



October 4, 2021

Company Name	Kudan Inc.	
Representative	CEO	Daiu Ko (Securities code: 4425 TSE Mothers)
Inquiries	CFO	Kohei Nakayama (Tel. 03-4405-1325)

**Notification concerning acquisition of Artisense Corporation shares accompanying change in subsidiary
by carrying out the Third Closing
and issuance of new shares (payment in kind) through third-party allocation**

As outlined in the press release of January 27, 2020, “Notification concerning the purchase of shares of Artisense Corporation, a computer vision company with its origins in the Technical University of Munich in Germany, for the purposes of acquiring Artisense as a subsidiary, and the issuance of new shares as a third-party allocation”, Kudan Inc. (hereinafter called “Kudan”) had passed a resolution at its Board of Directors’ Meeting to acquire Artisense Corporation (headquartered in California, USA; hereinafter called “Artisense”), a holding company of the Artisense Group, as a subsidiary of Kudan through the purchase of part of the shares of Artisense and subsequent additional purchases in stages (this acquisition hereinafter called “the Purchase”). Kudan therefore concluded a share purchase agreement with the shareholders of Artisense regarding the acquisition of shares of Artisense and acquired a portion of Artisense shares on February 5 and July 2, 2020 pursuant to such agreement.

Kudan announced that at today’s Board of Directors’ Meeting, a resolution was passed to purchase from the shareholders of Artisense (Tim Miksche and Rui Wang, who became Artisense shareholders through exercise of the Employee Shareholder Option (as defined below) after the share purchase agreement, are new sellers under the Share Purchase (as defined below); the shareholders of Artisense including Tim Miksche and Rui Wang are hereinafter collectively referred to as the “Sellers”), as the third share purchase, a total of 6,800,229 Common Shares and 7,724,511 Preferred Shares of Artisense stock (62.6 percent of all issued shares as of June 30, 2021) (such purchase hereinafter called the “Share Purchase”), thereby making Artisense a subsidiary, and as a consequence, making its group companies, including its subsidiary Artisense GmbH, subsidiaries of Kudan as well.

Kudan also announced that at today’s Board of Directors’ Meeting, a resolution was passed to allocate Common Shares of Kudan issued as a third-party allocation (hereinafter called the “Third-Party Allocation”) to Artisense shareholders as partial consideration for the Share Purchase.

Details

I. Share Purchase

1. Reason for Share Purchase

Kudan develops and provides artificial perception algorithms governing spatial and positional recognition,

primarily for application in the fields of autonomous driving, robotics, AR/VR and drone technology. The company's most significant achievements are in the development to a commercially viable and practically usable level of Indirect Visual SLAM (processing visual images from cameras) and Lidar SLAM (processing data provided by Lidar).

Artisense was co-founded in 2016 by serial entrepreneur Andrej Kulikov and Professor Daniel Cremers, a renowned authority in the research of autonomous driving technology boasting world-class academic credentials (over 47,000 citations of his papers and an h-index of 101) and leader of the computer vision research group at the Technical University of Munich, one of the world's leading centers in its field. The Artisense Group is comprised of three global companies: its parent company headquartered in Silicon Valley in the United States, its German offices conducting research and development in cooperation with the Technical University of Munich and European car makers, and its Japanese branch focusing on business development in Asia.

Like Kudan, Artisense also conducts artificial perception and computer vision research and development and provides technology to third parties in the same field of spatial and positional recognition, but its greatest strength is in the development of Direct Visual SLAM, an approach which is very different to Kudan's. This cooperative amalgamation of two major companies in the industry, especially within the context of the continuing oligopolization of this market, is expected to allow Kudan to acquire an extremely significant market share. Furthermore, the mutually complementary nature of the software developed by the two companies means that the technical coordination this purchase will produce is anticipated to allow for the realization of high-level practical spatial and positional recognition technology that will operate in still more advanced and complex environmental conditions. This will in turn make possible the proactive expansion of the market for this technology in the spheres of autonomous driving robotics, AR/VR and drone technology by Kudan as a technical leader in the field.

On January 27, 2020, then-COO (now CEO) Daiu Ko of Kudan was appointed to the Board of Directors of Artisense, and on July 31, 2020 was appointed CEO of Artisense in order to promote and accelerate coordination between the two companies.

Furthermore, as outlined in the press release of May 18, 2020, "Notification concerning the signing of a business collaboration agreement between Kudan and Artisense", Kudan and Artisense concluded on the same day a business collaboration agreement to take advantage of the technical fields which are the respective strengths of the two companies and also enable the complementary use of management resources cultivated by each company, including global operating bases and sales channels, to further develop a business framework which will make possible the provision of appropriate services tailored to their respective clients.

2. Share purchase method and consideration

Pursuant to the share purchase agreement with the Sellers (except for Tim Miksche and Rui Wang) dated January 27, 2020, consideration for the Purchase is to be paid to the Seller in three stages of closings.

Pursuant to the share purchase agreement, on January 29, 2020, Kudan purchased a total of 1,240,152 Common Shares and 1,495,068 Preferred Shares of Artisense stock for 1.8 million Euros in cash (First Closing); and on July 1, 2020, purchased a total of 2,686,996 Common Shares and 3,239,312 Preferred Shares of Artisense stock for 3.9 million Euros in cash (Second Closing).

Furthermore, as outlined in the press release of April 28, 2021, "Notification concerning amendment to the share purchase agreement for the acquisition of Artisense Corporation stock and the submission of a revised stock

issuance registration”, an agreement was signed on the same day to amend the aforementioned share transfer agreement with the Sellers (except for Tim Miksche and Rui Wang) (hereinafter, the share transfer agreement as revised due to such agreement to amend called the “Agreement”). Under the Agreement, after the Second Closing, Kudan was granted the right to request to acquire a total of 6,407,452 Common Shares and 7,724,511 Preferred Shares of Artisense stock (60.9 percent of all issued shares as of June 30, 2021) and all Common Shares acquired by the Trigger Date (as defined below) by the Sellers exercising the Employee Shareholding Option (as defined below) additionally from the Sellers during the period listed in either ① or ② below; in the meantime, the Sellers were granted the right to request purchase of said shares by Kudan at either of the periods indicated in ① or ③ below (Third Closing; the dates indicated in points ① to ③ below hereinafter called “Trigger Dates”). It has been agreed that as all or part of the consideration for the Third Closing portion of the Purchase, Kudan may issue Common Shares of Kudan as a third-party allocation in lieu of cash in an amount not to exceed 706,980 shares (an amount equivalent to 10 percent of the total number of Kudan votes of 70,698, as of September 30, 2019), and that in such case, Kudan will, in principle, issue Common Shares of Kudan or pay cash to the Sellers 15 business days after the date when the consideration for the Third Closing is finalized, and receive additional shares of Artisense from the Sellers in return.

