

Translation

Notice: This document has been translated from the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

Summary of Non-consolidated Financial Results
for the Fiscal Year Ended November 2023
(Based on Japanese GAAP)

January 11, 2024

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 next ordinary general meeting of shareholders: February 25, 2024 Scheduled date for commencing dividend payments: -
 Scheduled date for filing securities report: February 26, 2024
 Preparation of supplementary materials on financial results: Yes
 Holding of 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 Fiscal Year Ended November 30, 2023 (December 1, 2022 to November 30, 2023)

(1) Operating Results

(Percentage figures represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit (loss) | |
|---------------------------------|-----------------|------|------------------|---|-----------------|---|-----------------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended Nov. 30, 2023 | 2,777 | 19.9 | (380) | - | (413) | - | (414) | - |
| Fiscal year ended Nov. 30, 2022 | 2,317 | 23.0 | (732) | - | (742) | - | (756) | - |

| | Basic earnings per share | Diluted earnings per share | Return on equity | Return on assets | Operating profit/net sales |
|---------------------------------|--------------------------|----------------------------|------------------|------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended Nov. 30, 2023 | (27.50) | — | (24.5) | (12.5) | (13.7) |
| Fiscal year ended Nov. 30, 2022 | (53.11) | — | (63.3) | (29.4) | (31.6) |

(Reference) Share of loss (profit) of entities accounted for using equity method

As of Nov. 30, 2023 — million yen

As of Nov. 30, 2022 — million yen

- (Note) 1. Diluted earnings per share for the fiscal year ended November 30, 2022, is not indicated as the shares of note, inc. (the "Company") were not listed and their average price during the fiscal year could not be determined, and because the Company generated loss for the fiscal year, although there are diluted shares.
 2. Diluted earnings per share for the fiscal year ended November 30, 2023, is not indicated as the Company generated loss for the fiscal year, although there are diluted shares.
 3. The Company conducted a one-for-two reverse split of its common shares as of September 6, 2022. Net loss per share is calculated on the assumption that the share split and reverse split were conducted at the beginning of the previous fiscal year.

(2) Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of Nov. 30, 2023 | 3,312 | 1,561 | 47.1 | 102.52 |
| As of Nov. 30, 2022 | 3,303 | 1,817 | 55.0 | 124.35 |

(Reference) Total shareholders' equity

As of Nov. 30, 2023 1,561 million yen

As of Nov. 30, 2022 1,817 million yen

- (Note) The Company conducted a one-for-two reverse split of its common shares as of September 6, 2022. Net assets per share are calculated on the assumption that the share split and reverse split were conducted at the beginning of the previous fiscal year.

(3) Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of fiscal year |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended Nov. 30, 2023 | (346) | (12) | 158 | 1,988 |
| Fiscal year ended Nov. 30, 2022 | (660) | (23) | 2,000 | 2,188 |

2. Cash Dividends

| | Annual dividends per share | | | | | Total dividends | Payout ratio | Dividends/ net assets |
|---|----------------------------|--------------------|--------------------|-----------------|-------|-----------------|--------------|--------------------------|
| | End of 1st quarter | End of 2nd quarter | End of 3rd quarter | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended Nov. 30, 2022 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ended Nov. 30, 2023 | - | 0.00 | - | 0.00 | 0.00 | - | - | - |
| Fiscal year ending Nov. 30, 2024 (Forecast) | - | 0.00 | - | 0.00 | 0.00 | | - | |

3. Forecast of Financial Results for the Fiscal Year Ending November 30, 2024 (from December 1, 2023 to November 30, 2024)

(Percentage figures represent year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit (loss) | | Basic earnings per share |
|-----------|-----------------|------|------------------|---|-----------------|---|-----------------|---|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 3,350 | 20.6 | (80) | - | (80) | - | (82) | - | (5.38) |

*Explanatory notes

(1) 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

(2) 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

| | | | |
|---------------------------------|-------------------|---------------------------------|-------------------|
| As of Nov. 30, 2023 | 15,234,200 shares | As of Nov. 30, 2022 | 14,617,900 shares |
| As of Nov. 30, 2023 | - shares | As of Nov. 30, 2022 | - shares |
| Fiscal year ended Nov. 30, 2023 | 15,086,015 shares | Fiscal year ended Nov. 30, 2022 | 14,243,187 shares |

(Note) The Company conducted a one-for-two reverse split of its common shares as of September 6, 2022. The total number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares during the period are calculated on the assumption that the share split and reverse split were conducted at the beginning of the previous fiscal year.

