

# Supplementary Material for the Capital and Business Alliance with KADOKAWA CORPORATION and Issuance of New Shares through Third-Party Allotment

March 24, 2026 note inc. (TSE Growth: 5243)

\*Notice: This document has been translated by AI based on the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

**n o + e**

# Background and Aims of this Capital and Business Alliance

Recognizing the significant changes in content creation and distribution mechanisms brought about by digitalization and the widespread adoption of generative AI, we have concluded a Capital and Business Alliance to leverage the strengths of both parties and create a new ecosystem for Japanese creation.



**KADOKAWA**

- IP creation capability originating from its publishing business
- Content development and deployment power to deliver content across various media, including video, games, and merchandise



**note**

- Japan's leading UGC platform
- Initiatives to build a creation support and data distribution model utilizing AI

**Leveraging the strengths of both parties, we will implement AI and DX initiatives in the publishing and media industries, establishing a new framework that spans from content creation and distribution through to monetization.**

# Strategic Positioning of the Alliance

Accelerating our "note Ecosystem Expansion Strategy" by enhancing platform value and broadening our reach through AI and IP. This alliance is expected to contribute significantly across all key areas.

\*Items marked with a red line indicate areas where effects from this alliance are anticipated.

**note**

Scaling our platform as the ultimate hub for all creators

**note** PRO  
Corporate Services

Empowering corporate communications

**AI**

nAc / GENIAC

Innovating content creation and distribution through the utilization of AI

**IP**

TALES / Tales & Co.

Creating superior original works and expanding them globally

**note Ecosystem Expansion**

# Details of the Business Alliance

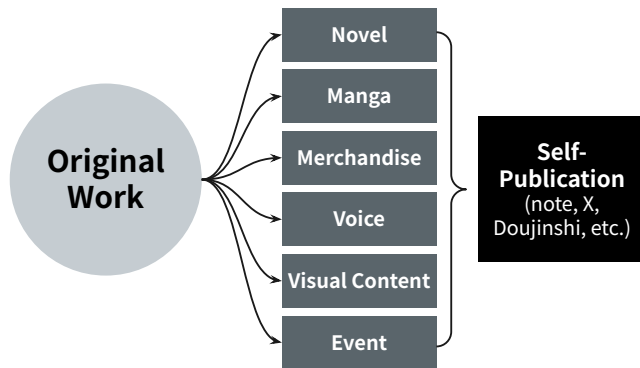
## (1) Collaboration in IP Creation and Development

- By working together, we will increase **the number of works from note that are turned into books and promote the creation of a next-generation**, digitally born content development framework that is not constrained by existing publishing processes. In addition to books, **by developing content with merchandise and events in mind**, we will improve profitability while aiming to build a new creative ecosystem.
- We will also jointly work to **support authors' monetization by leveraging note's membership features** and other functions.

Discover original content  
via our platform



Expand IP beyond books  
to maximize potential



Drive multi-media expansion  
based on web engagement data



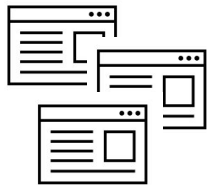
# Details of the Business Alliance

## (2) Collaboration in the Publishing DX Domain

- **By leveraging the note pro SaaS platform for some of KADOKAWA's websites**, we will support greater operational efficiency and reductions in system-related costs. In addition, by making use of note's platform characteristics, we aim to increase inbound traffic from SEO and AI search.
- We will also work together **to build a new value chain—for example, by linking reviews and audience reactions to various content gathered on note to publishing and sales promotion.**

### ► Leverage "note pro" as a core SaaS infrastructure

Replace KADOKAWA's existing websites with the note pro platform. Streamline operations, reduce costs, and optimize for SEO and AI-driven search discovery.



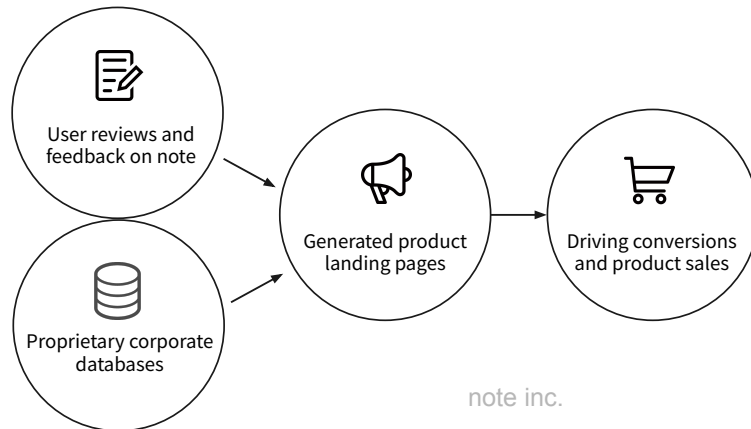
Websites for media and products



**note** PRO

### ► Develop sales solutions powered by the note platform

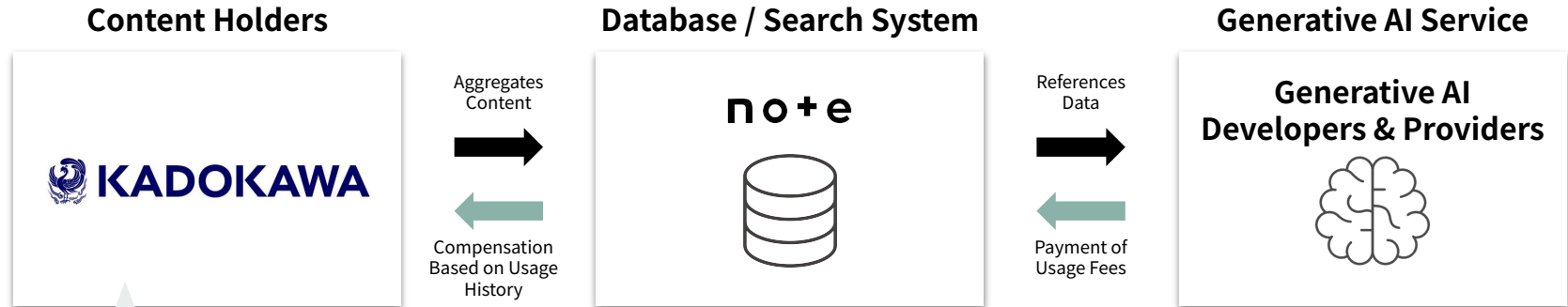
Convert user reviews and engagement on note into book sales and promotions. Build a new ecosystem that bridges note's digital community with commercial success.



