

May 31<sup>th</sup>, 2023

Company Name	Kudan Inc.	
Representative	CEO	Daiu Ko
	(Securities code: 4425 TSE Growth)	
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### **Notification concerning the reduction of share capital and capital reserve and the appropriation of surplus funds**

Kudan Inc. (henceforth in this document as "Kudan") announces that at its Board of Directors Meeting today, it has resolved to introduce a proposal regarding the reduction in the amount of its share capital and capital reserve and the appropriation of surplus funds at its 9th Annual General Shareholders Meeting to be held on June 23<sup>th</sup>, 2023, as outlined below.

#### DETAILS

##### 1. Purpose of the reduction of share capital and capital reserve and appropriation of surplus funds

The purpose of the reduction in share capital and appropriation of the surplus funds is to reduce the tax burden by reducing the amount of share capital and capital reserve, improve its financial standing by compensating for the deficit in the retained earnings brought forward, and to maintain its flexibility and mobility for the future capital strategy.

Specifically, the share capital and the capital reserve will be reduced and the resulting amount will be transferred to other capital surplus as per Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act. In addition, as per Article 452 of the Companies Act, the other capital surplus following the increase will be appropriated to compensate for the deficit in the retained earnings brought forward.

Since only the amount of share capital and capital reserve will be reduced without changing the total number of issued shares, the number of shares owned by shareholders will not be affected.

Moreover, the decrease in the amount of share capital and capital reserve consists of a transfer between accounts in the net assets section of the balance sheet, and since there is

no change in its net assets or the total number of issued shares, there will be no change to the amount of net assets per share.

2. Details regarding the reduction of share capital and capital reserve

The amount of share capital will be reduced by 489,329,184 yen, the amount of capital reserve will be reduced by 489,329,087 yen and the entire amount of share capital and capital reserve reduced will be transferred to the other capital surplus funds.

3. Details regarding the appropriation of surplus funds

If the decrease in the amount of share capital and capital reserve as detailed in Section 2 above is approved, the other capital surplus of 562,891,837 yen arising from the reduction of share capital and capital reserve will be transferred to compensate for the deficit in the retained earnings brought forward.

(1) The item and the amount of surplus funds to be decreased

Other capital surplus: 562,891,837 yen

(2) The item and the amount of surplus funds to be increased

Retained earnings brought forward.: 562,891,837 yen

4. Schedule for the reduction of share capital and capital reserve and appropriation of surplus funds (planned)

1) Resolution of the Board of Directors	May 31 <sup>st</sup> , 2023
2) Resolution of General Shareholders Meeting	June 23 <sup>rd</sup> , 2023 (planned)
3) Date of public notice of creditor opposition	July 25 <sup>th</sup> , 2023 (planned)
4) Creditor opposition deadline	August 25 <sup>th</sup> , 2023 (planned)
5) Effective date	August 31 <sup>st</sup> , 2023 (planned)

5. Future outlook

Since this transaction is a transfer between accounts in the net assets section of its balance sheet, it will not change the total amount of net assets nor affect its business performance. This matter is subject to approval at the 9th Annual General Shareholders Meeting scheduled to be held on June 23<sup>th</sup>, 2023

■ Contact Information

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