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

The earnings outlook and other forward-looking statements contained in this document are based on information currently available 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. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, please refer to "1. Overview of Operating Results, etc.;" (4) Future Outlook" on page 4 of the Attachment.

- * How to obtain supplementary materials on financial results briefing materials and details of financial results briefing session
The Company will hold a financial results briefing session for institutional investors, analysts and retail investors on January 11, 2024 (Thursday). 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 Fiscal Year under Review

During the fiscal year ended November 2023 (December 1, 2022 to November 30, 2023), while normalization of economic and consumer activities in Japan has progressed as COVID-19 settles down and business sentiment has started to recover, prices have surged due to a global resource price hike, unstable exchange rate trend and price increases for goods and services. As a result of these and other factors, the outlook continues to be uncertain.

Under such circumstances, note inc. (“the Company”) has developed and operates its key businesses, including the platform note (where creators can create, publish, and sell digital content while communicating with users), and the platform note pro (the information dissemination SaaS for corporations), as well as services tailored for corporations (such as organizing corporate-sponsored contests on note).

Regarding note, the amount of user content gathered on the platform has been steadily increasing due to continuous function improvements, and as of the end of November 2023, the total number of user accounts has reached 7.33 million, and the amount of published content has reached 39.86 million. The gross merchandise value for the fourth quarter of the fiscal year ended November 2023 was 3,528 million yen (up 19.6% year on year), remaining at a high level. Regarding note pro, the number of companies using the service continues to increase as awareness among companies increases along with the growth of the note service, and as of the end of November 2023, ARR (Note 1) reached 468 million yen (up 29.1% year on year). Regarding the corporate services business, note contest projects have been steady due to an increase in the number of note users and other factors.

As a result, for the fiscal year ended November 2023, the Company posted net sales of 2,777,125 thousand yen (up 19.9% from the previous fiscal year). The net sales are comprised of net sales from note of 2,213,790 thousand yen (up 21.0% from the previous fiscal year), net sales from note pro of 427,740 thousand yen (up 36.7% from the previous fiscal year), net sales from corporate services of 121,793 thousand yen (up 15.6% from the previous fiscal year), and other net sales of 13,801 thousand yen (down 80.1% from the previous fiscal year). The reason for the 80.1% decrease in other net sales is the impact of the termination of content distribution service “cakes” in the previous fiscal year. On the other hand, as a result of up-front recruitment and product development costs for expanding our services, the Company posted operating loss of 380,222 thousand yen (operating loss of 732,056 thousand yen in the previous fiscal year), ordinary loss of 413,388 thousand yen (ordinary loss of 742,479 thousand yen in the previous fiscal year), and loss of 414,843 thousand yen (loss of 756,488 thousand yen in the previous fiscal year).

Furthermore, operating results by segment are omitted as the Company has a single operating segment engaged in the media platform business.

- (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 (MRR) includes the basic fee for note pro in addition to some optional fees.

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

(Assets)

Current assets increased by 46,402 thousand yen from the end of the previous fiscal year to 3,242,095 thousand yen. This is mainly due to the fact that accounts receivable - trade increased by 41,438 thousand yen and accounts receivable - other increased by 184,138 thousand yen due to the growth in the gross merchandise value of “note” as well as other factors, while cash and deposits decreased by 200,441 thousand yen.

Non-current assets decreased by 36,693 thousand yen from the end of the previous fiscal year to 70,693 thousand yen. This is mainly due to a decrease in leasehold and guarantee deposits by 35,655 thousand yen associated with the relocation of the head office and event space as well as other factors.

As a result, total assets increased by 9,708 thousand yen from the end of the previous fiscal year to 3,312,789 thousand yen.

