Translation

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August 1, 2025

Company Name note inc.
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（Securities code:5243 TSE Growth）
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Main Questions and Answers on the Q2 FY2025 Financial Results

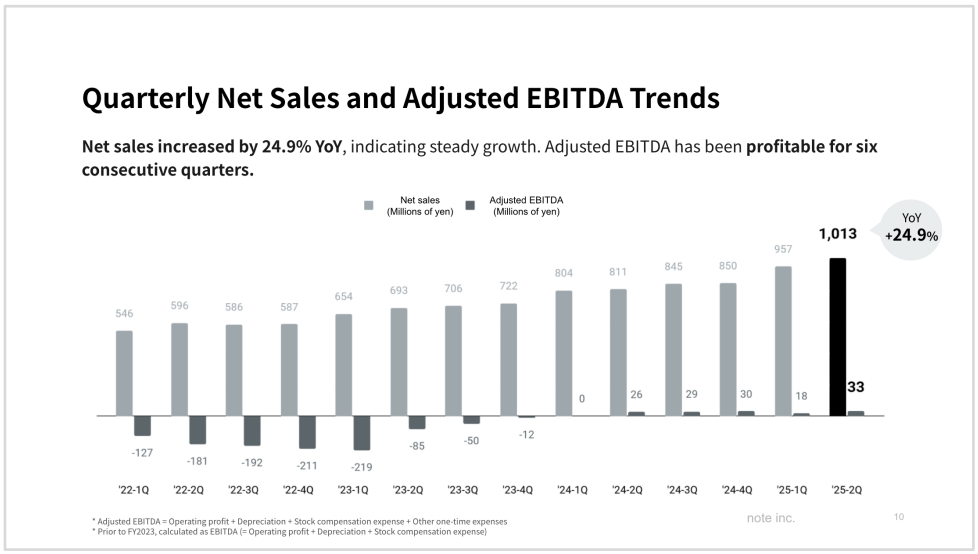
We would like to thank you for your ongoing interest in our business activities.

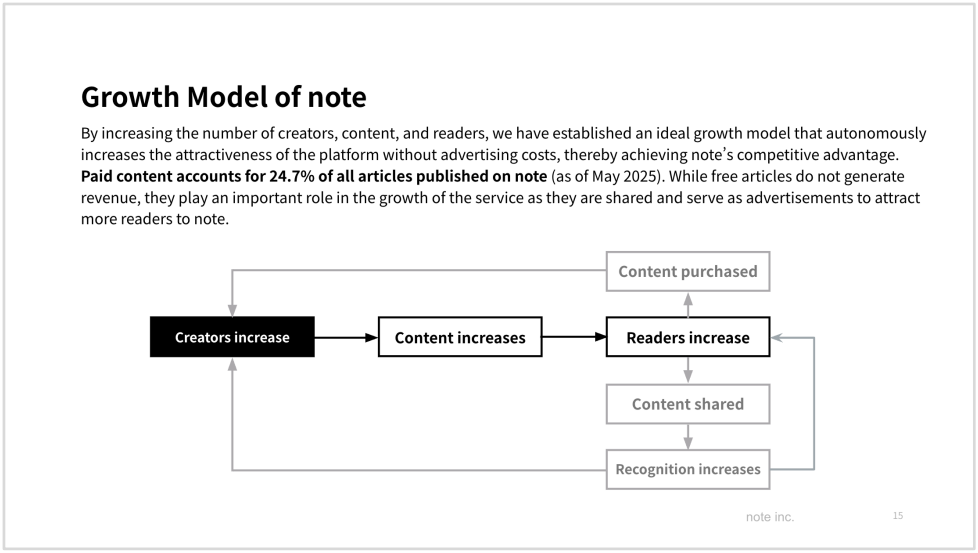
Regarding the financial results for the second quarter of the fiscal year ending November 2025, announced on Tuesday, July 8, 2025, we are publishing the main questions and answers below from the viewpoint of fair disclosure. These questions were gathered from our meetings with institutional investors 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. What were the reasons for the accelerated revenue growth in the second quarter?