- ① Any time between December 1, 2022 and December 31, 2022;
- ② Any time between January 29, 2020 and ① above in which Kudan wishes to execute its above rights; and
- ③ Any time between the time at which Kudan acquires enough shares of Artisense to secure at least 50 percent of the votes on the Artisense Board of Directors (or those rights which can be converted to shares) and ① above in which the Sellers wish to execute their rights described above.

In addition, it has been agreed under the Agreement to limit the consideration for the Purchase in the Third Closing to an amount equivalent to a total of 6,407,452 Common Shares and a total of 7,724,511 Preferred Shares of Artisense stock (calculated based on the percentage of a total number of 22,793,491 issued shares as of the execution of the Agreement; the same applies hereinafter) after assessing the total value of Artisense shares as follows. That is, if Kudan or the Sellers exercise their respective rights detailed above during the period indicated in ① above, the total value of Artisense shares will be assessed as the amount of 10,354,839 Euros + (the consolidated sales of the Artisense Group for the period from the First Closing to the Trigger Date + an amount equivalent to the total profit generated by Kudan and its subsidiaries/affiliates for joint projects introduced to the Artisense Group by Kudan and its subsidiaries/affiliates over the same period) x 100 ÷ 62 converted into Japanese yen. If Kudan or the Sellers exercise their respective rights detailed above during the periods indicated in ② or ③ above, the total value of Artisense shares will be assessed as the amount of 23,260,000 Euros converted into Japanese yen. In each case, the upper limit to consideration for the Purchase is equivalent to a total of 6,407,452 Common Shares and 7,724,511 Preferred Shares of Artisense stock.

Kudan has steadily built up the integration of management with Artisense, such as expansion of the joint business development system and partial integration of the management system, including the appointment of a CEO holding the position concurrently at both companies. Amid rapidly increasing demand for manpower reduction and remote operations that do not require human-to-human interaction or collaborative work due to the COVID-19 pandemic, there are greater business opportunities by expanding and deepening partnerships with major semiconductor and sensor companies in Japan and overseas in areas of focus such as AR/VR, autonomous driving, and robotics. In light of this situation, Kudan has decided to accelerate implementation of full integration of the management system, including the expansion of joint technology development by integrating R&D roadmaps and optimizing engineering resources and the appointment Prof. Daniel Cremers of Artisense's management, to CSO

position at Kudan. By doing so, Kudan is targeting accelerated profit expansion and greater medium- to long-term earnings opportunities through customer product commercialization. Therefore, at Kudan’s Board of Director’s Meeting held October 4, 2021, it was resolved to carry out the Third Closing by exercising the right based on the above agreement (the right to request to acquire additional Artisense shares from the Sellers during the period listed in ② above) on the same day and to allocate Common Shares of Kudan in lieu of cash through the Third-Party Allocation as part of the consideration therefor. As a result, Kudan will acquire additionally a total of 6,800,229 Common Shares (including 392,777 Common Shares acquired by the Trigger Date as a result of Tim Miksche and Rui Wang exercising the Employee Shareholder Option (as defined below)) and a total of 7,724,511 Preferred Shares of Artisense stock from the Sellers.

Artisense provides to its employees who fulfill certain criteria the right to acquire Common Shares of the company in accordance with its employee stock ownership plan (hereinafter called the “Employee Shareholder Option”) as mandated by the United States law. It has been agreed between the Sellers and Artisense that if Kudan acquires additional shares at the Third Closing, in addition to the Common Shares and Preferred Shares of Artisense stock detailed above, Kudan will purchase in cash any unexercised Employee Shareholder Options from Artisense employees for the per share issue price of the Third-Party Allocation for Artisense Common Shares the employees would acquire if they were to exercise the Employee Shareholding Option less the exercise price, etc. of the Employee Shareholding Option, and that the amount of consideration to be paid to the Sellers at the Third Closing will be the amount obtained by deducting an amount equivalent to (the above cash paid to employees ÷ 22,793,491 × 14,131,963) from the consideration for the Purchase at the Third Closing. Based on this agreement, separate from the total of 6,800,229 Common Shares and total of 7,724,511 Preferred Shares of Artisense, Artisense also intends to buy back the aforementioned Employee Shareholding Options held by Artisense employees (1,709,387 Common Shares of Artisense) within sixty days from the share acquisition date. If Artisense buys back Employee Shareholder Options, it intends to retire them on the same day.

Based on the Agreement and the above agreement, the total (100%) equity value of Artisense is valued at 23,260,000 Euros. Within this equity value, the Share Purchase of 14,421,199 Euros, equivalent to the total value of 6,407,452 Common Shares and 7,724,511 Preferred Shares of Artisense stock, will be adjusted to take into consideration the buying back of Employee Shareholding Options. It has been agreed with the Sellers that the adjusted amount of 13,581,102 Euros, which will be converted to Japanese yen at a rate of 129.11 JPY to 1 Euros, resulting in the amount of 1,753,456,079 JPY, will be the value of the Artisense Shares of this transaction. Part of the consideration will be allocated as Common Shares of Kudan through the Third-Party Allocation in lieu of cash (total issuance price of Kudan Common Shares issued through the Third-Party Allocation 1,753,443,783 JPY), with the remaining balance to be paid in cash. For more details pertaining to the Third-Party Allocation, please refer to “II. Third-Party Allocation” below.

3. Overview of the subsidiary subject to change (Artisense)

① Artisense Corporation

(as of October 4, 2021)

(1) Name	Artisense Corporation
(2) Address	Silicon Valley 555 Bryant Street PMB Palo Alto, CA 94301
(3) Role and name of representative	CEO Daiu Ko
(4) Content of business operations	R&D and sales of spatial and positional recognition software
(5) Capital	5,985,334 USD (658 million JPY)
(6) Date established	February 2016

(7) Major shareholders and their shareholding percentages	Kudan 37.4% FabliTec UG (haftungsbeschränkt) 22.9% Andrej Kulikov Holding UG (haftungsbeschränkt) 14.7% VITO Ventures Fonds I GmbH & Co. KG 8.9% Project A Ventures II GmbH & Co. KG 8.9% [plus four other shareholders]		
(8) Relationships with Kudan	Capital ties	Kudan holds 3,927,148 Common Shares and 4,734,380 Preferred Shares of Artisense (37.4 percent of all issued shares as of June 30, 2021).	
	Personnel ties	Kudan CEO Daiu Ko serves as CEO of Artisense.	
	Transactional relationships	Kudan and Artisense have concluded a business collaboration agreement and other agreements required therefor.	
(9) Financial performance and fiscal status of the company over the past three years (simple calculation) ※Figures in parentheses have been converted at an exchange rate of 1 USD to 109.94 JPY (rounded down to the nearest indicated unit; exchange rate as of September 10, 2021)			
End of fiscal year	Year ending December 2018	Year ending December 2019	Year ending December 2020
Net assets	5,402,102 USD (594 million JPY)	5,641,209 USD (620 million JPY)	6,797,189 USD (747 million JPY)
Gross assets	5,709,074 USD (628 million JPY)	7,023,138 USD (772 million JPY)	14,000,763 USD (1,539 million JPY)
Equity per share	0.11 USD (12.09 JPY)	2.26 USD (249.36 JPY)	97.18 USD (10,684.40 JPY)
Sales revenue	46,383 USD (5 million JPY)	248,003 USD (27 million JPY)	545,477 USD (60 million JPY)
Operating profit	-1,941,035 USD (-213 million JPY)	-4,183,389 USD (-459 million JPY)	-3,435,243 USD (-377 million JPY)
Ordinary profit	-1,941,901 USD (-213 million JPY)	-4,256,210 USD (-468 million JPY)	-4,110,789 USD (-452 million JPY)
Net profit for the fiscal year	-1,941,921 USD (-213 million JPY)	-4,256,675 USD (-468 million JPY)	-4,111,363 USD (-452 million JPY)
Net profit per share for the fiscal year	-0.18 USD (-19.79 JPY)	-163.65 USD (-17,992.13 JPY)	-115.78 USD (-12,728.85 JPY)
Dividend (per share)	-	-	-