# Details of the Business Alliance

## (3) Collaboration in the AI Data Distribution Domain

- Through initiatives such as the Ministry of Economy, Trade and Industry (METI)-led generative AI enhancement project “GENIAC,” we will collaborate to build a sound data distribution foundation for the AI era. Specifically, we will jointly conduct demonstrations and studies on establishing a revenue model based on fair value assessments of content assets that return value to rights holders, and on building a RAG (retrieval-augmented generation) model with clearly defined rights relationships.

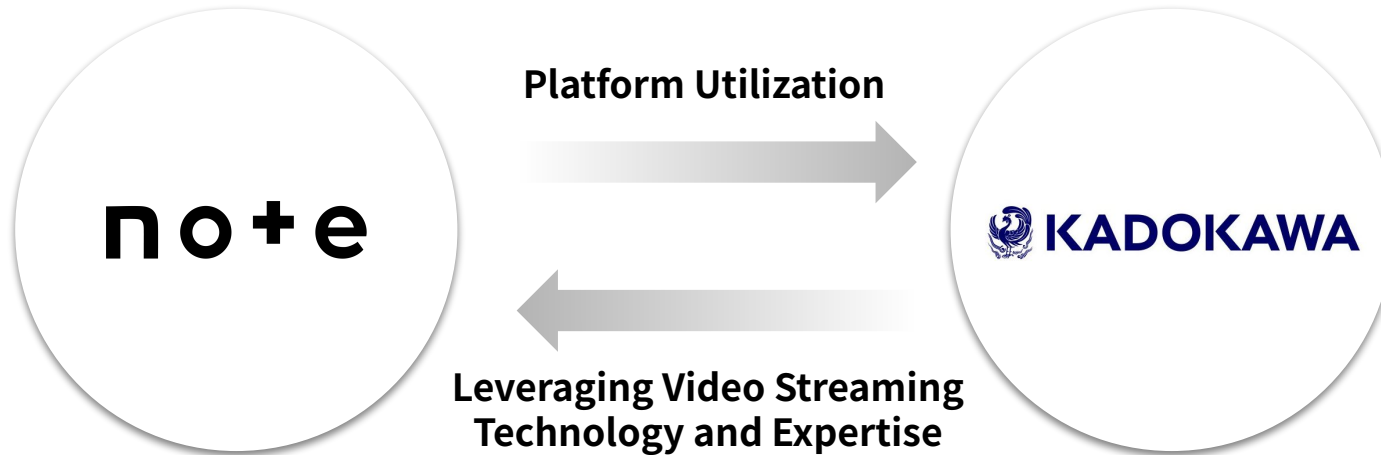


- ✓ Ensuring safe data provision with full rights protection
- ✓ Tracking AI citations and securing fair compensation based on usage

# Details of the Business Alliance

## (4) Collaboration in the Fan Community Domain

- We will advance discussions and consideration regarding **leveraging the KADOKAWA Group's video distribution technology and know-how on the note platform**. By distributing video and audio on note, we will deepen engagement between creators and fans, while **aiming to expand the membership base across both companies' platforms and create new revenue opportunities**.



# Overview of Third-Party Allotment

To advance the initiatives related to the Capital and Business Alliance, we will execute a third-party allotment of shares to KADOKAWA.

<b>Purpose</b>	To drive strategic initiatives under the business alliance, ensuring sustainable growth and long-term corporate value.
<b>Offering Summary</b>	<ul style="list-style-type: none"><li>● Allottee (Planned): KADOKAWA CORPORATION</li><li>● Number of New Shares Issued: 1,000,000 shares (Dilution Rate: 5.50%*)</li><li>● Issue Price: JPY 2,212 per share (Issued at a 5.2% premium to the closing price of JPY 2,103 on the preceding day, March 23)</li><li>● Funds to be Raised (Gross): JPY 2,196,000,000</li><li>● Payment Date: April 9, 2026 2026年4月9日</li></ul>
<b>Fundraising Amount</b>	<ul style="list-style-type: none"><li>● Total Payment Amount (Gross Proceeds): JPY 2,212,000,000</li><li>● Estimated Amount of Issuance Expenses: JPY 16,000,000</li><li>● Estimated Net Proceeds: JPY 2,196,000,000</li></ul>

# 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>• <b>Execute strategic investments, such as M&amp;A and capital/business alliances, to achieve non-linear growth</b> <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>• <b>Development of sales promotion solutions leveraging note</b> <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>• <b>Enhancing note pro features</b> <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>• <b>Verification of new expression formats and expansion of community features</b> <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>• <b>Recruitment and personnel expenses to promote the measures above</b></li> </ul>
3	Repayment of existing borrowings to improve financial soundness	665	<ul style="list-style-type: none"> <li>• <b>Repayment of existing debt</b></li> </ul>

# Post-Financing Balance Sheet Status

The balance sheet status following this third-party allotment is as follows. Out of the raised funds, 665 million yen will be allocated for the repayment of existing debt to strengthen our financial position.

