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Consolidated Financial Results For the Three Months Ended June 30, 2022 [Japanese GAAP]

August 15, 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
 Contact: Kohei Nakayama, Director, Chief Financial Officer
 Phone: +81-3-4405-1325
 Scheduled date of filing quarterly securities report: August 15, 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 Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(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	%
Three months ended June 30, 2022	103	206.6	(138)	—	40	—	37	—
June 30, 2021	33	371.5	(112)	—	(122)	—	(122)	—

(Note) Comprehensive income: Three months ended June 30, 2022 (124 million yen) (—%)
 Three months ended June 30, 2021 (142 million yen) (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	4.53	4.51
June 30, 2021	(15.87)	—

(Note) Diluted earnings per share for June 30, 2021 was negative and therefore is not indicated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	823	513	62.3
As of March 31, 2022	770	637	82.8

(Reference) Equity: As of June 30, 2022: ¥513 million
 As of March 31, 2022: ¥637 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		0.00	—	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, 2023 (April 1, 2022 to March 31, 2023)

(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	500	83.8	(350)	—	(300)	—	(315)	—	(39.95)

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

Notes:

- (1) Important changes in subsidiaries during the quarterly consolidated fiscal period (cumulative): None
 (Change in scope of consolidation of specified subsidiaries)
 New companies: — (company name)
 Excluded companies: — (company name)
 Notice regarding important changes in subsidiaries during the fiscal period
- (2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: Yes
 (Note) Please refer to p. 7 of the Attachment “Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements.”
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
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|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards, etc.: | None |
| 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 June 30, 2022: 8,230,867 shares
 - As of March 31, 2022: 8,230,067 shares
 - 2) Number of treasury shares at the end of the period:
 - As of June 30, 2022: 301 shares
 - As of March 31, 2022: 215 shares
 - 3) Average number of shares outstanding during the period (cumulative):
 - As of June 30, 2022: 8,229,832 shares
 - As of June 30, 2021: 7,723,625 shares

Consolidated Financial Statements and Relevant Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	604,424	718,400
Notes, accounts receivable – trade and contract assets	89,647	32,007
Operational investment securities	42,864	32,964
Inventories	4,758	5,510
Other	12,759	18,671
Total current assets	754,455	807,554
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		
Guarantee deposits	15,694	16,310
Total investments and other assets	15,694	16,310
Total non-current assets	15,694	16,310
Total assets	770,149	823,864
Liabilities		
Current liabilities		
Accounts payable–trade	15,249	1,527
Contract liabilities	14,438	33,838
Accounts payable–other	16,914	28,659
Short-term borrowings	—	200,000
Income taxes payable	38,158	4,533
Deposits received	13,908	10,017
Other	26,779	25,213
Total current liabilities	125,448	303,790
Non-Current liabilities		
Deferred tax liabilities	6,716	6,716
Total non-current liabilities	6,716	6,716
Total liabilities	132,164	310,506
Net assets		
Shareholders' equity		
Share capital	897,861	898,021
Capital surplus	2,205,848	2,206,008
Retained earnings	(2,382,691)	(2,345,390)
Treasury shares	(1,060)	(1,249)
Total shareholders' equity	719,957	757,390
Accumulated other comprehensive income		
Foreign currency translation adjustment	(95,256)	(257,316)
Valuation difference on available-for-sale securities	13,284	13,284
Total accumulated other comprehensive income	(81,972)	(244,032)
Total net assets	637,985	513,358
Total liabilities and net assets	770,149	823,864

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

Consolidated Statement of Income

(Thousands of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	33,841	103,752
Cost of sales	26,969	33,531
Gross profit (loss)	6,871	70,221
Selling, general and administrative expenses	119,315	208,353
Operating loss	(112,443)	(138,132)
Non-operating income		
Interest income	4,207	—
Foreign exchange gains	15,343	178,610
Other	2,694	52
Total non-operating income	22,244	178,663
Non-operating expenses		
Interest expenses	—	463
Commission expenses	198	—
Share of loss of entities accounted for using equity method	31,889	—
Other	—	0
Total non-operating expenses	32,087	463
Ordinary profit (loss)	(122,286)	40,066
Extraordinary loss		
Impairment losses	311	1,827
Extraordinary loss	311	1,827
Profit (loss) before income taxes	(122,598)	38,238
Income taxes-current	—	937
Total income taxes	—	937
Profit (loss)	(122,598)	37,300
Profit (loss) attributable to owners of parent	(122,598)	37,300

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit (loss)	(122,598)	37,300
Other comprehensive income		
Valuation difference on available-for-sale securities	—	—
Foreign currency translation adjustment	(2,659)	(162,059)
Share of other comprehensive income of entities accounted for using equity method	(16,918)	—
Total other comprehensive income	(19,578)	(162,059)
Comprehensive income	(142,176)	(124,758)
(Breakdown)		
Comprehensive income attributable to owners of parent	(142,176)	(124,758)
Comprehensive income attributable to non-controlling interests	—	—