receivable - other	(181,923)	(347,793)
Increase/decrease in contract liabilities	29,174	47,265
Increase/decrease in deposits received	239,322	362,217
Other	(38,023)	(50,512)
Subtotal	70,876	22,652
Interest received	8	862
Interest paid	(506)	(178)
Income taxes paid	(2,496)	(3,936)
Income taxes refunded	2	25
Net cash provided by (or used in) operating activities	67,885	19,425
Cash flows from investing activities		
Purchase of property, plant and equipment	(961)	—
Purchase of investment securities	—	(708,070)
Payments for security deposits	—	(10,158)
Net cash provided by (or used in) investing activities	(961)	(718,228)
Cash flows from financing activities		
Repayments of long-term borrowings	(80,000)	—
Proceeds from issuance of shares	—	497,323
Proceeds from issuance of shares upon exercise of share acquisition rights	36,766	77,942
Purchase of treasury stock	(69)	—
Net cash provided by (or used in) financing activities	(43,303)	575,266
Net increase (decrease) in cash and cash equivalents	23,620	(123,536)
Cash and cash equivalents at beginning of period	1,988,208	2,166,058
Cash and cash equivalents at end of period	2,011,828	2,042,521

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

On January 29, 2025, the Company received payment from Google International LLC for a third-party allotment of new shares, resulting in an increase of 249,986 thousand yen each in capital stock and capital reserve.

In addition, pursuant to a resolution at the 13th Annual General Meeting of Shareholders held on February 24, 2025, effective April 2, 2025, the Company eliminated its accumulated deficit. This was executed by first decreasing capital stock by 271,851 thousand yen and transferring the same amount to other capital surplus (in accordance with Article 447, Paragraph 1 of the Companies Act), and subsequently decreasing other capital surplus by 307,058 thousand yen and transferring that amount to retained earnings (in accordance with Article 452 of the Companies Act).

Furthermore, due to the issuance of new shares upon the exercise of stock options, capital stock and capital reserve each increased by 39,168 thousand yen.

As a result of these events, as of the end of the current interim consolidated accounting period, capital stock stood at 48,268 thousand yen, capital surplus at 2,241,601 thousand yen, and retained earnings at 62,086 thousand yen.

(Notes on Segment Information, etc.)

[Segment information]

I. First two quarters of previous fiscal year (From December 1, 2023 to May 31, 2024)

Information on net sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Quarterly consolidated statement of income amount (Note 2)
	Media Platform Business	IP & Content Creation Business	Total		
Net sales					
External customers	1,616,109	—	1,616,109	—	1,616,109
Intersegment	—	—	—	—	—
Total	1,616,109	—	1,616,109	—	1,616,109
Segment profit (loss)	34,699	(435)	34,263	(22,172)	12,091

(Note) 1. The adjustment amount of segment profit (loss) includes corporate expenses of 22,172 thousand yen that are not allocated to reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to reportable segments.

2. Segment profit (loss) is reconciled with operating loss in the quarterly consolidated statement of income.

II. First two quarters of fiscal year (From December 1, 2024 to May 31, 2025)

1. Information on net sales and profit (loss) by reportable segment

(Thousands of yen)

	Reportable segment			Adjustments (Note 1)	Quarterly consolidated statement of income amount (Note 2)
	Media Platform Business	IP & Content Creation Business	Total		
Net sales					
External customers	1,934,714	36,184	1,970,898	—	1,970,898
Intersegment	—	2,625	2,625	(2,625)	—
Total	1,934,714	38,809	1,973,523	(2,625)	1,970,898
Segment profit (loss)	53,205	(4,281)	48,923	(25,256)	23,667

(Note) 1. The adjustment amount of segment profit (loss) includes corporate expenses of 25,256 thousand yen that are not allocated to reportable segments. Corporate expenses are primarily general and administrative expenses that do not belong to reportable segments.

2. Segment profit (loss) is reconciled with operating profit in the quarterly consolidated statement of income.

2. Changes in reportable segments

The Company Group previously had a single segment, the "Media Platform Business," but with the inclusion of newly established note AI creative inc. and Tales & Co. inc. in the scope of consolidation during the previous fiscal year, the Company Group changed its segment presentation to include "Media Platform Business" and "IP & Content Creation Business" as reportable segments from the fourth quarter of the previous fiscal year.

In addition, from the first quarter of the current fiscal year, with the aim of more accurately managing the performance of each segment, certain expenses that were previously allocated to the "Media Platform Business" are now included in "Adjustments" as corporate expenses not attributable to reportable segments.

Segment information for the first two quarters of the previous fiscal year has been prepared based on the changed classification.