As of the end of November 2025		Post-Financing Image	
<b>Assets 6,145 million yen</b>	<b>Liabilities 3,266 million yen</b>	<b>Assets 8,341 million yen</b>	<b>Liabilities 3,266 million yen</b>
Cash and deposits 3,045	Deposits received 2,087	Cash and deposits 5,241	Deposits received 2,087
Accounts receivable - other 1,632	Borrowings 682	Financing* +2,196	Borrowings 682
Investment Securities 768	Other liabilities 496	Accounts receivable - other 1,632	Other liabilities 496
Other assets 697	<b>Net assets 2,878 million yen</b>	Investment Securities 768	<b>Net assets 5,074 million yen</b>
	Shareholders' equity 2,794	Other assets 697	Shareholders' equity 4,990
	Others 83		Financing* +2,196
			Others 83

\* Estimated value calculated by deducting 16 million yen in estimated issuance expenses from the 2,212 million yen total payment for the new shares.

\* Based on the resolution at the 14th Annual General Meeting of Shareholders on February 28, 2026, a reduction of stated capital is scheduled for April 10, 2026. Specifically, 2,214,924,500 yen—the sum of 1,108,924,500 yen (part of the 1,118,924,500 yen capital as of January 22, 2026) and 1,106,000,000 yen in capital increased through this third-party allotment—will be reduced and transferred to other capital surplus.

# Utilization of Business Alliances and M&A for Discontinuous Growth

Following last year's strategic capital and business alliances with Google and NAVER, we have now established an alliance with KADOKAWA. We will continue to actively consider and execute corporate actions, such as M&A, to achieve non-linear growth.

## Invested Companies

(Capital and Business Alliance Partners only)



note

## Portfolio Companies



and more!

# Supplemental Explanation of this Financing(1)

<p><b>Background of the Capital and Business Alliance with KADOKAWA</b></p>	<p>Focusing on the synergy between our business strategies, we began discussions with KADOKAWA at both management and operational levels last year. We have explored collaboration across diverse areas, including publishing DX, AI data distribution, and fan community building. As a result, we have become convinced that combining our traffic, SaaS infrastructure, and UGC ecosystem with KADOKAWA's powerful IP and editorial/media expertise will generate significant synergies.</p> <p>To advance these initiatives more reliably, rapidly, and with a long-term perspective, both parties agreed that a capital relationship to clarify mutual commitment is essential, moving beyond a temporary operational partnership. We concluded that this is the best choice to maximize the corporate value of both companies and have therefore entered into this capital and business alliance agreement.</p>
<p><b>Reason for Selecting Third-Party Allotment</b></p>	<p>Our existing cash on hand is planned for investments to accelerate the growth of our current businesses (product development, recruitment, etc.), as well as for future M&amp;A and strategic investments. To promote new initiatives related to this capital and business alliance, additional fundraising is required. Therefore, we have decided to raise funds through a third-party allotment.</p> <p>Although this allotment will result in the dilution of the shareholding and voting rights of existing shareholders, we believe that this alliance and allotment are aimed at sustainable growth and the enhancement of corporate value, which will ultimately benefit our existing shareholders.</p>
<p><b>Determination of the Issue Price for New Shares</b></p>	<p>In determining the issue price for this third-party allotment, we prioritized the protection of existing shareholders' interests and considered fairness and transaction certainty. First, to ensure fairness in price determination, we adopted the Volume Weighted Average Price (VWAP) for the preceding one-month period as a general rule. Furthermore, to protect existing shareholders, we set a lower limit at 90% of the closing price on the business day immediately preceding the resolution. Based on these rules, since the one-month VWAP up to the business day before the Board of Directors' resolution was 2,212 yen, and the lower limit (90% of the closing price) was 1,893 yen, the issue price was set at 2,212 yen. This represents a 5.2% premium over the previous day's closing price of 2,103 yen.</p> <p>Since this issue price is based on the market price of our common stock up to March 23, 2026 (the business day before the board resolution) and was determined in compliance with the "Guidelines Concerning Treatment of Third-Party Allotment" (established April 1, 2010) by the Japan Securities Dealers Association, we have judged that it does not constitute a particularly favorable issue price.</p>

## Supplemental Explanation of this Financing(2)

### **Reason for Additional Fundraising for M&A and Strategic Investment**

While we raised approximately 1 billion yen for future M&A and strategic investments through the third-party allotment announced on November 5, 2025, these funds remain unallocated at this time. This is because we are currently in the stage of conducting cautious yet active sourcing activities—searching for, researching, and analyzing potential targets that align with our growth strategy—given the short period since the previous fundraising.

The reason for raising additional funds through this third-party allotment is to enable us to target larger M&A opportunities, handle multiple projects simultaneously, and make more agile and flexible investment decisions. By expanding our "dry powder" (available investment capital) alongside existing funds, we have determined that this is necessary to maximize medium- to long-term shareholder value without missing investment opportunities in high-quality projects that fit our growth strategy in an increasingly competitive market.

