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## Consolidated Financial Results For the Six Months Ended September 30, 2023 [Japanese GAAP]

November 14, 2023

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, 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: Available

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

### 1. Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

#### (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, 2023	73	(52.6)	(395)	—	(111)	—	(117)	—
September 30, 2022	155	40.0	(312)	—	(81)	—	(84)	—

(Note) Comprehensive income: Six months ended September 30, 2023 (385 million yen) (—%)  
 Six months ended September 30, 2022 (299 million yen) (—%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	(13.55)	—
September 30, 2022	(10.19)	—

(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, 2023	949	685	71.7
As of March 31, 2023	1,008	759	75.0

(Reference) Equity: As of September 30, 2023: ¥680 million  
 As of March 31, 2023: ¥755 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2024	—	0.00			
Fiscal year ending March 31, 2024 (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, 2024 (April 1, 2023 to March 31, 2024)

(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	520	56.3	(560)	—	(520)	—	(550)	—	(63.47)

(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, 2023: 8,671,267 shares
    - As of March 31, 2023: 8,509,267 shares
  - 2) Number of treasury shares at the end of the period:
    - As of September 30, 2023: 450 shares
    - As of March 31, 2023: 450 shares
  - 3) Average number of shares outstanding during the period (cumulative):
    - As of September 30, 2023: 8,663,278 shares
    - As of September 30, 2022: 8,289,704 shares

## Consolidated Financial Statements and Relevant Notes

### (1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	852,076	805,229
Notes, accounts receivable – trade and contract assets	61,914	65,580
Operational investment securities	32,964	32,964
Inventories	—	7,057
Income taxes receivable	17,504	—
Consumption taxes receivable	9,102	—
Other	17,904	14,321
Total current assets	991,467	925,153
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	16,608	24,724
Total investments and other assets	16,608	24,724
Total non-current assets	16,608	24,724
<b>Total assets</b>	<b>1,008,076</b>	<b>949,878</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable–trade	183	—
Accounts payable–other	20,498	27,899
Short-term borrowings	200,000	200,000
Income taxes payable	804	1,357
Deposits received	6,131	4,886
Other	13,960	23,301
Total current liabilities	241,578	257,445
Non-Current liabilities		
Deferred tax liabilities	6,716	6,716
Total non-current liabilities	6,716	6,716
<b>Total liabilities</b>	<b>248,294</b>	<b>264,161</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	345,700	11,455
Capital surplus	965,814	1,047,335
Retained earnings	(332,666)	112,874
Treasury shares	(1,645)	(1,645)
Total shareholders' equity	977,203	1,170,018
Accumulated other comprehensive income		
Foreign currency translation adjustment	(234,535)	(502,359)
Valuation difference on available-for-sale securities	13,284	13,284
Total accumulated other comprehensive income	(221,251)	(489,075)
Subscription rights to shares	3,829	4,774
<b>Total net assets</b>	<b>759,781</b>	<b>685,717</b>
<b>Total liabilities and net assets</b>	<b>1,008,076</b>	<b>949,878</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, 2022	For the six months ended September 30, 2023
Net sales	155,032	73,520
Cost of sales	68,093	18,252
Gross profit (loss)	86,939	55,268
Selling, general and administrative expenses	399,087	451,193
Operating loss	(312,148)	(395,925)
Non-operating income		
Interest income	2	6
Foreign exchange gains	232,858	286,605
Other	70	169
Total non-operating income	232,931	286,781
Non-operating expenses		
Interest expenses	1,332	1,663
Share issuance costs	504	291
Other	0	87
Total non-operating expenses	1,837	2,042
Ordinary loss	(81,054)	(111,186)
Extraordinary loss		
Impairment losses	2,169	6,009
Extraordinary loss	2,169	6,009
Loss before income taxes	(83,224)	(117,195)
Income taxes	1,229	155
Total income taxes	1,229	155
Loss	(84,454)	(117,351)
Loss attributable to owners of parent	(84,454)	(117,351)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit (loss)	(84,454)	(117,351)
Other comprehensive income		
Foreign currency translation adjustment	(214,583)	(267,824)
Total other comprehensive income	(214,583)	(267,824)
Comprehensive income	(299,038)	(385,175)
(Breakdown)		
Comprehensive income attributable to owners of parent	(299,038)	(385,175)
Comprehensive income attributable to non-controlling interests	—	—

## (3) Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	(83,224)	(117,195)
Foreign exchange losses(gains)	(232,133)	(286,672)
Interest income	(2)	(6)
Interest expenses	1,332	1,663
Share issuance cost	504	291
Share-based payment expenses	—	4,287
Impairment losses	2,169	6,009
Decrease (increase) in notes and accounts receivable-trade and contract assets	53,574	7,420
Decrease (increase) in inventories	—	(7,097)
Decrease (increase) in operational investment securities	9,900	—
Increase (decrease) in trade payables	(15,249)	(183)
Other	(18,897)	5,620
Subtotal	(282,026)	(385,863)
Interest received	2	6
Interest paid	(1,332)	(1,663)
Subsidy income received	—	6,759
Income taxes paid	(29,077)	(959)
Income taxes refund	—	17,504
Cash flows from operating activities	(312,434)	(364,216)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,124)	(6,009)
Payments of guarantee deposits	—	(8,244)
Proceeds from refund of guarantee deposits	—	1,107
Cash flows from investing activities	(2,124)	(13,146)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	613,224	306,532
Proceeds from borrowings	200,000	—
Purchase of treasury shares	(250)	—
Proceeds from issuance of share acquisition rights	1,717	—
Cash flows from financing activities	814,691	306,532
Effect of exchange rate change on cash and cash equivalents	18,036	23,982
Net increase (decrease) in cash and cash equivalents	518,169	(46,846)
Cash and cash equivalents at beginning of period	604,424	852,076
Cash and cash equivalents at end of period	1,122,593	805,229