A. As shown on the first slide below, our revenue growth rate for the second quarter accelerated to +24.9% year-over-year (YoY), up from the approximately 20% level we saw in the first quarter.
The primary driver of this accelerated growth was the significant expansion of Gross Merchandise Volume (GMV) in our core note business.
Behind this expansion is the effective functioning of our "Growth Model" (please refer to the second slide), which is our fundamental strategy for platform expansion. This has led to strong growth in both the number of creators and the volume of content being posted on note.
An increase in content creates more opportunities for users to discover and purchase paid content. This has established a virtuous cycle that drives the growth of GMV and, in turn, our revenue.



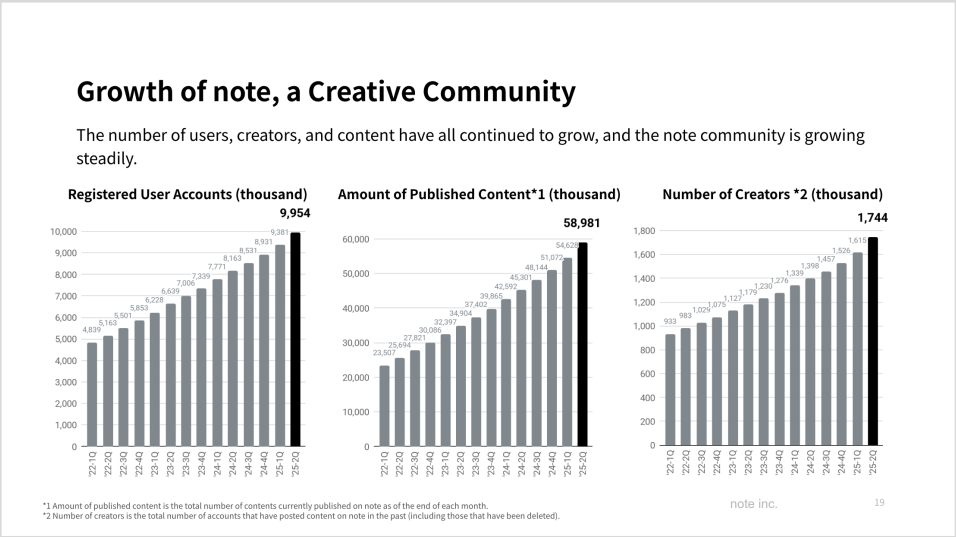


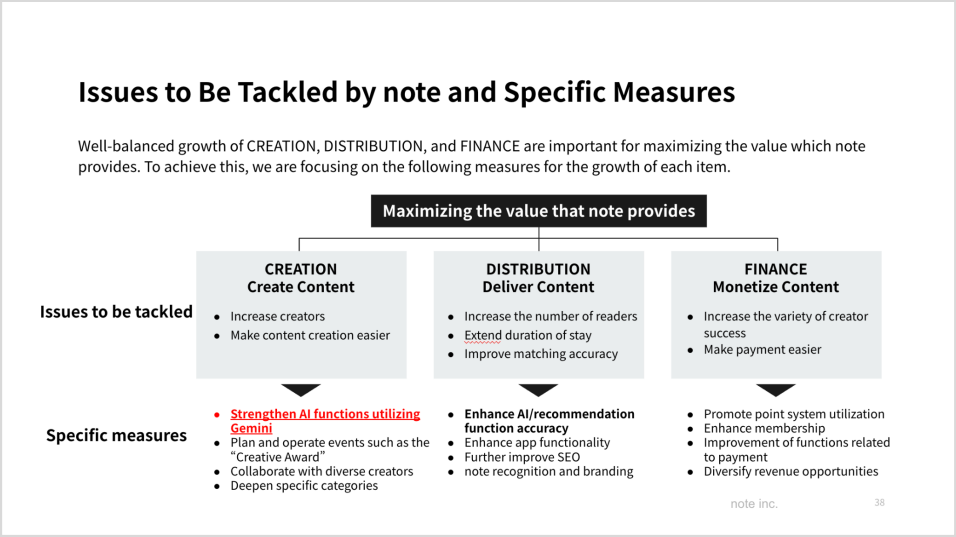
Q. What is driving the accelerated growth in the number of creators and content?