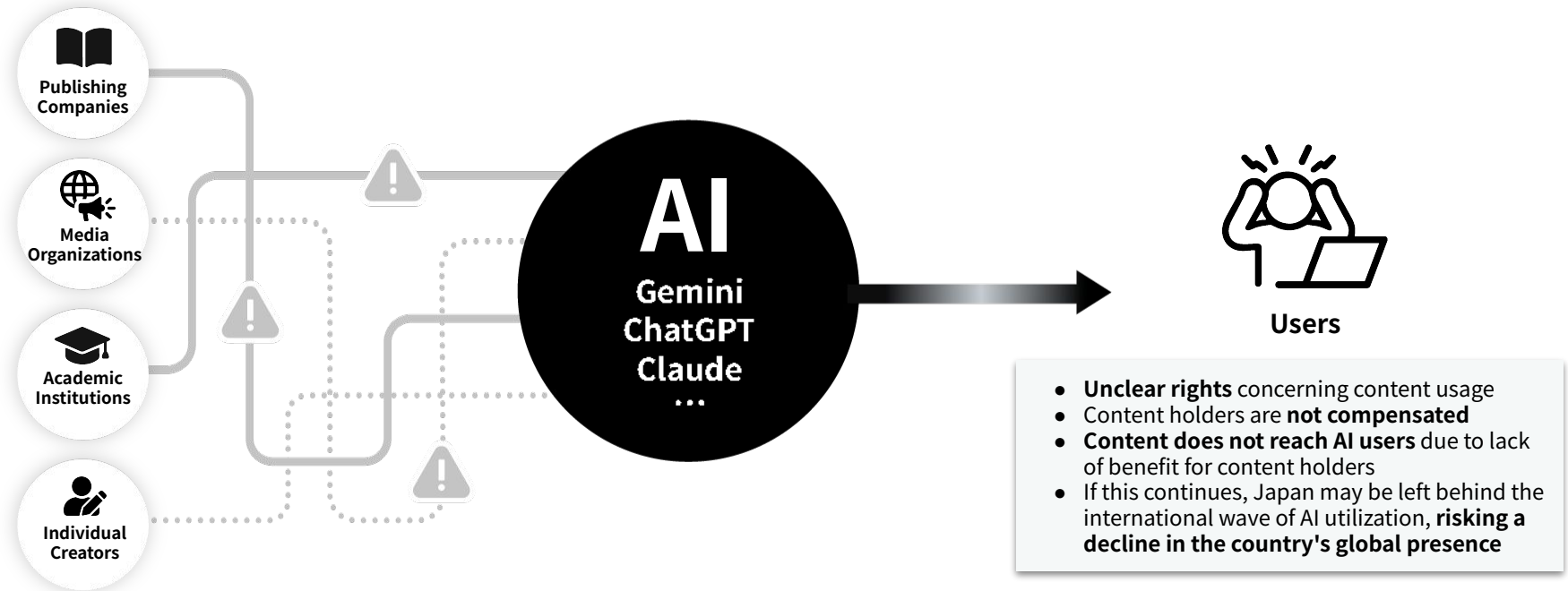
At this time, there are no specific acquisition or business alliance targets. However, we intend to allocate a portion of the funds raised through this third-party allotment to such purposes. When executing actual acquisitions, we plan to consider a combination of methods, including bank loans and the use of cash on hand.

We expect the timing of these expenditures to be over the next three years. If we do not reach an agreement with a candidate or if suitable investment opportunities do not arise, we will continue our sourcing and selection process and allocate the funds once a specific deal is finalized; no alternative use is currently planned. Regarding investment efficiency, we will maintain a policy of allocating capital to candidates with higher returns, constantly comparing expected results with the returns from investing in our existing businesses.

# Appendix

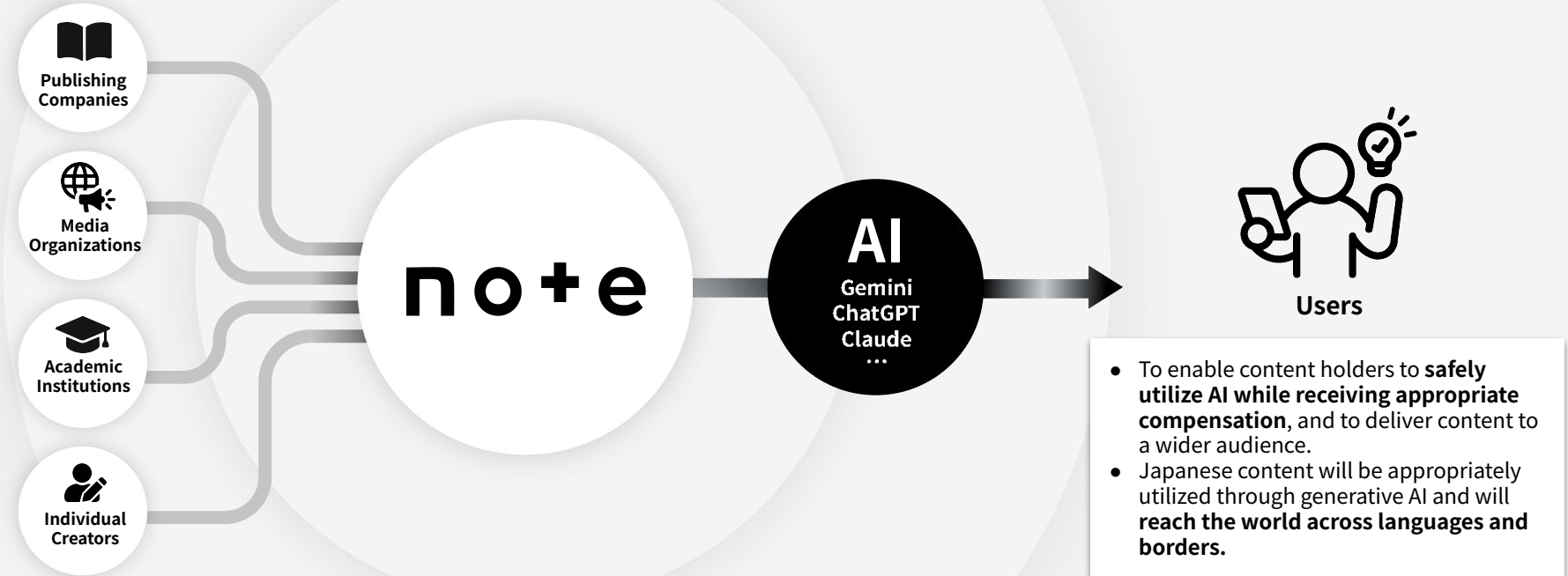
# Challenges for the Content Distribution Ecosystem in the AI Era

A distribution channel connecting content holders and AI has not been established, making it difficult to ensure clear rights and appropriate compensation. In this environment, content holders are less likely to provide their content to AI, a situation that, in the long term, risks reducing the international share of Japanese content and cultural identity.