- Note 1 Artisense controls two subsidiaries in Artisense GmbH and Artisense Japan, but as no consolidated accounts are filed for the subsidiaries together with their parent company, the figures under "Financial performance and fiscal status of the company over the past three years (simple calculation)" are simply those of the parent company and the subsidiaries added together.
- 2 As Artisense is a holding company with the primary function of overseeing the Artisense Group, details of its financial performance and fiscal status for the past three years as a separate entity have been omitted.

② Artisense GmbH

(as of October 4, 2021)

(1) Name	Artisense GmbH		
(2) Address	Ungererstrasse 175 80805 München Germany		
(3) Role and name of representative	CEO Daiu Ko		
(4) Content of business operations	R&D and sales of spatial and positional recognition software		
(5) Capital	25,000 EUR (3 million JPY)		
(6) Date established	January 2016		
(7) Major shareholders and their shareholding percentages	Artisense Corporation 100%		
(8) Relationships with Kudan	Capital ties	Equity-method affiliate Artisense Corporation holds 25,000 Common Shares of Artisense GmbH stock (100 percent of all issued shares as of June 30, 2021).	
	Personnel ties	Kudan CEO Daiu Ko serves as CEO of Artisense GmbH.	
	Transactional relationships	Kudan and Artisense GmbH have concluded a service agreement related to back-office work.	
(9) Financial performance and fiscal status of the company over the past three years Figures in parentheses have been converted at an exchange rate of 1 USD to 109.94 JPY (rounded down to the nearest indicated unit; exchange rate as of September 10, 2021)			
End of fiscal year	Year ending December 2018	Year ending December 2019	Year ending December 2020
Net assets	1,446,871 USD (159 million JPY)	57,182 USD (6 million JPY)	2,432,984 USD (267 million JPY)
Gross assets	1,767,314 USD (194 million JPY)	601,001 USD (66 million JPY)	2,795,556 USD (307 million JPY)
Equity per share	57.87 USD (6,362 JPY)	2.29 USD (251 JPY)	97.32 USD (10,699 JPY)
Sales revenue	49,584 USD (5 million JPY)	244,819 USD (26 million JPY)	545,477 USD (59 million JPY)
Operating profit	-1,839,292 USD (-208 million JPY)	-4,090,213 USD (-449 million JPY)	-2,888,284 USD (-317 million JPY)
Ordinary profit	-1,894,218 USD (-208 million JPY)	-4,090,389 USD (-449 million JPY)	-2,888,966 USD (-317 million JPY)
Net profit for the fiscal year	-1,894,239 USD (-208 million JPY)	-4,090,854 USD (-449 million JPY)	-2,891,541 USD (-317 million JPY)
Net profit per share for the fiscal year	-75.77 USD (-8,330 JPY)	-163.63 USD (-17,989 JPY)	-115.66 USD (-12,715 JPY)
Dividend (per share)	-	-	-

4. Overview of share allottees

Refer to the section below entitled “II. Third-Party Allocation; 6. Selection of allottees for new shares; (1)

Overview of allottees.”

5. Number of shares for acquisition, acquisition price, and share status before and after acquisition

(1) Shares held prior to purchase	3,927,148 Common Shares and 4,734,380 Preferred Shares (8,661,528 votes) 37.4 percent of votes held
(2) Shares acquired	6,800,229 Common Shares and 7,724,511 Preferred Shares (14,524,740 votes) 62.6 percent of votes held
(3) Acquisition price	Common Shares and Preferred Shares of Artisense: 1,753,456,079 JPY (including 1,753,443,783 yen, which is the total issue price of 494,067 Common Shares of Kudan stock issued in the Third-Party Allocation by payment in kind of 6,800,229 Common Shares and 7,724,511 Preferred Shares, and 12,296 yen in cash) Advisory costs (estimated): 33,600,000 JPY Total (estimated): 1,787,056,079 JPY
(4) Shares held after purchase	10,727,377 Common Shares and 12,458,891 Preferred Shares (23,186,268 votes) 100 percent of votes held

6. Schedule

(1) Purchase agreement signing	January 29, 2020
(2) Purchase agreement amendment signing	April 28, 2021
(2) Date of resolution by the Board of Directors to carry out the Share Purchase	October 4, 2021
(3) Execution of the Share Purchase	From October 26, 2021 to December 24, 2021 (scheduled) (Note)

(Note) In the Third-Party Allocation, a part of the consideration will be paid by Common Shares of Kudan through the Third-Party Allocation, and as described in “1. The Outline of offering” of “II. Third-Party Allocation,” Kudan has resolved to set the contribution period (payment period) under the Companies Act from October 26, 2021 to December 24, 2021 by taking into account the time necessary for the completion of certain procedures, including opening of allottees’ securities accounts, in the Third-Party Allocation. Kudan plans to make an announcement in a timely and appropriate manner when the contributions pertaining to the Third-Party Allocation have been completed.

7. Future projections

The effects of the Share Purchase on the consolidated performance of Kudan for this fiscal year are currently under review, but as outlined in the press release of May 14, 2021, “Notification concerning discrepancies between the consolidated earnings for the fiscal year and the actual figure for the previous fiscal year, between the consolidated earnings forecast and the actual figure, and the recordings of non-operating income, non-operating expenses and extraordinary losses”, in the previous fiscal year ending March 2021, the cumulative purchase amount of Artisense shares was fully impaired, and similarly, an impairment loss pertaining to the Share Purchase may also be recorded as an extraordinary loss after some time following the purchase of the shares (whether or not such impairment loss will be recorded and the amount and timing thereof are currently under consideration, and will be disclosed in a

timely and appropriate manner once specifically determined). However, Kudan believes that the expansion of business through the Share Purchase will contribute to the growth of our business and higher stock value for the Kudan Group in the medium- to long-term.

The final impact on the consolidated performance for the current fiscal year will be promptly announced if any issue warrants disclosure.