A. The growth trends for the number of creators and content are shown on the first slide below. We believe one of the contributing factors to this increase is the rapid adoption of generative AI, which has made the creative process easier.

In addition to its widespread use across society, we have been actively developing an environment where generative AI can be used as a creation support tool. For instance, we have made Gemini available to all creators directly within our editor (article editing screen) (please refer to the second slide).

We believe these initiatives are expanding our base of new creators and increasing the productivity of existing ones, which in turn is boosting the growth of note.





Q. How do you see the proliferation of generative AI impacting the note business?

A. While the spread of generative AI is expected to lead to an expansion of creators and content by making creation easier, concerns are sometimes raised that a rapid increase in content could lead to a rise in low-quality content or make it difficult for quality articles to reach their intended audience.

At our company, we have long utilized AI not only for content creation but also for strengthening and improving our distribution functions to deliver content to the optimal audience.

As we anticipate a continued increase in content, we believe that note's superiority as a platform with the infrastructure to manage vast amounts of content and deliver it to the right readers will become an even greater advantage.

*For more on our business strategy and vision regarding generative AI, please see our CEO/CXO interview articles on note.

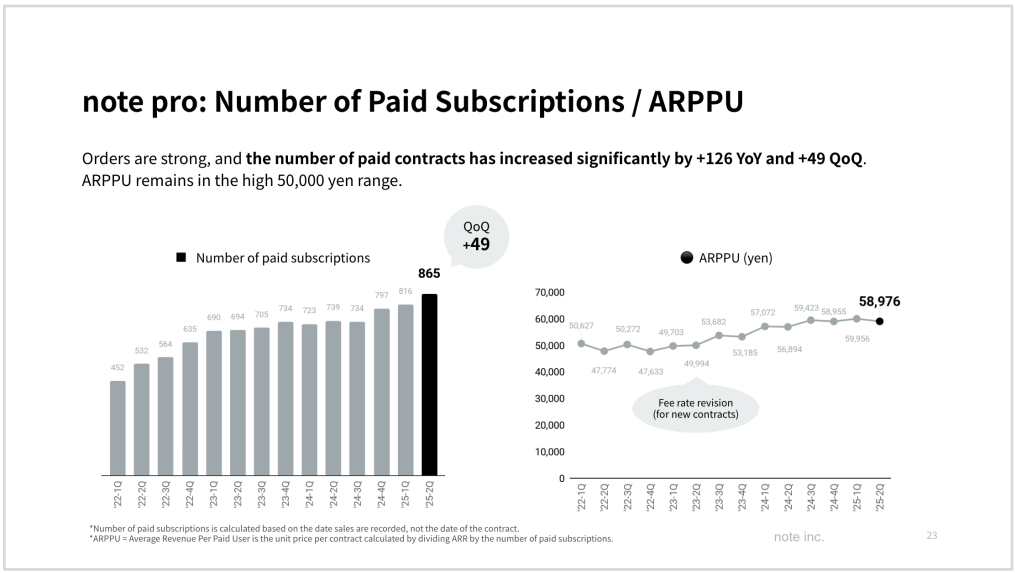
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Q. What are the factors behind the accelerating growth in the number of note pro contracts?