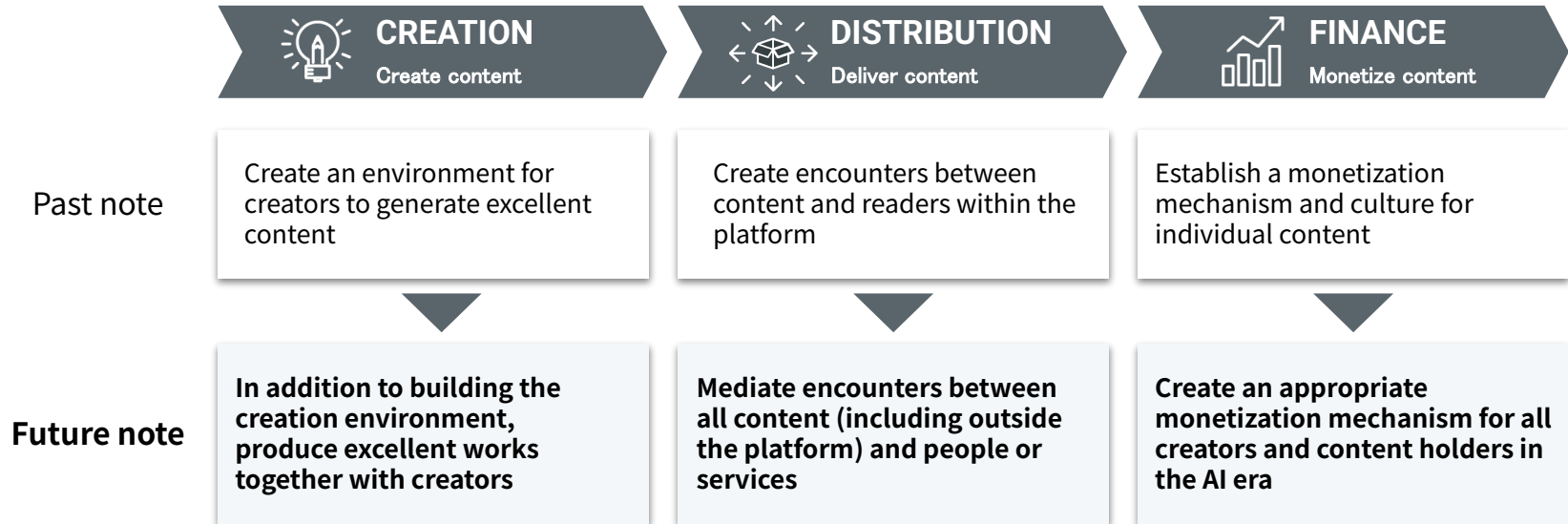
# Value that note Provides in the Content Distribution Ecosystem of the AI Era

By developing the content distribution system for the AI era and acting as a hub, note creates benefits for content holders, AI businesses, and users alike. This leads to a future where Japanese content is appropriately utilized through generative AI and reaches the world across languages and borders.



# note: Evolving into the Hub for All Content Distribution in the AI Era

note aims to evolve its past initiatives in Creation, Distribution, and Finance, striving to become the hub for all content distribution in the AI era.



# Leveraging note's Assets to Expand the Ecosystem and Extend Value Provided

While leveraging assets such as content and the network with creators/media to enhance the value of the "note.com" platform, we will also expand the note ecosystem centered on AI and IP to extend the value we provide.

**note**

A platform serving as the base  
for all creators' activities

Registered Users: 11.14 million  
Published Content: 69.56 million  
Cumulative Unique Creators: 2.02 million

**note** PRO  
**Corporate Services**

note pro Paid Contracts: 991  
Corporate Accounts: 60,000

**AI**

**nAc / GENIAC**

Innovating content creation  
and distribution through  
the utilization of AI

**Google**  
**NAVER**

**IP**

**TALES / Tales & Co.**

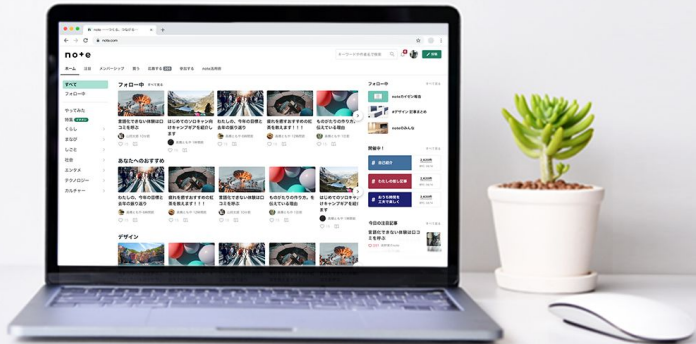
Creating superior original  
works and expanding  
them globally

**NAVER**

**note Ecosystem  
Expansion**

## Our Group's Initiatives Related to Platform

# note



note is a C2C content platform that empowers all types of creators. Launched in April 2014.

Monthly Active Users<sup>\*1</sup> **86.60** million

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Number of User Accounts **11.14** million

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Amount of Published Content **69.56** million

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Annual Gross Merchandise Value (tax inclusive) **21.3** billion yen

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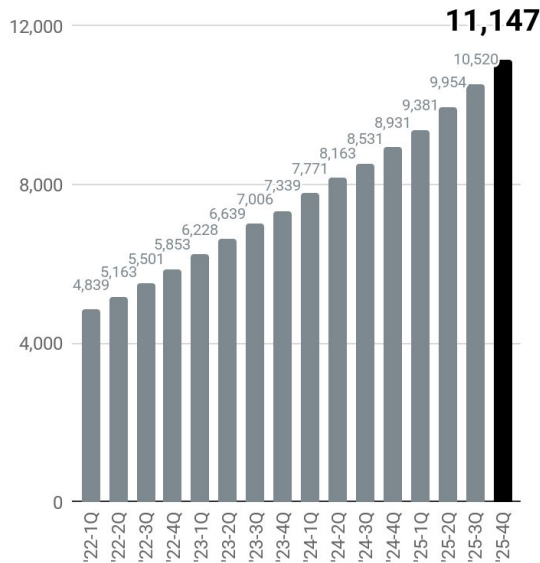
<sup>\*1</sup> MAU: Abbreviation for Monthly Active Users, which is the total number of active browsers that accessed "note" at least once a month, including non-members. The figures shown are the average values for June–November 2025.