(Liabilities)

Current liabilities increased by 345,626 thousand yen from the end of the previous fiscal year to 1,670,944 thousand yen. This is mainly due to the fact that deposits received which will be paid to creators increased due to the growth in the gross merchandise value of “note” and other factors, leading to an increase of 203,975 thousand yen in deposits received, and that the current portion of long-term borrowings increased by 80,000 thousand yen due to transfers from long-term borrowings.

Non-current liabilities decreased by 80,000 thousand yen from the end of the previous fiscal year to 80,000 thousand yen. This is due to a decrease of 80,000 thousand yen in long-term borrowings due to the transfers to the current portion of long-term borrowings.

As a result, total liabilities increased by 265,626 thousand yen from the end of the previous fiscal year to 1,750,944 thousand yen.

(Net assets)

Net assets decreased by 255,917 thousand yen from the end of the previous fiscal year to 1,561,844 thousand yen. This is due to share capital and capital surplus each increasing by 79,462 thousand yen as a result of the issuance of new shares upon the listing and other factors, while retained earnings decreased by 414,843 thousand yen due to the posting of loss. Furthermore, as a result of the capital reduction in November 2023 for the purpose of deficit disposition, share capital decreased by 169,462 thousand yen, legal capital surplus decreased by 674,878 thousand yen, and retained earnings increased by 844,341 thousand yen.

As a result of the above, the equity ratio at the end of the fiscal year under review came to 47.1%.

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

Cash and cash equivalents (“net cash”) at the end of the fiscal year under review decreased by 200,441 thousand yen from the end of the previous fiscal year to 1,988,208 thousand yen. The status of cash flows and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 346,584 thousand yen (net cash used amounted to 660,122 thousand yen in the previous fiscal year). This was mainly attributed to the fact that net cash increased due to an increase of 203,975 thousand yen in deposits received as a result of an increase in deposits received which will be paid to creators due to the growth in the gross merchandise value of “note,” while the net cash decreased due to the posting of 412,348 thousand yen of loss before income taxes generated as a result of up-front recruitment and product development costs for expanding our services, as well as an increase of 184,138 thousand yen in accounts receivable-other from the growth in the gross merchandise value of “note” and other factors.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 12,782 thousand yen (net cash used amounted to 23,451 thousand yen in the previous fiscal year). This was mainly due to the purchase of property, plant and equipment such as business PCs amounting to 12,353 thousand yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 158,925 thousand yen (net cash provided amounted to 2,000,140 thousand yen in the previous fiscal year). This was mainly due to 125,683 thousand yen of proceeds from issuance of shares.

(4) Future Outlook

Based on the stable and continuous growth of “note,” the Company intends to invest in the development of functions that will be the source of competitiveness for “note” and “note pro,” to achieve further growth.

As for the earnings forecast for the fiscal year ending November 30, 2024, we expect net sales of 3,350 million yen (up 20.6% from the fiscal year ended November 30, 2023) backed by the development of functions and implementation of various measures aimed at acquiring more users for “note,” assuming growth at the same level as the previous year. In addition, as a result of assuming investment in human resources for business growth centered on new businesses (for details, please refer to page 42 of the financial results presentation material disclosed on January 11, 2024), we expect operating loss of 80 million yen (operating loss of 380 million yen in the fiscal year ended November 30, 2023), ordinary loss of 80 million yen (ordinary loss of 413 million yen in the fiscal year ended November 30, 2023), and loss of 82 million yen (loss of 414 million yen in the fiscal year ended November 30, 2023).

2. Basic Principle on the Choice of Accounting Standards

For the time being, the Company makes it a policy to prepare its financial statements based on Japanese GAAP, in view of the comparability for the period covered by the financial statements and inter-company comparability. As for the adoption of International Financial Reporting Standards (IFRS), the Company intends to respond to the application in an appropriate manner by taking into account the various circumstances both in and outside Japan.