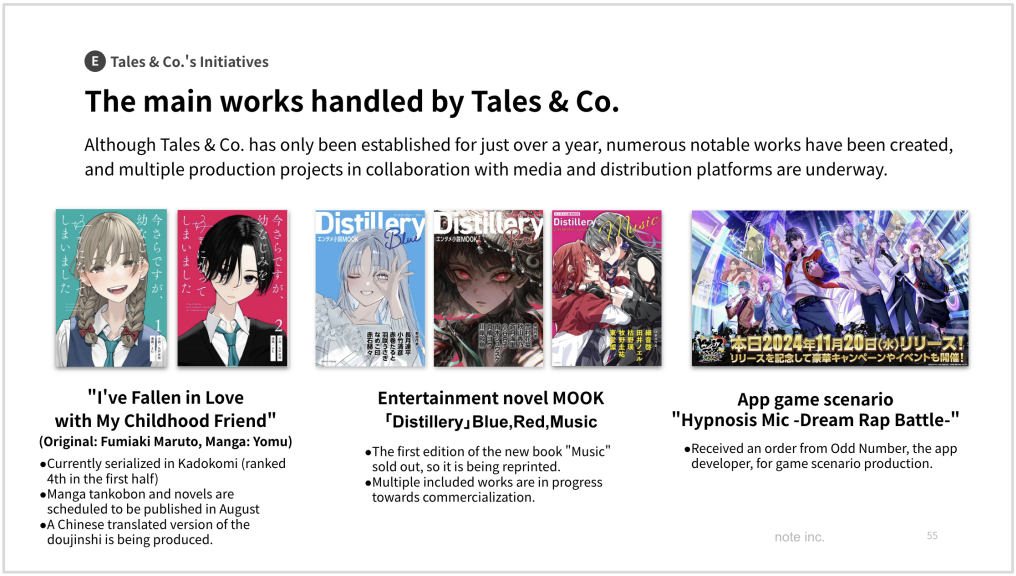
A. The recent growth in contracts is not due to any specific large-scale deal, but rather the result of a steady accumulation of contracts with a diverse range of corporate clients. While the significant growth in Q4 of FY2024 was partly driven by a large contract with a single corporation, the current growth reflects a solid expansion of our underlying customer base, which we believe indicates an improvement in the quality of our growth.

A key factor behind this is our focused effort on the recruitment marketing domain, which is one of the most in-demand and effective use cases for corporate clients on note. We have advanced a dual approach of strengthening our product development and sales structure in this area.
On the product side, we have prioritized the enhancement of features beneficial for recruitment marketing. On the sales side, we have effectively communicated success stories and the benefits of adoption to potential clients. These efforts have borne fruit, building trust and a proven track record, which in turn has created a virtuous cycle leading to further new contracts.



Q. What specific activities does the IP and content creation business at your subsidiary, Tales & Co., Ltd., involve?

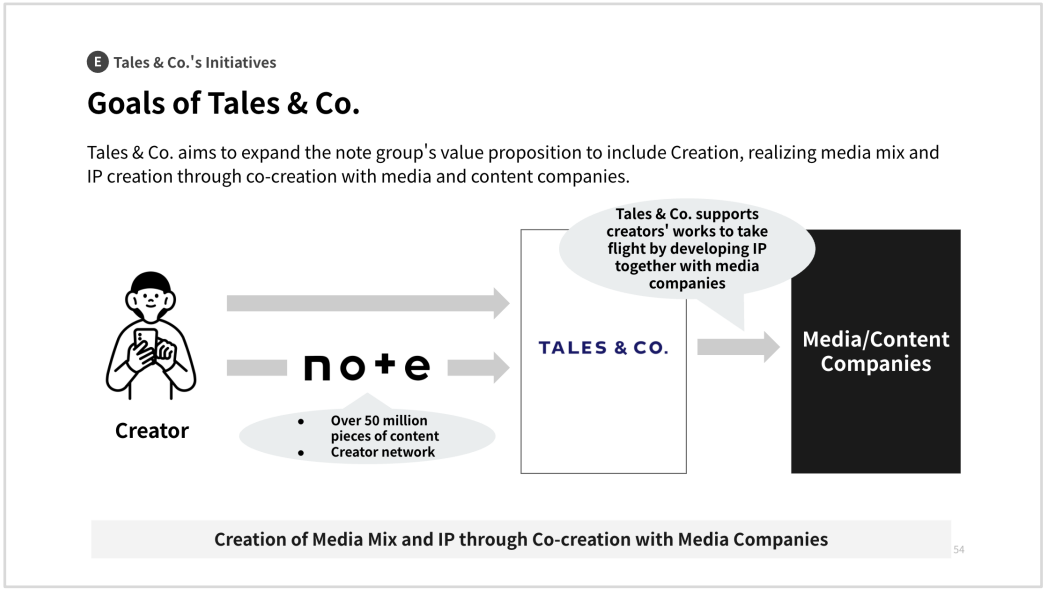
A. Our subsidiary, Tales & Co., Ltd., is engaged in the following three business areas:
1. Platform Operation: It jointly operates the story-posting site "Tales" with note.
2. In-house IP Development: The company develops its own original Intellectual Property (IP) based on content discovered on "Tales" and other sources.
3. B2B Editorial Services: It undertakes commissioned content production in collaboration with creators for clients such as media outlets.