<sup>\*2</sup> Other figures are as of the end of November 2025.

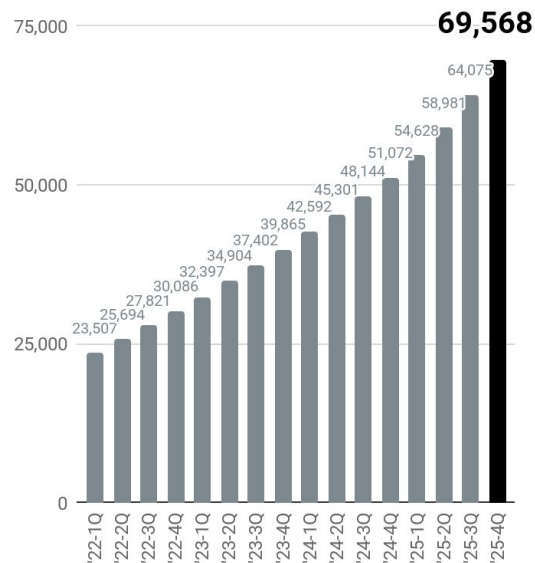
# Growth of note, a Creative Community

The number of users, creators, and content have all continued to grow, and the note community is growing steadily.

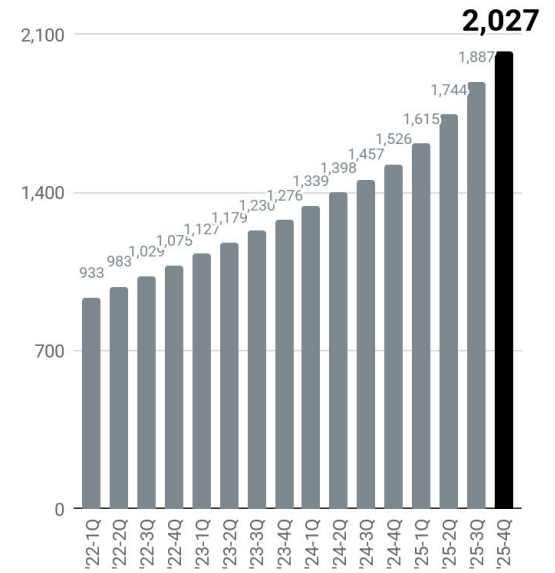
Registered User Accounts (thousand)



Amount of Published Content\*1 (thousand)



Number of Creators \*2 (thousand)



\*1 Amount of published content is the total number of contents currently published on note as of the end of each month.

\*2 Number of creators is the total number of accounts that have posted content on note in the past (including those that have been deleted).

# Establishing an Overwhelming Competitive Advantage in the AI Era

As a result of adapting to the AI era, the number of visitors to note is increasing every year, further enhancing media influence. A "positive cycle" is in motion where **many people visit, content is easily cited by AI, which in turn draws even more visitors.**

The number of visitors to note is increasing, and media influence is improving.

Average Monthly Active Users (MAU)  
from Jun. to Nov. 2025

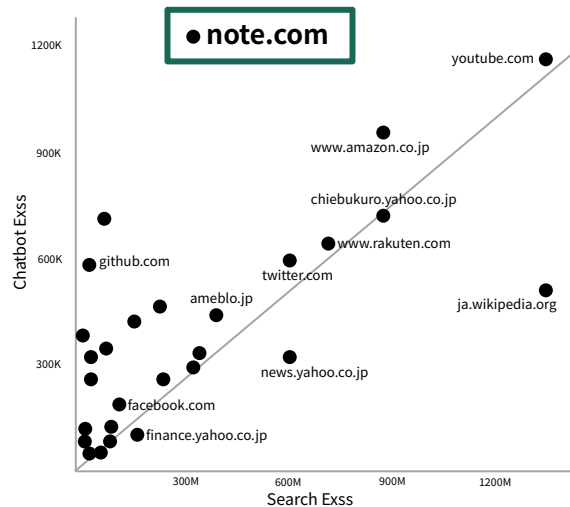
**86.6** million

## Japan Web Site Access Ranking

Rank	Web Site
1	google.com
2	yahoo.co.jp
3	youtube.com
4	news.yahoo.co.jp
5	x.com
6	docomo.ne.jp
7	amazon.co.jp
8	rakuten.co.jp
9	bing.com
10	instagram.com
11	pixiv.net
12	wikipedia.org
<b>13</b>	<b>note.com</b>

Source: Similarweb. Measurement Date: As of December 1, 2025.

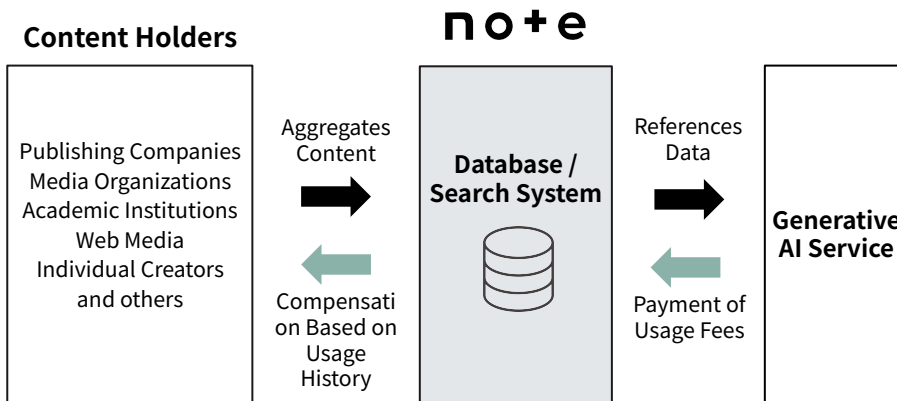
Expected traffic from AI is 4 times higher\* compared to other sites.