3. Financial Statements and Significant Notes Thereto

(1) Balance Sheets

(Thousands of yen)

| | Previous fiscal year (As of November 30, 2022) | Fiscal year under review (As of November 30, 2023) |
|-------------------------------------|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,188,649 | 1,988,208 |
| Accounts receivable - trade | 136,142 | 177,580 |
| Work in process | 845 | 284 |
| Prepaid expenses | 51,099 | 71,527 |
| Accounts receivable - other | 818,555 | 1,002,693 |
| Other | 401 | 1,801 |
| Total current assets | 3,195,693 | 3,242,095 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 0 | 1,541 |
| Tools, furniture and fixtures, net | 19,375 | 16,794 |
| Total property, plant and equipment | 19,375 | 18,336 |
| Intangible assets | | |
| Software | 0 | — |
| Total intangible assets | 0 | — |
| Investments and other assets | | |
| Leasehold and guarantee deposits | 88,011 | 52,356 |
| Total investments and other assets | 88,011 | 52,356 |
| Total non-current assets | 107,386 | 70,693 |
| Total assets | 3,303,080 | 3,312,789 |

(Thousands of yen)

| | Previous fiscal year (As of November 30, 2022) | Fiscal year under review (As of November 30, 2023) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 611 | 929 |
| Current portion of long-term borrowings | — | 80,000 |
| Accounts payable - other | 86,996 | 97,584 |
| Accrued expenses | 31,987 | 26,933 |
| Income taxes payable | 2,700 | 2,495 |
| Contract liabilities | 73,562 | 108,491 |
| Advances received | — | 0 |
| Deposits received | 1,091,882 | 1,295,858 |
| Other | 37,577 | 58,651 |
| Total current liabilities | 1,325,318 | 1,670,944 |
| Non-current liabilities | | |
| Long-term borrowings | 160,000 | 80,000 |
| Total non-current liabilities | 160,000 | 80,000 |
| Total liabilities | 1,485,318 | 1,750,944 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 100,000 | 10,000 |
| Capital surplus | | |
| Legal capital surplus | 2,109,955 | 1,514,539 |
| Other capital surplus | 452,148 | 452,148 |
| Total capital surplus | 2,562,103 | 1,966,687 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | (844,341) | (414,843) |
| Total retained earnings | (844,341) | (414,843) |
| Total shareholders' equity | 1,817,761 | 1,561,844 |
| Total net assets | 1,817,761 | 1,561,844 |
| Total liabilities and net assets | 3,303,080 | 3,312,789 |

(2) Statement of Income

(Thousands of yen)

| | Previous fiscal year (December 1, 2021 – November 30, 2022) | Fiscal year under review (December 1, 2022 – November 30, 2023) |
|--|---|---|
| Net sales | 2,317,088 | 2,777,125 |
| Cost of sales | 216,445 | 209,850 |
| Gross profit | 2,100,643 | 2,567,274 |
| Selling, general and administrative expenses | 2,832,700 | 2,947,496 |
| Operating profit (loss) | (732,056) | (380,222) |
| Non-operating income | | |
| Interest income | 12 | 18 |
| Penalty income | 8,024 | 7,732 |
| Other | 3,010 | 3,975 |
| Total non-operating income | 11,047 | 11,725 |
| Non-operating expenses | | |
| Interest expenses | 977 | 758 |
| Foreign exchange losses | 10,611 | 6,406 |
| Office relocation expenses | — | 29,887 |
| Listing expenses | 9,880 | 7,838 |
| Total non-operating expenses | 21,470 | 44,891 |
| Ordinary profit (loss) | (742,479) | (413,388) |
| Extraordinary income | | |
| Gain on sale of non-current assets | — | 1,039 |
| Total extraordinary income | — | 1,039 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 25 | 0 |
| Impairment losses | 11,282 | — |
| Total extraordinary losses | 11,308 | 0 |
| Profit (loss) before income taxes | (753,788) | (412,348) |
| Income taxes - current | 2,700 | 2,495 |
| Total income taxes | 2,700 | 2,495 |
| Profit (loss) | (756,488) | (414,843) |

(3) Statement of Changes in Equity

Previous fiscal year (December 1, 2021 – November 30, 2022)