II. Third-Party Allocation

1. Outline of offering

(1)	Contribution period (Payment period)	From October 26, 2021 to December 24, 2021 (Note)
(2)	Number of new shares to be issued	Common Shares 494,067 shares
(3)	Issue value	3,549 JPY per share
(4)	Funds procured	1,753,443,783 JPY Payment in kind of 6,800,229 Common Shares and 7,724,511 Preferred Shares of Artisense as consideration, with no cash payment.
(5)	Method of offering or allocation	Third-party allocation Andrej Kulikov Holding UG (haftungsbeschränkt) 115,796 shares FabliTec UG (haftungsbeschränkt) 180,333 shares BrightSide UG (haftungsbeschränkt) 15,492 shares Litquidity Capital UG (haftungsbeschränkt) 2,913 shares VITO Ventures Fonds I GmbH & Co. KG 70,460 shares Project A Ventures II GmbH & Co. KG 69,857 shares Inventures GmbH 18,026 shares Lapaero GmbH 7,830 shares Tim Miksche 5,176 shares Rui Wang 8,184 shares
(6)	Miscellaneous	The Third-Party Allocation is subject to (i) the shelf registration taking effect under the Financial Instruments and Exchange Act and the shelf registration supplement having been submitted and (ii) the completion of the allottee's prior notification with respect to the Third-Party Allocation pursuant to the Foreign Exchange and Foreign Trade Act (the "FEFTA").

(Note) In the Third-Party Allocation, Kudan has resolved to set the contribution period under the Companies Act from October 26, 2021 to December 24, 2021. This contribution period has been determined by taking into account the time necessary for the completion of certain procedures, including opening of allottees' securities accounts, which is required for the payment pertaining to the Third-Party Allocation. Kudan plans to make an announcement in a timely and appropriate manner when the contributions pertaining to the Third-Party Allocation have been completed.

2. Purpose of the Offering

A process of consultation and negotiation with the Sellers concerning the framework of the Purchase was carried out by Kudan, featuring due consideration of such factors as the extent of any stock dilution created by the payment for part of the Purchase with Common Shares of Kudan, the fiscal effect of paying for the entire Purchase with cash, the incentivization of the Sellers to improve the business performance of Artisense in which they will remain

involved even after the Purchase, and other relevant issues. As a result of this consultation and negotiation, it was decided that in addition to cash, part of the payment for the Artisense shares bought in the Purchase would be in the form of Common Shares of Kudan.

3. Amount of procured funds, their use and projected spending period

(1) Amount of procured funds

①	Total paid amount	— JPY
②	Estimated issuance costs	33,600,000 JPY
③	Estimated balance	— JPY

Note 1 As the Third-Party Allocation involves payment in kind as consideration for the purchase of Artisense shares and does not involve any actual cash payments, the “total paid amount” and “estimated balance” are not applicable categories.

2 Consumption tax, etc. is not included in the estimated amount of issuance expenses.

3 Issuance expenses mainly consist of attorney’s fees and other administrative costs (printing administrative costs, registration costs).

(2) Specific usage and planned spending period of procured funds

As stated above, as this Offering involves payment in kind for Artisense shares and does not involve any actual cash payments, this category is not applicable.

4. Consideration of the rationality of usage of funds

As stated above, the Third-Party Allocation is not for the purpose of raising funds.

5. Rationality of the issuing conditions

(1) Basis for the calculation of the payment amount and its specific details

Taking into consideration trends in Kudan's share prices and trends in the stock market and the number of shares to be issued in the Third-Party Allocation, it was decided that the issue price of the Third-Party Allocation would be determined by the average closing price of Kudan's Common Shares on the Tokyo Stock Exchange for a period of one month immediately preceding the date upon which the Board of Directors' resolution is passed regarding the conditions for the Third-Party Allocation. (However, this value must not be less than 90 percent of the closing price of Kudan's Common Shares on the business day immediately preceding the passing of the resolution.)

This method for determining the issue price was adopted as the use of a value averaged over a longer period of time rather than one specific point in time (such as the closing price on the business day immediately preceding the passing of the resolution) has the advantage of avoiding the effect of temporary fluctuations in share price caused by extraordinary factors, and this was determined, after consultation with the allottees, to be a more objective and rational means of calculation.

In accordance with the above, the issue price of the Third-Party Allocation will be 3,549 JPY, which is the average closing price of Kudan’s Common Shares on the Tokyo Stock Exchange for a period of one month immediately preceding October 1, 2021, the business day immediately preceding the passing of the resolution. This issue price will be subject to a 0.68 percent premium on the closing price of 3,525 JPY for Kudan's Common Shares on the Tokyo Stock Exchange on October 1, 2021, which is the trading day immediately preceding the date upon which date of the Board of Directors' resolution concerning the conditions for the Third-Party Allocation, a 3.62 percent premium on the average closing price of 3,425

JPY for Kudan's Common Shares on the Tokyo Stock Exchange for a period of three months up to the preceding trading day, and a 12.13 percent discount on the average closing price of 4,039 JPY for Kudan's Common Shares on the Tokyo Stock Exchange for a period of six months up to the preceding trading day.

As a result of taking the above into consideration and in light of the guidelines for third-party allocation established by the Japan Securities Dealers Association, it has been determined that the issue price of the Third-Party Allocation will not be an amount that qualifies as being particularly favorable to allottees under Article 199.3 of the Companies Act.

Furthermore, an opinion was obtained from the Audit and Supervisory Committee (comprised entirely of outside directors) stating that, since the issue price is based on market price, which is an objective value that represents the value of the stock, and the market price used as a reference is the average closing price for the month preceding the business day immediately preceding the Board of Directors' resolution, since the value must not be less than 90 percent of the closing price of Kudan's Common Shares on the Tokyo Stock Exchange on the business day immediately preceding the resolution of the Board of Directors' resolution, and since the value is determined to be within the scope of the Japan Securities Dealers Association's "Guidelines for Handling Capital Increases by Third-Party Allocation", the value of each share to be issued does not qualify as an amount that is particularly advantageous to allottees under Article 199.3 of the Companies Act and is therefore legal.

- (2) Foundation for the determination that the number of shares to be issued and the scale of any stock dilution is reasonable

The number of Common Shares to be issued in the Third-Party Allocation is 494,067 shares (4,935 votes), which as of June 30, 2021 constitutes 6.39 percent and 6.43 percent respectively of the total number of 7,736,000 issued shares and 76,720 votes (Number of votes is based on the latest shareholder ledger dated March 31, 2021).

However, while Kudan recognizes that such a stock dilution may take place, as detailed above, it has also determined that the Purchase will allow not only for the acceleration of the acquisition of new clients in the areas of strength of each company through business development cooperation and agency sales, but the technical coordination it creates will also allow for the acquisition of projects of an even more demanding technical nature. This, in turn, is anticipated to lead to an increase in profits for existing shareholders. It is for this reason that the number of shares involved in the Third-Party Allocation and the scale of any stock dilution is considered to be within the bounds of what may be considered reasonable.

