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Company Name Kudan Inc.
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(Securities code: 4425 TSE Growth)
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Notification concerning discrepancies between the consolidated earnings 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

Kudan Inc. (henceforth in this document as “Kudan”) announces discrepancies between the consolidated earnings for the fiscal year ending March 2022 and the actual figures for the previous fiscal year, and in addition, discrepancies between the consolidated earnings forecast for the fiscal year ending March 2022, which outlined in the press release of May 14th, 2021, “Consolidated Financial Results For the Fiscal Year Ended March 31, 2021”, and the actual figure.

Also, Kudan announces that it has recorded non-operating income.

1. Discrepancies between the consolidated earnings for the fiscal year ending March 2022 and the actual figure for the previous fiscal year

(April 1st, 2021 – March 31st, 2022)

	Net sales	Operating Profit	Ordinary Profit	Profit attributable to the owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	yen
Previous FY results (A)	127	△451	△1,575	△1,608	△214.97
Current FY results (B)	271	△433	△681	△2,237	△283.74
Discrepancy (B-A)	144	18	894	△628	
Rate of change (%)	112.7	—	—	—	

<Reason for discrepancies>

Increased revenue due to the expansion of projects in a wide range of application areas and progress in the phases of development projects towards customers’ commercialization contributed to our revenue growth, resulting in an increase in net sales for the full year from the actual figure for the previous fiscal year.

As for ordinary profit, in the previous year, "share of loss of entities accounted for using equity method " was recorded including write-down on the security investments and loans to Artisense Corporation (headquartered in California, USA; hereinafter referred to as "Artisense"), which was an equity method affiliate of Kudan. In the current year, despite the inclusion of the profits and

losses of Artisense during the period, the amount of "share of loss of entities accounted for using equity method" decreased from the previous year, resulting in a discrepancy from the actual figure for the previous fiscal year.

Furthermore, as for profit attributable to the owners of parent, in addition to the above factors, the recording of impairment losses and a loss on step acquisitions as disclosed in "Notification concerning the recording of non-operating income, non-operating expenses and extraordinary losses" on February 14, 2022 led to a discrepancy from the actual figure for the previous fiscal year.

2. Discrepancies between the consolidated earnings forecast for the fiscal year ending March 2022 and the actual figure

(April 1st, 2021 – March 31st, 2022)

	Net sales	Operating Profit	Ordinary Profit	Profit attributable to the owners of parent	Basic earnings per share
Previously released forecast (A)	Million yen 300~350	Million yen —	Million yen —	Million yen —	yen —
Actual figure (B)	271	△433	△681	△2,237	△283.74
Discrepancy (B-A)	△28~78	—	—	—	
Rate of change (%)	△9.3~22.3	—	—	—	

<Reason for discrepancies>

In regards to the current FY results of net sales, although it was publicly disclosed in a range format in the press release of May 24th, 2021, "Consolidated Financial Results for the Fiscal Year Ended March 2022 [Japanese GAAP]", due to reduced sales as a result of changes in accounting standards and delay of contract for a project that has already started (contracted in April 2022), there was a discrepancy from the upper forecasted figure, although significant growth from the previous year's actual figures was achieved as stated in 1 above.

3. Recording of non-operating income

Foreign exchange gains of 124 million yen (of which 24 million yen had already been recorded as of the third quarter of the year) due to a result of the change of Pound and Euro exchange rate and subsidy income for R&D activities of 19 million yen, were recorded as non-operating income.

The impact on the earnings of recording non-operating income in Section 3 above is reflected in the "Consolidated Financial Results for the Fiscal Year Ended March 2022 [Japanese GAAP]" announced today.

■Contact Information

For more details, please contact us from [here](#).