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## Consolidated Financial Results For the Six Months Ended September 30, 2022 [Japanese GAAP]

November 14, 2022

Company name: Kudan Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 4425  
 URL: <https://www.kudan.io/jp/>  
 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: November 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: Available

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

### 1. Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 to September 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	%
Six months ended September 30, 2022	155	40.0	(312)	—	(81)	—	(84)	—
September 30, 2021	110	262.7	(220)	—	(323)	—	(321)	—

(Note) Comprehensive income: Six months ended September 30, 2022 (299 million yen) (—%)  
 Six months ended September 30, 2021 (328 million yen) (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	(10.19)	—
September 30, 2021	(41.64)	—

(Note) 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 September 30, 2022	1,253	954	76.0
As of March 31, 2022	770	637	82.8

(Reference) Equity: As of September 30, 2022: ¥953 million  
 As of March 31, 2022: ¥637 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2023	—	0.00			
Fiscal year ending March 31, 2023 (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, 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)
- (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.: 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 September 30, 2022: 8,480,467 shares
    - As of March 31, 2022: 8,230,067 shares
  - 2) Number of treasury shares at the end of the period:
    - As of September 30, 2022: 332 shares
    - As of March 31, 2022: 215 shares
  - 3) Average number of shares outstanding during the period (cumulative):
    - As of September 30, 2022: 8,289,704 shares
    - As of September 30, 2021: 7,729,758 shares

## Consolidated Financial Statements and Relevant Notes

### (1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	604,424	1,122,593
Notes, accounts receivable – trade and contract assets	89,647	51,351
Operational investment securities	42,864	32,964
Other	17,518	30,582
<b>Total current assets</b>	<b>754,455</b>	<b>1,237,492</b>
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
<b>Total property, plant and equipment</b>	<b>0</b>	<b>0</b>
Investments and other assets		
Guarantee deposits	15,694	16,241
<b>Total investments and other assets</b>	<b>15,694</b>	<b>16,241</b>
<b>Total non-current assets</b>	<b>15,694</b>	<b>16,241</b>
<b>Total assets</b>	<b>770,149</b>	<b>1,253,733</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	15,249	—
Contract liabilities	14,438	26,911
Accounts payable–other	16,914	29,152
Short-term borrowings	—	200,000
Income taxes payable	38,158	4,069
Deposits received	13,908	7,776
Other	26,779	24,964
<b>Total current liabilities</b>	<b>125,448</b>	<b>292,875</b>
Non-Current liabilities		
Deferred tax liabilities	6,716	6,716
<b>Total non-current liabilities</b>	<b>6,716</b>	<b>6,716</b>
<b>Total liabilities</b>	<b>132,164</b>	<b>299,591</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	897,861	317,362
Capital surplus	2,205,848	937,475
Retained earnings	(2,382,691)	(3,549)
Treasury shares	(1,060)	(1,311)
<b>Total shareholders' equity</b>	<b>719,957</b>	<b>1,249,977</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	(95,256)	(309,840)
Valuation difference on available-for-sale securities	13,284	13,284
<b>Total accumulated other comprehensive income</b>	<b>(81,972)</b>	<b>(296,556)</b>
Subscription rights to shares	—	721
<b>Total net assets</b>	<b>637,985</b>	<b>954,142</b>
<b>Total liabilities and net assets</b>	<b>770,149</b>	<b>1,253,733</b>

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

## Consolidated Statement of Income

(Thousands of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	110,746	155,032
Cost of sales	61,200	68,093
Gross profit (loss)	49,545	86,939
Selling, general and administrative expenses	270,470	399,087
Operating loss	(220,925)	(312,148)
Non-operating income		
Interest income	8,479	2
Consulting fee income	3,271	—
Foreign exchange gains	—	232,858
Other	1,044	70
Total non-operating income	12,796	232,931
Non-operating expenses		
Interest expenses	—	1,332
Foreign exchange losses	7,139	—
Share issuance costs	409	504
Share of loss of entities accounted for using equity method	107,448	—
Other	—	0
Total non-operating expenses	114,997	1,837
Ordinary loss	(323,125)	(81,054)
Extraordinary income		
Gain on change in equity	2,320	—
Extraordinary income	2,320	—
Extraordinary loss		
Impairment losses	934	2,169
Extraordinary loss	934	2,169
Loss before income taxes	(321,740)	(83,224)
Income Taxes	126	1,229
Loss	(321,866)	(84,454)
Loss attributable to owners of parent	(321,866)	(84,454)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit (loss)	(321,866)	(84,454)
Other comprehensive income		
Valuation difference on available-for-sale securities	—	—
Foreign currency translation adjustment	8,301	(214,583)
Share of other comprehensive income of entities accounted for using equity method	(15,243)	—
Total other comprehensive income	(6,941)	(214,583)
Comprehensive income	(328,807)	(299,038)
(Breakdown)		
Comprehensive income attributable to owners of parent	(328,807)	(299,038)
Comprehensive income attributable to non-controlling interests	—	—

## (3) Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	(321,740)	(83,224)
Loss (profit) on change in equity	(2,320)	—
Foreign exchange losses(gains)	6,917	(232,133)
Interest income	(8,479)	(2)
Interest expenses	—	1,332
Share issuance cost	409	504
Share of loss (profit) of entities accounted for using equity method	107,448	—
Impairment losses	934	2,169
Increase (decrease) in provision for loss on order received	(4,051)	—
Decrease (increase) in notes and accounts receivable-trade and contract assets	49,059	53,574
Decrease (increase) in operational investment securities	(9,900)	9,900
Increase (decrease) in trade payables	(8,060)	(15,249)
Other	14,231	(18,897)
<b>Subtotal</b>	<b>(175,551)</b>	<b>(282,026)</b>
Interest received	4	2
Interest paid	—	(1,332)
Income taxes paid	(8,599)	(29,077)
<b>Cash flows from operating activities</b>	<b>(184,146)</b>	<b>(312,434)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(927)	(2,124)
Loan advances to subsidiaries and associates	(148,397)	—
Proceeds from collection of loans receivable	3,814	—
Payments of leasehold and guarantee deposits	(392)	—
<b>Cash flows from investing activities</b>	<b>(145,902)</b>	<b>(2,124)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	21,870	613,224
Proceeds from borrowings	—	200,000
Purchase of treasury shares	(529)	(250)
Proceeds from issuance of share acquisition rights	—	1,717
Payments from the gain of own stock acquisition rights	(4,344)	—
<b>Cash flows from financing activities</b>	<b>16,996</b>	<b>814,691</b>
Effect of exchange rate change on cash and cash equivalents	257	18,036
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(312,794)</b>	<b>518,169</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,230,979</b>	<b>604,424</b>
<b>Cash and cash equivalents at end of period</b>	<b>918,185</b>	<b>1,122,593</b>