Created by the Company based on [the joint research by VALUES Inc. and note Inc.](#)

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

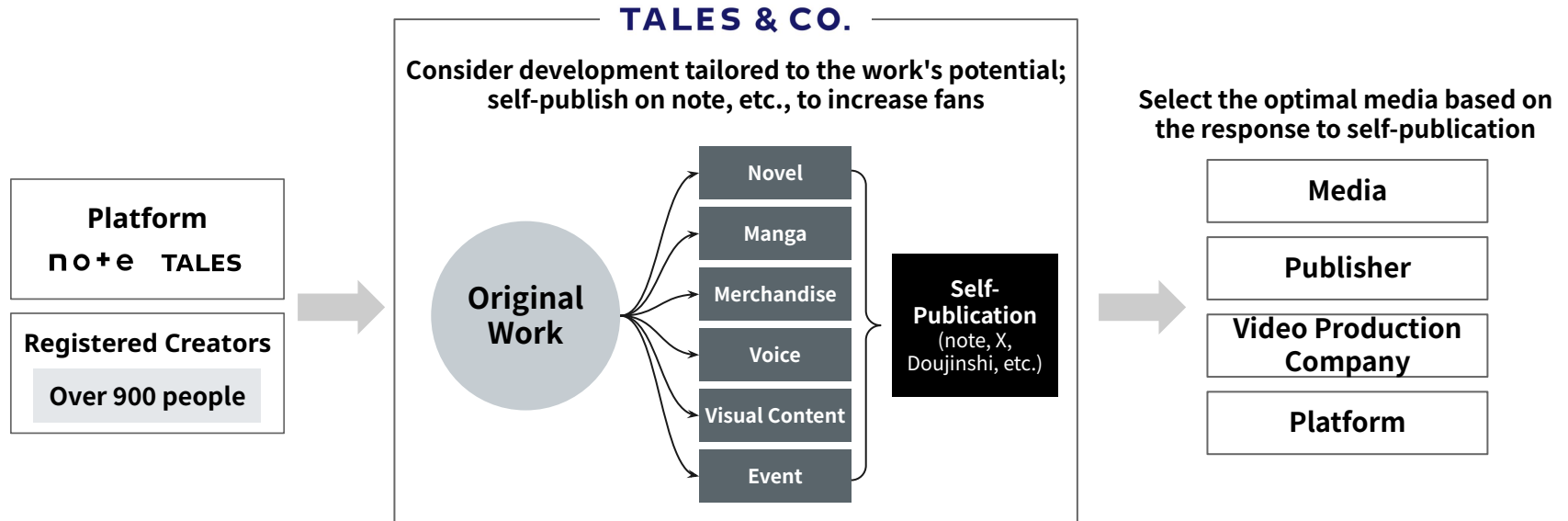
Our RAG database development and collaboration track record with media organizations were recognized, leading to our selection for "GENIAC," a generative AI national project. We are building a database that aggregates high-quality content both from within and outside of note as a commissioned project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



<p><b>Business Overview</b></p>	<ul style="list-style-type: none"> <li>• We will construct a mechanism such as a database aggregating high-quality content from publishers, academic institutions, and web media, and a search system for generative AI to extract information.</li> <li>• This enables generative AI services to dramatically improve information accuracy by referencing the database, and allows content holders to receive fair compensation based on usage by acquiring AI reference logs.</li> <li>• This is being promoted in cooperation with multiple related organizations, including KADOKAWA CORPORATION, Diamond, Inc., and the Japan Academic Copyright Association.</li> </ul>
<p><b>Expenses</b></p>	<p>As this project is a commissioned program from NEDO, all necessary project expenses within the scope approved by NEDO's regulations are eligible for reimbursement.</p>

# Rebuilding the Media Development Process Aimed for by Tales & Co.

Original works discovered from the platform and registered creators are developed into novels, comics, merchandise, and more, which are then self-published on note and X. Based on the response, IPs are developed and nurtured in collaboration with optimal media, video production companies, and platforms.



## Strengths of Tales & Co.

Tales & Co. is strengthened by its team of proven editors—including CEO Hagiwara and Director Kato—who have a track record of producing numerous hit works. Our capability lies in establishing a system for IP development by identifying a work's potential and realizing the optimal media mix.

### ► President and CEO: Takeshi Hagiwara

After working at Gyosei Corporation and Gentosha Comics, he joined Fujimi Shobo (now KADOKAWA). He held several key roles, including Deputy Editor-in-Chief of Fujimi Fantasia Bunko, Founding Editor-in-Chief of Fujimi L Bunko and Kadokawa BOOKS, and Founding Editor-in-Chief of Kakuyomu. In 2017, he became independent and co-founded Balus Inc. as a Director and CCO. He joined note inc. in 2022 and currently serves as the CEO of Tales & Co.



### Major Projects Launched

*Saekano: How to Raise a Boring Girlfriend*

*Kakuriyo: Bed and Breakfast for Spirits*

*Lycoris Recoil*

*Love Live! Hasunosora Jogakuin School Idol Club*



### ► Director: Sadaaki Kato (note CEO)

Worked as an editor at ASCII and Diamond, Inc. As one of Japan's leading editors, he has produced numerous bestsellers, including What If the Manageress of a High School Baseball Team Read Drucker's "Management" (Natsumi Iwasaki) and Zero (Takafumi Horie). He launched the content distribution site "cakes" in 2012 and the media platform "note" in 2014.