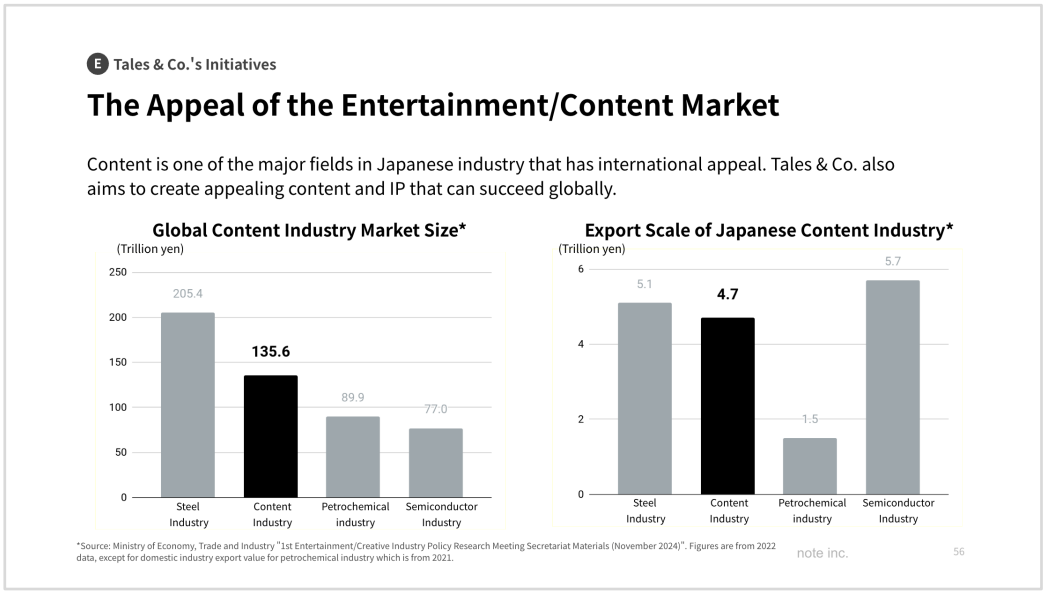


Q. What is the outlook for the IP and content creation business?

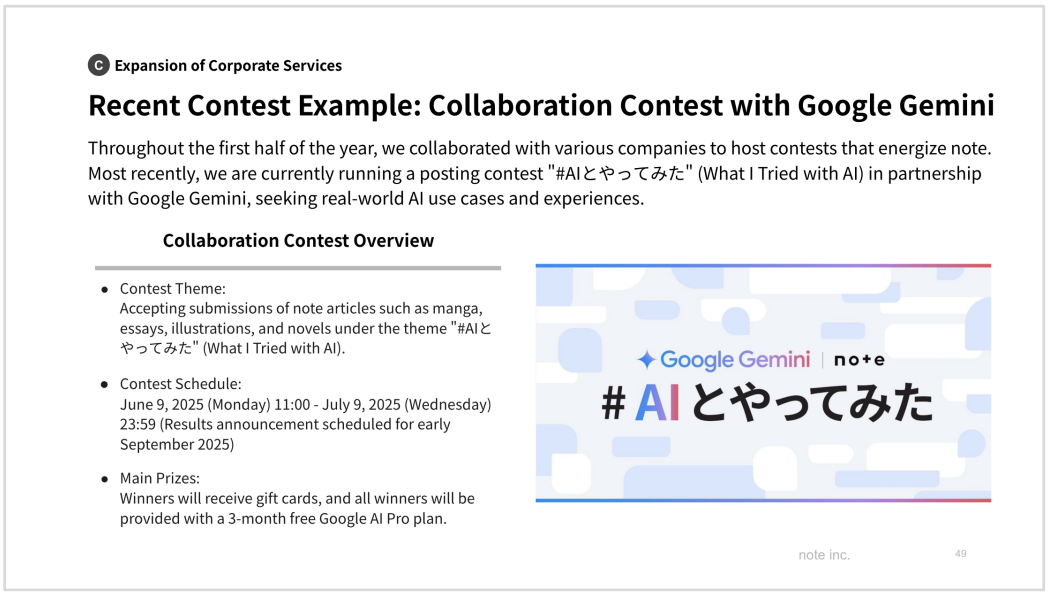
A. In this business, we aim to achieve significant growth through the development of our own IP. However, it takes considerable time and involves certain risks before an IP can generate substantial revenue. Therefore, our strategy is to take a portfolio approach by making diversified investments in the promising, original content that emerges

from our platform. This is designed to increase the probability of creating a hit from a medium- to long-term perspective.
At the same time, we will also focus on our B2B commissioned content production business. This segment is already generating stable revenue, primarily from activities like creating game scenarios. For the first half of the fiscal year, the IP and content creation business recorded revenue of approximately 38 million yen.
Additionally, as shown on the second slide below, the content industry has a large market size and is one of Japan's key industries that is competitive on a global scale. By leveraging the operational know-how we have cultivated through note and our relationships with numerous media outlets, we aim to achieve significant growth in this business as well.





<u>Q. What is the status of your collaboration with Google?</u>
A. In the first half of the fiscal year, we advanced initiatives such as integrating Gemini into our services and co-hosting contests.
In addition to those activities, our team members were invited to the recent Google I/O, and we are in continuous discussion with Google's development teams, including ongoing talks behind the scenes.
Regarding future initiatives, we will announce them as each becomes ready for public disclosure.