(Thousands of yen)

| | Shareholders' equity | | | | | | | Total net assets |
|--|----------------------|-----------------------|-----------------------|-----------------------|---|-------------------------|----------------------------|------------------|
| | Share capital | Capital surplus | | | Retained earnings | | Total shareholders' equity | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings brought forward | Total retained earnings | | |
| Balance at beginning of period | 100,000 | 1,109,885 | 452,148 | 1,562,033 | (1,087,923) | (1,087,923) | 574,109 | 574,109 |
| Changes during period | | | | | | | | |
| Issuance of new shares | 1,000,070 | 1,000,070 | | 1,000,070 | | | 2,000,140 | 2,000,140 |
| Transfer from share capital to other capital surplus | (1,000,070) | | 1,000,070 | 1,000,070 | | | — | — |
| Deficit disposition | | | (1,000,070) | (1,000,070) | 1,000,070 | 1,000,070 | — | — |
| Profit (loss) | | | | | (756,488) | (756,488) | (756,488) | (756,488) |
| Total changes during period | — | 1,000,070 | — | 1,000,070 | 243,581 | 243,581 | 1,243,651 | 1,243,651 |
| Balance at end of period | 100,000 | 2,109,955 | 452,148 | 2,562,103 | (844,341) | (844,341) | 1,817,761 | 1,817,761 |

Fiscal year under review (December 1, 2022 – November 30, 2023)

(Thousands of yen)

| | Shareholders' equity | | | | | | | Total net assets |
|--|----------------------|-----------------------|-----------------------|-----------------------|---|-------------------------|----------------------------|------------------|
| | Share capital | Capital surplus | | | Retained earnings | | Total shareholders' equity | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings brought forward | Total retained earnings | | |
| Balance at beginning of period | 100,000 | 2,109,955 | 452,148 | 2,562,103 | (844,341) | (844,341) | 1,817,761 | 1,817,761 |
| Changes during period | | | | | | | | |
| Issuance of new shares | 79,462 | 79,462 | | 79,462 | | | 158,925 | 158,925 |
| Transfer from share capital to other capital surplus | (169,462) | | 169,462 | 169,462 | | | — | — |
| Transfer from legal capital surplus to other capital surplus | | (674,878) | 674,878 | | | | — | — |
| Deficit disposition | | | (844,341) | (844,341) | 844,341 | 844,341 | — | — |
| Profit (loss) | | | | | (414,843) | (414,843) | (414,843) | (414,843) |
| Total changes during period | (90,000) | (595,415) | — | (595,415) | 429,498 | 429,498 | (255,917) | (255,917) |
| Balance at end of period | 10,000 | 1,514,539 | 452,148 | 1,966,687 | (414,843) | (414,843) | 1,561,844 | 1,561,844 |

(4) Statement of Cash Flows

(Thousands of yen)

| | Previous fiscal year (December 1, 2021 – November 30, 2022) | Fiscal year under review (December 1, 2022 – November 30, 2023) |
|--|---|---|
| Cash flows from operating activities | | |
| Profit (loss) before income taxes | (753,788) | (412,348) |
| Depreciation | 19,549 | 12,799 |
| Impairment losses | 11,282 | — |
| Loss (gain) on sale of non-current assets | — | (1,039) |
| Loss on retirement of non-current assets | 25 | 0 |
| Interest income | (12) | (18) |
| Interest expenses | 977 | 758 |
| Office relocation expenses | — | 29,887 |
| Decrease (increase) in trade receivables | (5,598) | (41,438) |
| Decrease (increase) in inventories | (27) | 560 |
| Increase (decrease) in trade payables | (7,614) | 318 |
| Decrease (increase) in accounts receivable - other | (228,221) | (184,138) |
| Increase (decrease) in accounts payable - other | 26,537 | 11,002 |
| Increase (decrease) in accrued expenses | 3,857 | (5,053) |
| Increase (decrease) in contract liabilities | 17,132 | 34,928 |
| Increase (decrease) in deposits received | 275,460 | 203,975 |
| Other, net | (16,018) | 36,549 |
| Subtotal | (656,457) | (313,255) |
| Interest received | 12 | 18 |
| Interest paid | (977) | (758) |
| Income taxes paid | (2,701) | (2,702) |
| Income taxes refund | 2 | 1 |
| Payments of office relocation expenses | — | (29,887) |
| Net cash provided by (used in) operating activities | (660,122) | (346,584) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (22,978) | (12,353) |
| Proceeds from sale of property, plant and equipment | — | 1,216 |
| Payments of leasehold and guarantee deposits | (5,581) | (52,858) |
| Proceeds from refund of leasehold and guarantee deposits | 5,108 | 51,211 |
| Net cash provided by (used in) investing activities | (23,451) | (12,782) |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares | 2,000,140 | 125,683 |
| Proceeds from issuance of shares resulting from exercise of share acquisition rights | — | 33,242 |
| Net cash provided by (used in) financing activities | 2,000,140 | 158,925 |
| Net increase (decrease) in cash and cash equivalents | 1,316,565 | (200,441) |
| Cash and cash equivalents at beginning of period | 872,084 | 2,188,649 |
| Cash and cash equivalents at end of period | 2,188,649 | 1,988,208 |