### Major Works Edited

*What If the Manageress of a High School Baseball Team Read Drucker's "Management"* (Natsumi Iwasaki)

*Zero* (Takafumi Horie)

*At the End of the Matinee* (Keiichiro Hirano)



## Key Works by Tales & Co.: Original IP

In August, "I've Fallen in Love with My Childhood Friend (Saranami)" was published as a manga and novel by KADOKAWA. Several other works are also underway for commercialization.

### "I've Fallen in Love with My Childhood Friend"

(Original: Fumiaki Maruto, Manga: Yomu)

The manga and novel were published by KADOKAWA in August. The Chinese translated version of the doujinshi was published in September. The French translated version of the commercial edition is also scheduled for release.



### "Girls x Vampire"

(Original: Mikami Teren, Manga: Minori Chigusa)

Doujinshi and merchandise are being developed/offered. Commercial serialization began in Champion BUZZ in December. German and English translated editions of the doujinshi are currently being produced.



### Entertainment novel MOOK 「Distillery」 Blue,Red,Music

Multiple featured works are in progress for commercialization, including novel and comic adaptations.



### “Creation Boot Camp”

- Character Edition
- Entertainment Planning Edition

Two new doujinshi were published, and due to strong sales, they were reprinted.



## Key Works by Tales & Co.: B2B Editing Business

Projects contracted for production from media and distribution platforms are also increasing in number.



### App game scenario "Hypnosis Mic -Dream Rap Battle-"

Received an order from Odd Number, the app developer, for game scenario production.



### Short Drama Script Cooperation: "The Puppy-Like Guy Picked Up on the Street is an Heir!?"

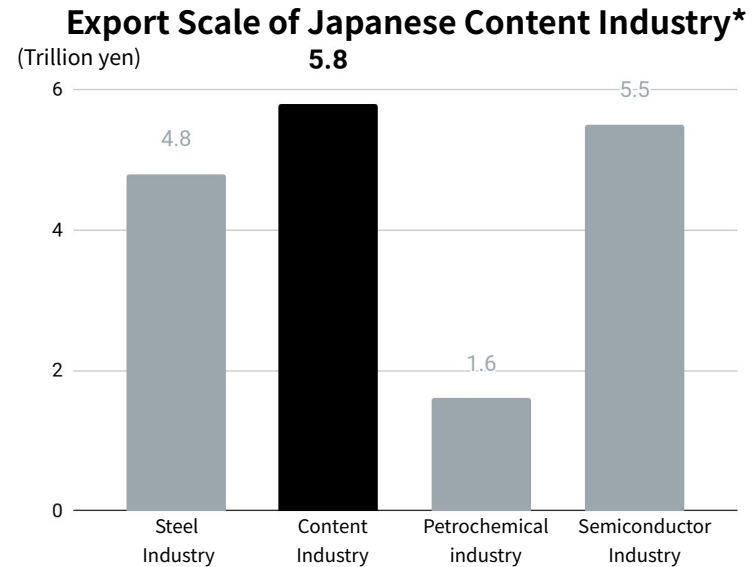
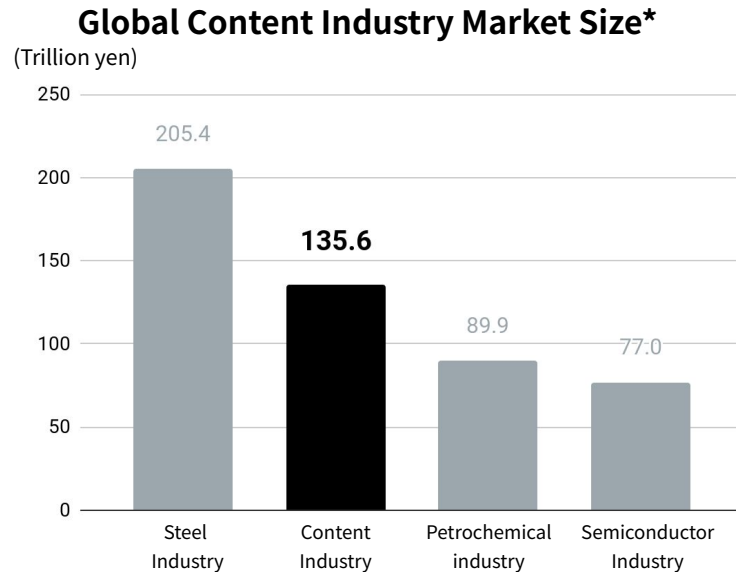
Script cooperation for an original short drama distributed on Fuji TV's "FOD Short."

#### Other Production Track Records

- Original work for video production (animation and live-action)
- Manga original story
- Game scenarios
- Novel editing  
and others.

# The Appeal of the Entertainment/Content Market

Content is a major Japanese industry with high overseas export value, and the government positions it as a key national industry, aiming for overseas sales of ¥20 trillion in 2033. Tales & Co. also aims to create appealing content and IP that can compete globally.



\*Source: Ministry of Economy, Trade and Industry "1st Entertainment/Creative Industry Policy Research Meeting Secretariat Materials (November 2024)". Figures are from 2022 data, except for domestic industry export value for petrochemical industry which is from 2021.

# Disclaimer

## **Treatment of this Material**

This material is provided solely for the purpose of informing investors about the capital and business alliance with KADOKAWA CORPORATION and the issuance of new shares through a third-party allotment. It is not prepared for the purpose of soliciting investment in shares or other securities issued by our company, either in Japan or overseas.

This material contains statements regarding future expectations. These statements are based solely on information available at the time of their creation. Furthermore, such statements are not guarantees of future results and contain risks and uncertainties. Please be aware that actual results may differ significantly from future expectations due to changes in the operating environment. Factors that could influence actual results include, but are not limited to, domestic and international economic conditions and trends in our related industries.

In addition, information concerning parties other than our company contained in this material is cited from publicly available sources, and we have not conducted any verification regarding the accuracy or appropriateness of such information, nor do we guarantee it.

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