6. Selection of allottees for new shares

- (1) Overview of allottees

① Andrej Kulikov Holding UG (haftungsbeschränkt)

(1) Name	Andrej Kulikov Holding UG (haftungsbeschränkt)
(2) Address of head office	Lichtenbergstr. 8, 85748 Garching b. München, Germany
(3) Role and name of representative	Managing Director, Andrej Kulikov
(4) Content of business operations	Share holding company
(5) Capital	2,100 Euros (254,352 JPY)
(6) Date established	March 8, 2018
(7) Shares already issued	2,100 shares

(8)	End of fiscal year	End of December
(9)	Employee numbers	0
(10)	Major clients	-
(11)	Major transaction banks	Postbank
(12)	Major shareholders and their shareholding percentages	Andrej Kulikov, 100.0%
(13)	Relationships between companies involved	
	Capital ties	None
	Personnel ties	None
	Transactional relationships	None
	Relevant relationships with individuals involved	None

Note 1 As of October 4, 2021.

2 As a company established under the German law (UG (haftungsbeschränkt)), the allottee is not obliged according to the laws of that country to create or submit financial statements. As no financial statements or indications of financial performance have been received from the allottee for the past three years, no such details have been included here.

② FabliTec UG (haftungsbeschränkt)

(1)	Name	FabliTec UG (haftungsbeschränkt)
(2)	Address of head office	Braunaugenstr. 44, 80939 München, Germany
(3)	Role and name of representative	Managing Director, Prof. Dr. Daniel Cremers
(4)	Content of business operations	Production of 3D models based on camera images
(5)	Capital	2 Euros (242 JPY)
(6)	Date established	April 24, 2013
(7)	Shares already issued	2 shares
(8)	End of fiscal year	End of December
(9)	Employee numbers	0
(10)	Major clients	-
(11)	Major transaction banks	Postbank
(12)	Major shareholders and their shareholding percentages	Prof. Dr. Daniel Cremers, 100.0%
(13)	Relationships between companies involved	
	Capital ties	None
	Personnel ties	Prof. Danile Cremers, CTO of equity-method affiliate Artisense, serves as managing director.
	Transactional relationships	None
	Relevant relationships with individuals involved	None

Note 1 As of October 4, 2021.

- 2 As a company established under the German law (UG (haftungsbeschränkt)), the allottee is not obliged according to the laws of that country to create or submit financial statements. As no financial statements or indications of financial performance have been received from the allottee for the past three years, no such details have been included here.

③ BrightSide UG(haftungsbeschränkt)

(1)	Name	BrightSide UG(haftungsbeschränkt)
(2)	Address of head office	Waldsaumstr. 21 a, 81377 München, Germany
(3)	Role and name of representative	Managing Director, Till Kaestner
(4)	Content of business operations	Asset Management
(5)	Capital	2,000 Euros (242,240 JPY)
(6)	Date established	February 24, 2017
(7)	Shares already issued	1 share
(8)	End of fiscal year	End of December
(9)	Employee numbers	0
(10)	Major clients	-
(11)	Major transaction banks	Fidor Bank
(12)	Major shareholders and their shareholding percentages	Till Kaestner, 100.0%
(13)	Relationships between companies involved	
	Capital ties	None
	Personnel ties	None
	Transactional relationships	None
	Relevant relationships with individuals involved	None

Note 1 As of October 4, 2021.

- 2 As a company established under the German law (UG (haftungsbeschränkt)), the allottee is not obliged according to the laws of that country to create or submit financial statements. As no financial statements or indications of financial performance have been received from the allottee for the past three years, no such details have been included here.

④ Litquidity Capital UG (haftungsbeschränkt)

(1)	Name	Litquidity Capital UG (haftungsbeschränkt)
(2)	Address of head office	Joseph-Treffert-Str. 15, 64625 Bensheim, Germany
(3)	Role and name of representative	Managing Director, Christoph Bonik
(4)	Content of business operations	Asset Management
(5)	Capital	1,000 Euros (121,120 JPY)
(6)	Date established	September 9, 2019
(7)	Shares already issued	1 share
(8)	End of fiscal year	End of December
(9)	Employee numbers	0
(10)	Major clients	None
(11)	Major transaction banks	Solaris Bank

(12)	Major shareholders and their shareholding percentages	Christoph Bonik, 100.0%
(13)	Relationships between companies involved	
	Capital ties	None
	Personnel ties	Christoph Bonik, COO of equity-method affiliate Artisense, serves as managing director.
	Transactional relationships	None
	Relevant relationships with individuals involved	None

Note 1 As of October 4, 2021.

2 As a company established under the German law (UG (haftungsbeschränkt)), the allottee is not obliged according to the laws of that country to create or submit financial statements. As no financial statements or indications of financial performance have been received from the allottee for the past three years, no such details have been included here.

⑤ VITO Ventures Fonds I GmbH & Co. KG

(1)	Name	VITO Ventures Fonds I GmbH & Co. KG	
(2)	Address	Hildegardstrasse 8, 80539 München, Germany	
(3)	Grounds for establishment	Limited partnership company under German Law	
(4)	Purpose of establishment	Investing in startups	
(5)	Date established	May 11, 2016	
(6)	Total amount of investment	28,000 Euros (3,391,360 JPY)	
(7)	Overview of investors and investment ratio	VITO One GmbH, 100.0%	
(8)	Overview of managing partner company	Name	VITO Ventures Verwaltungs GmbH
		Address	Viessmannstrasse 1, 35108 Allendorf/Eder, Germany
		Role and name of representative	Managing Director, Dr. Ulrich Hüllmann Managing Director, Joachim Janssen Managing Director, Benjamin Schapitz
		Content of business operations	Investment Management
		Capital	25,000 Euros (3,028,000 JPY)
(9)	Overview of domestic agent	Name	None
		Address	None
		Role and name of representative	None
		Content of business operations	None
		Capital	None
(10)	Relationships between the listed company and the fund	Relationship between the listed company and the fund	None
		Relationship between the listed company and managing partner	None

	Relationship between the listed company and domestic agent	None
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Note As of October 4, 2021.

⑥ Project A Ventures II GmbH & Co. KG

(1)	Name	Project A Ventures II GmbH & Co. KG	
(2)	Address	Julie-Wolfthorn-Str. 1, 10115 Berlin, Germany	
(3)	Grounds for establishment	Limited partnership company under German Law	
(4)	Purpose of establishment	Investing in startups	
(5)	Date established	December 1, 2015	
(6)	Total amount of investment	1 million Euros (121 million JPY)	
(7)	Overview of investors and investment ratio	European Investment Fund, 28.5% Jahr Assetmanagement GmbH, 10.7% *No other individual investor has contributed more than 10 percent.	
(8)	Overview of managing partner company.	Name	Project A Ventures Management GmbH
		Address	Julie-Wolfthorn-Straße 1, 10115 Berlin, Germany
		Role and name of representative	Managing Director, Benjamin Fischer Managing Director, Dr. Florian Heinemann Managing Director, Uwe Horstmann Managing Director, Thies Sander Managing Director, Dr. Anton Waitz
		Content of business operations	Investment Management
		Capital	25,000 Euros (3,028,000 JPY)
(9)	Overview of domestic agent	Name	None
		Address	None
		Role and name of representative	None
		Content of business operations	None
		Capital	None
(10)	Relationships between the listed company and the fund	Relationship between the listed company and the fund	None
		Relationship between the listed company and managing partner	None
		Relationship between the listed company and	None

	domestic agent	
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Note As of October 4, 2021.