(5) Notes to Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Profit or Loss of Entities Accounted for Using Equity Method)

Not applicable.

(Segment Information, etc.)

The segment information is omitted as the Company has a single operating segment engaged in the media platform business.

(Per Share Information)

| | Previous fiscal year (December 1, 2021 – November 30, 2022) | Fiscal year under review (December 1, 2022 – November 30, 2023) |
|---------------------------------|---|---|
| Net assets per share | 124.35 yen | 102.52 yen |
| Basic earnings (loss) per share | (53.11) yen | (27.50) yen |

- (Note)
1. Diluted earnings per share for the previous fiscal year ended November 30, 2022, is not indicated as the Company's shares were not listed and their average price during the fiscal year could not be determined, and because the Company generated loss for the fiscal year, although there were diluted shares.
 2. Diluted earnings per share for the fiscal year ended November 30, 2023, is not indicated as the Company generated loss for the fiscal year, although there are diluted shares.
 3. The Company acquired all of the Class A preferred shares, Class B preferred shares, Class C preferred shares, Class D preferred shares, Class E preferred shares and Class F preferred shares as treasury shares on August 26, 2022, upon exercise of the put options by shareholders, and issued one common share for each one share of Class A preferred shares, Class B preferred shares, Class C preferred shares, Class D preferred shares, Class E preferred shares and Class F preferred shares as their consideration. In addition, the cancellation of all of the Class A preferred shares, Class B preferred shares, Class C preferred shares, Class D preferred shares, Class E preferred shares and Class F preferred shares the Company acquired was resolved at the board of directors' meeting held on August 22, 2022, based on the provisions set forth in Article 178 of the Companies Act, and the cancellation was conducted on August 29, 2022.
 4. The Company conducted a one-for-two reverse split of its common shares as of September 6, 2022. Net assets per share and net loss per share are calculated on the assumption that the share split and reverse split were conducted at the beginning of the previous fiscal year.
 5. The basis for calculating net loss per share is as follows. As Class A preferred shares, Class B preferred shares, Class C preferred shares, Class D preferred shares, Class E preferred shares and Class F preferred shares have rights equivalent to common shares concerning right to demand dividends of surplus, these are treated as shares equivalent to common shares.

| | Previous fiscal year (December 1, 2021 – November 30, 2022) | Fiscal year under review (December 1, 2022 – November 30, 2023) |
|--|---|--|
| Profit (loss) (Thousands of yen) | (756,488) | (414,843) |
| Amount not attributable to common shareholders and shareholders equivalent to common shareholders (Thousands of yen) | — | — |
| Profit (loss) on common shares and shares equivalent to common shares (Thousands of yen) | (756,488) | (414,843) |
| Average number of common shares and shares equivalent to common shares during the period (shares) | 14,243,187 | 15,086,015 |
| (of which, Class A preferred shares (shares)) | 1,783,424 | — |
| (of which, Class B preferred shares (shares)) | 536,379 | — |
| (of which, Class C preferred shares (shares)) | 1,350,509 | — |
| (of which, Class D preferred shares (shares)) | 527,945 | — |
| (of which, Class E preferred shares (shares)) | 62,580 | — |
| (of which, Class F preferred shares (shares)) | 340,164 | — |
| Description of diluted shares not included in the calculation of diluted earnings per share due to the absence of dilutive effects | 10 classes of share acquisition rights (Number of share acquisition rights: 16,940) | 7 classes of share acquisition rights (Number of share acquisition rights: 13,084) |

