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Consolidated Financial Results For the Nine Months Ended December 31, 2022 [Japanese GAAP]

February 14, 2023

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: February 14, 2023
 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, 2022 (April 1, 2022 to December 31, 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	%
Nine months ended								
December 31, 2022	223	23.0	(477)	—	(315)	—	(323)	—
December 31, 2021	181	270.1	(330)	—	(698)	—	(2,219)	—

(Note) Comprehensive income: Nine months ended December 31, 2022 (418 million yen) (—%)
 Nine months ended December 31, 2021 (2,177 million yen) (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2022	(38.71)	—
December 31, 2021	(285.58)	—

(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, 2022	1,133	853	75.1
As of March 31, 2022	770	637	82.8

(Reference) Equity: As of December 31, 2022: 850 million yen
 As of March 31, 2022: 637 million yen

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 December 31, 2022: 8,490,767 shares
 - As of March 31, 2022: 8,230,067 shares
 - 2) Number of treasury shares at the end of the period:
 - As of December 31, 2022: 402 shares
 - As of March 31, 2022: 215 shares
 - 3) Average number of shares outstanding during the period (cumulative):
 - As of December 31, 2022: 8,356,355 shares
 - As of December 31, 2021: 7,771,304 shares

Consolidated Financial Statements and Relevant Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	604,424	994,030
Notes and accounts receivable - trade, and contract assets	89,647	30,523
Operational investment securities	42,864	32,964
Inventories	—	808
Other	17,518	58,691
Total current assets	754,455	1,117,018
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	16,140
Total investments and other assets	15,694	16,140
Total non-current assets	15,694	16,140
Total assets	770,149	1,133,159
Liabilities		
Current liabilities		
Accounts payable—trade	15,249	—
Contract liabilities	14,438	25,726
Accounts payable—other	16,914	24,903
Short-term borrowings	—	200,000
Income taxes payable	38,158	229
Deposits received	13,908	5,593
Other	26,779	16,440
Total current liabilities	125,448	272,894
Non-current liabilities		
Deferred tax liability	6,716	6,716
Total non-current liabilities	6,716	6,716
Total liabilities	132,164	279,610
Net assets		
Shareholders' equity		
Share capital	897,861	325,862
Capital surplus	2,205,848	945,976
Retained earnings	(2,382,691)	(242,580)
Treasury shares	(1,060)	(1,508)
Total shareholders' equity	719,957	1,027,749
Accumulated other comprehensive income		
Foreign currency translation adjustment	(95,256)	(190,121)
Valuation difference on available-for-sale securities	13,284	13,284
Total accumulated other comprehensive income	(81,972)	(176,837)
Subscription rights to shares	—	2,636
Total net assets	637,985	853,548
Total liabilities and net assets	770,149	1,133,159

(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, 2021	For the nine months ended December 31, 2022
Net sales	181,797	223,609
Cost of sales	104,090	109,892
Gross profit	77,707	113,717
Selling, general and administrative expenses	408,647	591,165
Operating loss	(330,939)	(477,447)
Non-operating income		
Interest income	13,494	2
Consulting fee income	4,897	—
Foreign exchange gains	24,358	102,161
Subsidy income	—	61,839
Other	1,249	480
Total non-operating income	44,000	164,483
Non-operating expenses		
Interest expenses	—	2,192
Commission expenses	7,931	596
Share of loss of entities accounted for using equity method	403,780	—
Other	—	28
Total non-operating expenses	411,711	2,817
Ordinary loss	(698,650)	(315,782)
Extraordinary income		
Gain on change in equity	2,320	—
Extraordinary income	2,320	—
Extraordinary loss		
Impairment losses	1,472,720	7,460
Loss on step acquisitions	50,183	—
Other	—	0
Extraordinary loss	(1,522,904)	7,460
Loss before income taxes	(2,219,234)	(323,242)
Income Taxes	126	242
Loss	(2,219,360)	(323,485)
Loss attributable to owners of parent	(2,219,360)	(323,485)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit (loss)	(2,219,360)	(323,485)
Other comprehensive income		
Valuation difference on available-for-sale securities	13,284	—
Foreign currency translation adjustment	7,621	(94,865)
Share of other comprehensive income of entities accounted for using equity method	21,131	—
Total other comprehensive income	42,036	(94,865)
Comprehensive income	(2,177,323)	(418,350)
(Breakdown)		
Comprehensive income attributable to owners of parent	(2,177,323)	(418,350)
Comprehensive income attributable to non-controlling interests	—	—