⑦ Inventures GmbH

(1)	Name	Inventures GmbH
(2)	Address of head office	Traubinger Str. 1, c/o A.L.B. Leidl GmbH, 81477 Munich, Germany
(3)	Role and name of representative	Managing Director, Christopher Hitchen
(4)	Content of business operations	Investment and advisory services
(5)	Capital	25,000 Euros (3,028,000 JPY)
(6)	Date established	November 14, 2013
(7)	Shares already issued	25,000 shares
(8)	End of fiscal year	End of December
(9)	Employee numbers	0
(10)	Major clients	-
(11)	Major transaction banks	Commerzbank
(12)	Major shareholders and their shareholding percentages	Christopher Hitchen, 100.0%
(13)	Relationships between companies involved	
	Capital ties	None
	Personnel ties	None
	Transactional relationships	None
	Relevant relationships with individuals involved	None

Note 1 As of October 4, 2021.

2 As a company established under the German law (GmbH), the allottee is not obliged according to the laws of that country to create or submit financial statements. As no financial statements or indications of financial performance have been received from the allottee for the past three years, no such details have been included here.

⑧ Lapaero GmbH

(1)	Name	Lapaero GmbH
(2)	Address of head office	Theodor-Körner-Str. 5, 82049 Pullach i. Isartal, Germany
(3)	Role and name of representative	Managing Director, Dr. Thomas Alt Managing Director, Annette Meyer
(4)	Content of business operations	Asset Management
(5)	Capital	25,000 Euros (3,028,000 JPY)
(6)	Date established	August 30, 2018
(7)	Shares already issued	None
(8)	End of fiscal year	End of December
(9)	Employee numbers	0
(10)	Major clients	None
(11)	Major transaction banks	Landesbank Baden-Württemberg (LBBW)

(12)	Major shareholders and their shareholding percentages	Not disclosed in order to protect the confidentiality rights of the prospective allottees (note 3).
(13)	Relationships between companies involved	
	Capital ties	None
	Personnel ties	None
	Transactional relationships	None
	Relevant relationships with individuals involved	None

- Note 1 As of October 4, 2021.
- 2 As a company established under the German law (GmbH), the allottee is not obliged according to the laws of that country to create or submit financial statements. As no financial statements or indications of financial performance have been received from the allottee for the past three years, no such details have been included here.
- 3 Kudan's CFO Kohei Nakayama has asked the Managing Director of Lapaero GmbH, Dr. Thomas Alt, but no consent to disclosure had been granted and the names are not listed. As for the reason for Lapaero GmbH not to consent to disclosure, we have been informed that as the company is an asset management company for individuals, information regarding its major investors and their investment ratios is afforded a high level of confidentiality.

⑨ Tim Miksche

(1)	Name	Tim Miksche
(2)	Address	Ingolstadt, Germany
(3)	Occupation	CEO and founder of KSB transferNET UG
(4)	Relationships with listed companies and companies involved	
	Capital ties	None
	Personnel ties	None
	Transactional relationships	None

⑩ Rui Wang

(1)	Name	Rui Wang
(2)	Address	Zurich, Switzerland
(3)	Occupation	IT company employee
(4)	Relationships with listed companies and companies involved	
	Capital ties	None
	Personnel ties	None
	Transactional relationships	None

Note To investigate whether or not the allottees and their board members and major shareholders (major investors) (collectively, “Allottee-related Parties”) are anti-social forces such as organized crime groups and whether or not they have any relationship whatsoever with antisocial forces, as outlined in the press release of January 27, 2020, “Notification concerning the purchase of shares of Artisense Corporation, a

computer vision company with its origins in the Technical University of Munich in Germany, for the purposes of acquiring Artisense as a subsidiary, and the issuance of new shares as a third-party allocation”, Kudan confirmed through use of a screening analysis conducted by third-party investigative agencies including Experian for the allottees other than Tim Miksche and Rui Wang, and has now once again investigated all allottees, including Tim Miksche and Rui Wang, by collecting public information, media articles, information accessible online, etc. using the desktop search method.

As a result of these investigations, Kudan has determined that the Allottee-related Parties have no relationships whatsoever with anti-social forces such as organized crime groups. In addition, documentation has been submitted to the Tokyo Stock Exchange to the effect that the Allottee-related Parties have been confirmed to have no relationship whatsoever with anti-social forces.

(2) Selection of the allottees

The Third-Party Allocation will be carried out as part of the Purchase to issue considerations for the Share Purchase, and all allottees are the Sellers. For the reason for carrying out the Share Purchase, please refer to “I. Share Purchase” above.

(3) Shareholding policy for allottees

Sellers Andrej Kulikov Holding UG (haftungsbeschränkt) and FabliTec UG (haftungsbeschränkt) have stipulated as part of a lock-up provision in the Agreement that as a fundamental rule, without prior consent of Kudan, 60 percent of the Kudan Common Shares each company is issued as part of the Third-Party Allocation may not be sold within one year of the Third Closing, while 30 percent of the Kudan Common Shares each company is issued may not be sold within two years of the Third Closing. (However, should either Andrej Kulikov or Daniel Cremers have their Managing Director Services Agreements or Employment Agreements terminated by subsidiaries of Artisense prior to the Third Closing and without the approval of Kudan, then it is understood that the restriction on sales of Kudan Common Shares will be 60 percent within the first year after the Third Closing, with no restriction on sales thereafter.) However, Kudan has agreed in advance that for allottee Andrej Kulikov Holding UG (haftungsbeschränkt), there will be no restriction on sales of Kudan Common Shares after one year has passed from the date of the Third Closing. Verbal confirmation has been received from all Sellers that they intend to sell the Kudan Common Shares issued through Third-Party Allocation, taking market trends into consideration. Among the Common Shares of Kudan to be delivered through the Third-Party Allocation, Kudan verbally confirmed that Sellers VITO Ventures Fonds I GmbH & Co. KG and Project A Ventures II GmbH & Co. KG plan to sell the shares off-market through block trades or taking into account the market trend, and Sellers other than those two Sellers plan to sell the shares off-market through block trades after the completion of the Third-Party Allocation. It is also planned at this stage to obtain written pledges from all allottees indicating that in the event that any allottee wishes to relinquish some or all of their shares within two years of their acquisition, they will be required to submit a written report indicating this to Kudan, which will then be submitted by Kudan to the Tokyo Stock Exchange and presented for public inspection.

(4) Asset confirmation necessary for the Allocation

As the Third-Party Allocation takes the form of an investment in kind for the purposes of the acquisition of Artisense stock (a non-cash asset), it will not involve any cash payments.