(Significant Subsequent Events)

(Establishment of Subsidiary)

The Company resolved the establishment of “note AI creative inc.” as its wholly owned subsidiary at its board of directors’ meeting held on November 22, 2023, and established the subsidiary on December 8, 2023.

1. Purpose of the establishment

note AI creative inc. was established for the purpose of developing business in the AI field based on the concept of "innovating the value chain of creation through AI". Specifically, it will develop a infrastructure system related to media operation such as content classification, moderation, and recommendation using large language models, a group of tools to support creation, and a group of tools related to improving operational efficiency. In addition, it plans to actively recruit related engineers. As a result, the development speed of note will accelerate, leading to an expectation that the user experience will further improve. Furthermore, the subsidiary will work on developing new businesses in the AI field with a view to provide services to external parties.

2. Overview of subsidiary

| | |
|--|--|
| (1) Name | note AI creative inc. |
| (2) Location | 6-6-2 Kojimachi, Chiyoda-ku, Tokyo |
| (3) Representative | President & CEO: Yuichi Kon |
| (4) Business description | Development of a infrastructure system related to media operation such as content classification, moderation, and recommendation using large language models, a group of tools to support creation, and a group of tools related to improving operational efficiency |
| (5) Share capital | 30,000 thousand yen |
| (6) Date of establishment | December 8, 2023 |
| (7) Major shareholders and shareholding ratio | note inc.: 100% |
| (8) Relationship between the Company and the company concerned | Capital relationship: Established as a company wholly invested in by the Company. |
| | Personnel relationship: Two of the Company’s board members concurrently serve as the board members of the company concerned. |
| | Business relationship: The Company is entrusted with back-office operations |

(Issuance of Share Acquisition Rights as Stock Options)

Issuance of share acquisition rights as stock options to the Company's employees was resolved at the board of directors' meeting held on November 22, 2023, and made on December 7, 2023

1. Reason for issuance of share acquisition rights as stock options

The Company issued share acquisition rights to the Company's employees for the purpose of further raising the employees' awareness of increasing the share price and improving medium- to long-term business performance, and to enhance the shareholder value.

2. Outline of issuance of share acquisition rights

(1) Category and number of persons who are eligible

The Company's employees: 16

(2) Number of share acquisition rights

1,425

(3) Classes, details, and number of shares to be offered for the purpose of share acquisition rights

Common shares 142,500 shares

(4) Money paid in exchange for share acquisition rights

No monetary payment required

(5) Amount paid at the time of exercise of share acquisition rights

656 yen

(6) Exercise period of share acquisition rights

From November 23, 2025 to November 22, 2033

(7) Issue price and amount to be incorporated into share capital in case of issuance of shares through the exercise of share acquisition rights

Issue price: 656 yen

Amount to be incorporated into share capital: 328 yen

(8) Major terms of exercise of share acquisition rights

- 1) A person who has been allotted share acquisition rights (the "share acquisition rights holder") is required to be in the position of a director or employee of the Company or an outside collaborator at the time of exercising the rights.
- 2) The exercise of the share acquisition rights shall be subject to the surviving existence of the share acquisition rights holder, and in the event of the death of the share acquisition rights holder, the share acquisition rights shall not be inherited and the share acquisition rights shall not be able to be exercised.
- 3) In the event of a violation of any other conditions stipulated in the share acquisition rights allotment agreement concluded between the Company and the share acquisition rights holder, the share acquisition rights shall be unable to be exercised.
- 4) Other conditions shall be in accordance with what is stipulated in the "Share Acquisition Rights Allotment Agreement" concluded with the Company.