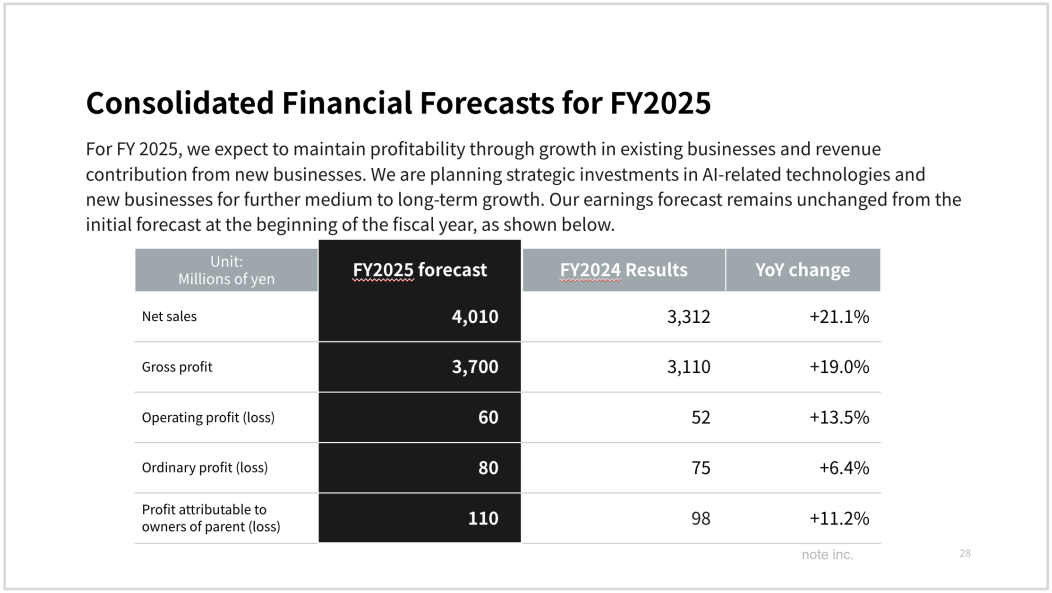


Q. What is the business outlook for the second half of the fiscal year?

A. Regarding revenue, we expect it to continue its favorable trend from the first half. We anticipate that the trend of generative AI adoption, which drove our strong performance in the first half, will persist, and we intend to maintain this momentum.

Regarding expenses, while personnel costs will increase somewhat along with the growth in headcount, we expect the pace of this increase to moderate in the second half, as hiring was very active in the first half. In addition, we anticipate increases in payment processing fees as a variable cost linked to GMV expansion, and in communication expenses as a variable cost associated with platform growth. However, we do not currently plan to record any extraordinary expenses.

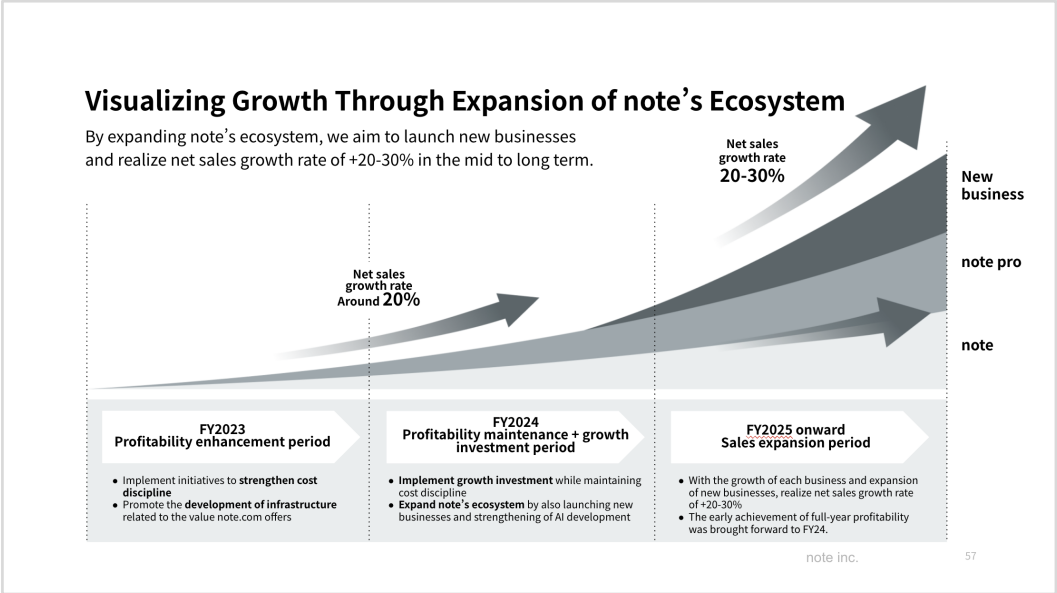
First and foremost, we will work to solidly achieve our publicly announced full-year earnings forecast. Given our strong performance in the first half, we will strive to carry this momentum into the second half and exceed our forecast, even if by a small margin.



Q. What is the business outlook for the next fiscal year?

A. Regarding our specific earnings forecast for the next fiscal year, we plan to disclose it at the time of our full-year financial results announcement, and will therefore refrain from commenting at this time.

As for our broad business direction, we recognize that our core note business continues to have significant growth potential. While actively pursuing necessary business investments and M&A, we aim to accelerate our growth, targeting an annual revenue growth rate in the 20-30% range over the medium to long term.



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