Through a confirmation of Artisense's register of shareholders and other documentation as part of Kudan's

due diligence, it has been established that all allottees own shares in Artisense, the target of the investment in kind. In addition, under the Agreement, the Sellers guarantee that they will hold the Artisense shares that are the subject of the Third Closing at the time of the Third Closing, and agree to bear the obligation to transfer the shares to Kudan. To assess the value of assets that are the investment in kind (hereinafter called the “Investment in Kind Assets”), as a rule an investigation by an auditor is required by Article 207.1 of the Companies Act. However, one of the exceptions to this is allowed in cases in which the subscribers to the offering who provide Investment in Kind Assets are allotted a total number of shares which do not exceed one-tenth of the total number of shares issued by that company, in which case an auditor is not required to assess the value of the Investment in Kind Assets provided by the subscribers to the offering (Paragraph 9(1) of the same Article). The upper limit established for the number of Artisense shares to be allotted to the Sellers as an investment in kind is set at 494,067 shares, which will not exceed one-tenth of the total number of 7,736,000 shares issued by Kudan as of June 30, 2021. For this reason, no audit is planned to be carried out for this investment in kind.

7. Major shareholders and shareholding percentages following the Third-Party Allocation

Prior to the offering (as of March 31, 2021)		After the Offering	
Tomo Ohno	39.57%	Tomo Ohno	37.18%
UNION BANCAIRE PRIVEE (standing proxy: MUFG Bank, Ltd.)	10.78%	UNION BANCAIRE PRIVEE (standing proxy: MUFG Bank, Ltd.)	10.13%
SBI SECURITIES Co., Ltd.	2.16%	Fablitec UG (haftungsbeschränkt)	2.21%
Hideaki Takahashi	1.95%	SBI SECURITIES Co., Ltd.	2.03%
Kokusai Kogyo Co., Ltd.	1.39%	Hideaki Takahashi	1.83%
BANK JULIUS BAER AND CO, SINGAPORE CLIENTS (Standing proxy: MUFG Bank, Ltd.)	1.24%	Andrej Kulikov Holding UG (haftungsbeschränkt)	1.42%
Ken Iizuka	1.07%	Kokusai Kogyo Co., Ltd.	1.30%
Custody Bank of Japan, Ltd. (Trust account)	0.80%	BANK JULIUS BAER AND CO, SINGAPORE CLIENTS (Standing proxy: MUFG Bank, Ltd.)	1.17%
DBS Bank LTD 700170 (Standing proxy: Mizuho Bank, Ltd.)	0.66%	Ken Iizuka	1.01%
Japan Asia Group Limited	0.65%	VITO Ventures Fonds I GmbH & Co. KG	0.86%

- Note
- 1 Major shareholders and their shareholding percentages before the offering are calculated by dividing the number of shares held as of March 31, 2021 by the total number of issued shares as of the same day.
 - 2 Major shareholders and their shareholding percentages after the offering are calculated by adding the 494,067 Common Shares of Kudan issued by the Third-Party Allocation to the total number of issued shares as of March 31, 2021.
 - 3 For shareholding percentages, decimals are stated by rounding off to the second decimal place.

8. Future projections

The effects of the Third-Party Allocation on the consolidated performance of Kudan for this fiscal year are anticipated to be negligible. If any issue warrants disclosure, we will report it promptly.

9. Procedures regarding the corporate code of conduct

Because the Third-Party Allocation in this deal (i) will have a rate of dilution of less than 25% and (ii) will not entail changes to the controlling shareholder, the acquisition of an opinion from an independent third party and procedures to confirm shareholder intention prescribed in Rule 432 of the securities listing regulations stipulated by the TSE will not be required.

10. Performance indicators and equity finance status for the past three years

(1) Financial performance over the past three years (consolidated)

	FY ending March 2019	FY ending March 2020	FY ending March 2021
Consolidated revenue	376,111k JPY	456,343k JPY	127,864k JPY
Consolidated operating profit or loss	123,020k JPY	9,378k JPY	-451,171k JPY
Consolidated ordinary profit or loss	103,532k JPY	-12,341k JPY	-1,575,840k JPY
Current term net profit or loss attributable to parent company shareholders	103,242k JPY	-29,320k JPY	-1,608,900k JPY
Current term consolidated net profit or loss per share	15.35 JPY	-4.17 JPY	-214.97 JPY
Dividend (per share)	-- JPY	--JPY	--JPY
Consolidated equity per share	129.17 JPY	130.27 JPY	189.32 JPY

(2) Current status regarding issued shares and potentially dilutive shares (as of June 30, 2021)

	Share numbers	Percentage of issued shares
Shares already issued	7,736,000 shares	100.00%
Potential share numbers if exercised at the current conversion value	61,600 shares	0.79%
Potential share numbers if exercised at minimum conversion value	-	-
Potential share numbers if exercised at maximum conversion value	-	-

(3) Recent share price status

① Status over the past three years

	FY ending March 2019	FY ending March 2020	FY ending March 2021
Opening price	14,000 JPY	21,090 JPY	2,700 JPY
High price	25,160 JPY	21,400 JPY	6,480 JPY
Low price	9,820 JPY	2,254 JPY	2,558 JPY
Closing price	20,590 JPY	2,707 JPY	4,700 JPY

Note Kudan shares have been listed on the Mothers section of the Tokyo Stock Exchange since December 19, 2018. No share price data exists prior to that point.

② Status over the past six months

	May	Jun	Jul	Aug	Sep	Oct

Opening price	5,230 JPY	4,195 JPY	3,970 JPY	3,130 JPY	3,675 JPY	3,525 JPY
High price	5,440 JPY	4,300 JPY	3,970 JPY	3,700 JPY	3,930 JPY	3,680 JPY
Low price	3,655 JPY	3,600 JPY	3,150 JPY	2,977 JPY	3,230 JPY	3,515 JPY
Closing price	4,265 JPY	3,970 JPY	3,165 JPY	3,635 JPY	3,590 JPY	3,525 JPY

Note Figures for October 2021 are for the period up to and including October 1, 2021.

