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Consolidated Financial Results For the Nine Months Ended December 31, 2021 [Japanese GAAP]

February 14, 2022

Company name: Kudan Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4425
 URL: <http://www.kudan.eu/japan>
 Representative: Daiu Ko, Managing Director, Chief Executive Officer
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 Phone: +81-3-4405-1325
 Scheduled date of filing quarterly securities report: February 14, 2022
 Scheduled date of commencing dividend payments: None
 Availability of supplementary briefing material on quarterly financial results: Available
 Holding of quarterly financial results briefing session: None

(Amounts of less than one million yen are rounded down.)

1. Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (Cumulative)

(Percentage changes are in comparison with the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2021	181	270.1	(330)	—	(698)	—	(2,219)	—
December 31, 2020	49	(76.5)	(349)	—	(378)	—	(378)	—

(Note) Comprehensive income: Nine months ended December 31, 2021 (2,177 million yen) (—%)
 Nine months ended December 31, 2020 (391 million yen) (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	(285.58)	—
December 31, 2020	(51.07)	—

(Note) 1. Diluted earnings per share was negative and therefore is not indicated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2021	954	749	78.5
As of March 31, 2021	1,540	1,458	94.4

(Reference) Equity: As of December 31, 2021: 749 million yen
 As of March 31, 2021: 1,454 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2022	—	0.00	—		
Fiscal year ending March 31, 2022 (Forecast)				0.00	0.00

(Note) Changes in dividend forecast subsequent to most recent announcement: None

3. Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentage changes are in comparison with the same period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	300~ 350	134.6~ 173.7	—	—	—	—	—	—	—

Changes in earnings forecast subsequent to most recent announcement: None

(Note) Since there is a degree of uncertainty over the scope of the impact that the rapid and global expansion of the infectious disease caused by the COVID-19 pandemic has on its group's business, the company has disclosed the forecast of consolidated results for the fiscal year ending March 31, 2022, in a range format of Net sales.

We will not disclose the forecast of specific amounts of operating profit, ordinary profit and profit attributable to owners of parent at this time considering the impact of the COVID-19 and the expansion status of business development in the future, in order to fast and flexibly realize new investments including further management integration with Artisense and new employments.

Notes:

- (1) Important changes in subsidiaries during the quarterly consolidated fiscal period (cumulative): Yes
(Change in scope of consolidation of specified subsidiaries)
New companies: —Arisense GmbH
Excluded companies: — (company name)
- (2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
- 1) Changes in accounting policies due to revisions of accounting standards, etc.: Yes
- 2) Changes in accounting policies other than the above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatements: None
- (4) Number of issued shares (common shares)
- 1) Number of issued shares at the end of the period (including treasury shares):
- As of December 31, 2021: 8,230,067 shares
As of March 31, 2021: 7,680,800 shares
- 2) Number of treasury shares at the end of the period:
- As of December 31, 2021: 215 shares
As of March 31, 2021: 85 shares
- 3) Average number of shares outstanding during the period (cumulative):
- As of December 31, 2021: 7,771,304 shares
As of December 31, 2020: 7,420,977 shares

Consolidated Financial Statements and Relevant Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	1,230,979	786,841
Accounts receivable–trade	75,609	—
Notes and accounts receivable - trade, and contract assets	—	60,399
Operational investment securities	—	53,439
Inventories	24,955	4,767
Other	28,117	33,701
Total current assets	1,359,662	939,149
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings, net	0	0
Tools, furniture and fixtures, net	0	0
Vehicles, net	0	0
Total property, plant and equipment	0	0
Investments and other assets		
Investments securities	1,979	—
Long-term loan	176,753	—
Guarantee deposits	1,943	15,125
Total investments and other assets	180,677	15,125
Total non-current assets	180,677	15,126
Total assets	1,540,339	954,275
Liabilities		
Current liabilities		
Accounts payable–trade	30,129	—
Accounts payable–other	6,392	23,170
Income taxes payable	23,301	4,904
Provision for loss on order received	3,988	—
Deposits received	2,247	82,423
Other	15,823	87,525
Total current liabilities	81,881	198,023
Non-current liabilities		
Deferred tax liability	—	6,716
Total non-current liabilities	—	6,717
Total liabilities	81,881	204,739
Net assets		
Shareholders' equity		
Share capital	1,620,355	746,677
Capital surplus	1,620,355	2,357,033
Retained earnings	(1,755,918)	(2,364,923)
Treasury shares	(452)	(1,060)
Total shareholders' equity	1,484,340	737,726
Accumulated other comprehensive income		
Foreign currency translation adjustment	(30,227)	(1,474)
Valuation difference on available-for-sale securities	—	13,284
Total accumulated other comprehensive income	(30,227)	11,809
Subscription rights to shares	4,344	—
Total net assets	1,458,458	749,535
Total liabilities and net assets	1,540,339	954,275

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

Consolidated Statement of Income

(Thousands of yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Net sales	49,118	181,797
Cost of sales	36,023	104,090
Gross profit	13,095	77,707
Selling, general and administrative expenses	362,921	408,647
Operating loss	(349,825)	(330,939)
Non-operating income		
Interest income	8,686	13,494
Management fee income	—	4,897
Foreign exchange gains	36,624	24,358
Other	2,714	1,249
Total non-operating income	48,025	44,000
Non-operating expenses		
Interest expenses	1,035	—
Commission expenses	511	—
Share issuance cost	2,613	7,931
Share of loss of entities accounted for using equity method	73,031	403,780
Total non-operating expenses	77,192	411,711
Ordinary loss	(378,992)	(698,650)
Extraordinary income		
Gain on change in equity	—	2,320
Extraordinary income	—	2,320
Loss before income taxes		
Impairment losses	—	1,472,720
Loss on step acquisitions	—	50,183
Extraordinary loss	—	(1,522,904)
Loss before income taxes	(378,992)	(2,219,234)
Income Taxes	0	126
Loss	(378,992)	(2,219,360)
Loss attributable to owners of parent	(378,992)	(2,219,360)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Profit (loss)	(378,992)	(2,219,360)
Other comprehensive income		
Valuation difference on available-for-sale securities	7,910	13,284
Foreign currency translation adjustment	(9,025)	7,621
Share of other comprehensive income of entities accounted for using equity method	(11,000)	21,131
Total other comprehensive income	(12,114)	42,036
Comprehensive income	(391,107)	(2,177,323)
(Breakdown)		
Comprehensive income attributable to owners of parent	(391,107)	(2,177,323)
Comprehensive income attributable to non-controlling interests	—	—