③ Share prices on the business day immediately preceding the Third-Party Allocation issuance resolution date

	October 1, 2021
Opening price	3,550 JPY
High price	3,680 JPY
Low price	3,515 JPY
Closing price	3,525 JPY

(4) Equity finance status over the past three years

① Capital increase through public offering (at new listing)

Payment date	December 18, 2018
Funds procured	414,455k JPY
Issued value	3,442.40 JPY
Number of issued shares at time of offering	6,743,200 shares
Shares issued at offering	123,000 shares
Total number of issued shares after the offering	6,866,200 shares
Initial use of funds at time of issuance	① 268,543k JPY as investment and lending funds for consolidated subsidiary Kudan Limited. ②72,407k JPY for business expansion funds. ③15,500k JPY for main office relocation costs. ④ Remaining funds applied as investment and lending funds for Kudan Limited for the fiscal year ending March 2022.
Planned spending period at time of issuance	For ①, 13,060k JPY for the FY ending March 2019; 77,779k JPY for the FY ending March 2020; 79,920k JPY for the FY ending March 2021; and 97,783k JPY for the FY ending March 2022. For ②, 4,259k JPY for the FY ending March 2019; 17,037k JPY for the FY ending March 2020; 17,037k JPY for the FY ending March 2021, 17,037k JPY for the FY ending March 2022, and 17,037k JPY for the FY ending March 2023. For ③, 12,000k JPY for security deposit, and 3,500k JPY for equipment purchase costs for the FY ending March 2020.
Current appropriation status	For ①, 9,252k JPY has been appropriated to the FY ending March 2019, 71,163k JPY to the FY ending March 2020, 90,070k JPY to the FY ending March 2021, and 49,538 to the FY ending March 2022. For ②, 3,009k JPY has been appropriated to the FY ending March 2019, 49,205k JPY to the FY ending March 2020, and 20,193k JPY to the FY ending March 2021. For ③, 7,292k JPY for security deposit and key money, and 2,309k JPY for equipment and building facility purchase costs has been appropriated for the FY ending March 2020.

② Issuance of the 11th series stock acquisition rights with exercise price amendment clause for third-party allocation

Allocation date	June 5, 2020
Number of stock acquisition rights issued	900 units
Issued value	12,069 JPY per stock acquisition right (total 10,862,100 JPY)
Amount of funds to be procured at time of issuance (estimated balance)	5,089,862,100 JPY
Allottee	Merrill Lynch Japan Securities Co., Ltd.
Number of issued shares at time of offering	7,091,400 shares
Potential share numbers due to the offering	900,000 shares
Current exercise status	540,000 shares
Current amount of funds procured	2,197,000,000 JPY
Initial use of funds at time of issuance	See “Kudan Inc. 11th series stock acquisition rights fund appropriation status” below.
Planned spending period at time of issuance	See “Kudan Inc. 11th series stock acquisition rights fund appropriation status” below.
Current appropriation status	See “Kudan Inc. 11th series stock acquisition rights fund appropriation status” below.

Note As outlined in the press release of August 27, 2021 “Notification concerning the acquisition and cancellation of the 11th series stock acquisition rights with exercise price amendment clause (for third-party allocation)”, Kudan acquired and immediately cancelled all of the remaining 11th series stock acquisition rights on September 13, 2021.

Kudan Inc. 11th series stock acquisition rights fund appropriation status

Specific use	Planned appropriated amount (million JPY)	Appropriated amount (million JPY)	(Planned) spending period
① Repayment of borrowings	450	450	September 2020 to January 2022
② Promotion of R&D and business development, including business integration with Artisense	1,170	1,170	June 2020 to December 2021
③ Business investment in product solution development in focused vertical region	500	100	From June 2020
④ Promotion of R&D in deep tech	100	15	From June 2020
⑤ M&A in deep tech	2,869	—	From August 2020
Total amount	5,089	1,735	—

11. Issuance conditions

(1)	Type and number of shares	494,067 Common Shares of Kudan																				
(2)	Paid amount	3,549 JPY per share																				
(3)	Total paid amount	1,753,443,783 JPY																				
(4)	Contents of Investment in Kind Assets and their value	6,800,229 Common Shares and 7,724,511 Preferred Shares issued by Artisense, at a value of 1,753,443,783 JPY (120.72 JPY per Common Share, 120.72 JPY per Preferred Share).																				
(5)	Contribution period	From October 26, 2021 to December 24, 2021																				
(6)	Matters concerning capital increases and capital reserves	The amount of capital increase shall be half of the upper limit for increase in capital, etc. calculated in accordance with Article 14.1 of the Regulation on Corporate Accounting (with fractional amounts less than one JPY rounded up). The amount of increased capital reserve shall be the amount of said upper limit for increase in capital, etc. less the amount of capital increase above.																				
(7)	Method of offering or allocation	<p>Third-party allocation</p> <table> <tr> <td>Andrej Kulikov Holding UG (haftungsbeschränkt)</td> <td>115,796 shares</td> </tr> <tr> <td>FabliTec UG (haftungsbeschränkt)</td> <td>180,333 shares</td> </tr> <tr> <td>BrightSide UG (haftungsbeschränkt)</td> <td>15,492 shares</td> </tr> <tr> <td>Litquidity Capital UG (haftungsbeschränkt)</td> <td>2,913 shares</td> </tr> <tr> <td>VITO Ventures Fonds I GmbH & Co. KG</td> <td>70,460 shares</td> </tr> <tr> <td>Project A Ventures II GmbH & Co. KG</td> <td>69,857 shares</td> </tr> <tr> <td>Inventures GmbH</td> <td>18,026 shares</td> </tr> <tr> <td>Lapaero GmbH</td> <td>7,830 shares</td> </tr> <tr> <td>Tim Miksche</td> <td>5,176 shares</td> </tr> <tr> <td>Rui Wang</td> <td>8,184 shares</td> </tr> </table>	Andrej Kulikov Holding UG (haftungsbeschränkt)	115,796 shares	FabliTec UG (haftungsbeschränkt)	180,333 shares	BrightSide UG (haftungsbeschränkt)	15,492 shares	Litquidity Capital UG (haftungsbeschränkt)	2,913 shares	VITO Ventures Fonds I GmbH & Co. KG	70,460 shares	Project A Ventures II GmbH & Co. KG	69,857 shares	Inventures GmbH	18,026 shares	Lapaero GmbH	7,830 shares	Tim Miksche	5,176 shares	Rui Wang	8,184 shares
Andrej Kulikov Holding UG (haftungsbeschränkt)	115,796 shares																					
FabliTec UG (haftungsbeschränkt)	180,333 shares																					
BrightSide UG (haftungsbeschränkt)	15,492 shares																					
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Project A Ventures II GmbH & Co. KG	69,857 shares																					
Inventures GmbH	18,026 shares																					
Lapaero GmbH	7,830 shares																					
Tim Miksche	5,176 shares																					
Rui Wang	8,184 shares																					
(8)		The Third-Party Allocation is subject to (i) the shelf registration taking effect under the Financial Instruments and Exchange Act and the shelf registration supplement having been submitted and (ii) the completion of the allottee's prior notification with respect to the Third-Party Allocation pursuant to the FEFTA.																				

About Kudan Inc.

Kudan (Tokyo Stock Exchange securities code: 4425) is a Deep Tech research and development company specializing in algorithms controlling artificial perception (AP). As a complement to artificial intelligence (AI), AP functions allow machines to develop autonomy. Currently, Kudan is using its high-level technical innovation to explore business areas based on its own milestone models established for Deep Tech which provide wide-ranging impact on several major industrial fields.

For more information, please refer to Kudan's website at <https://www.kudan.io/>.

■Company Details

Name: Kudan Inc.

Securities Code: 4425

Representative: Daiu Ko, CEO

■Contact Information

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