

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Consolidated Financial Results For the Fiscal Year Ended March 31, 2024 [Japanese GAAP]

May 15, 2024

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 Office
 Phone: +81-3-4405-1325
 Scheduled date of filing securities report: June 26, 2024
 Scheduled date of commencing dividend payments: None
 Availability of supplementary briefing material on financial results: Available
 Holding of financial results briefing session: Available

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

1. Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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	%
Fiscal year ended								
March 31, 2024	490	47.5	(527)	—	(50)	—	(69)	—
March 31, 2023	332	22.4	(598)	—	(394)	—	(413)	—

(Note) Comprehensive income: Fiscal year ended March 31, 2024 (433 million yen) (—%)
 Fiscal year ended March 31, 2023 (552 million yen) (—%)

	Basic earnings per share	Diluted earnings per share	Profit/Equity	Ordinary profit/Total assets	Operating profit/Net assets
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2024	(7.88)	—	(4.9)	(2.9)	(107.3)
March 31, 2023	(49.30)	—	(59.3)	(44.3)	(179.9)

(Reference) Share of profit (loss) of entities Fiscal year ended March 31, 2024 —
 accounted for using equity method: Fiscal year ended March 31, 2023 —

(Note) Diluted earnings per share was negative and therefore is not indicated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	2,378	2,090	87.9	203.15
As of March 31, 2023	1,008	759	75.0	88.84

(Reference) Equity: As of March 31, 2024: 2,090 million yen
 As of March 31, 2023: 755 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2024	(490)	(432)	1,759	1,719
March 31, 2023	(619)	(20)	870	852

2. Dividends

	Annual dividends					Annual dividends (Total)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	—	0.00	—	0.00	0.00	—	—	—
March 31, 2024	—	0.00	—	0.00	0.00	—	—	—
March 31, 2024 (Forecast)	—	0.00	—	0.00	0.00		—	

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	700	42.6	(430)	—	—	—	—	—	—

Notes:

(1) Important changes in subsidiaries during the consolidated fiscal period (cumulative): None

(Change in scope of consolidation of specified subsidiaries)

New companies: — (company name)

Excluded companies: — (company name)

(2) 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

(3) Number of issued shares (common shares)

1) Number of issued shares at the end of the period (including treasury shares):

As of March 31, 2024: 10,288,867 shares

As of March 31, 2023: 8,509,267 shares

2) Number of treasury shares at the end of the period:

As of March 31, 2024: 497 shares

As of March 31, 2023: 450 shares

3) Average number of shares outstanding during the period (cumulative):

As of March 31, 2024: 8,872,858 shares

As of March 31, 2023: 8,389,524 shares

(※) Financial results are not subject to audit by certified public accountants or auditing firm.

(※) Explanation for the appropriate use of performance forecasts and other special notes

The forward-looking statements such as performance forecasts indicated in this document are based on information currently available to the Company and certain assumptions that the Company judges to be reasonable. Actual results may differ materially due to various factors.

Consolidated Financial Statements and Relevant Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	852,076	1,719,733
Notes, accounts receivable – trade and contract assets	61,914	123,432
Operational investment securities	32,964	32,964
Inventories	—	12,522
Short-term loans receivable	—	7,347
Income taxes refund receivable	17,504	1
Consumption taxes receivable	9,102	3,307
Other	17,904	57,965
Allowance for doubtful accounts	—	(3,673)
Total current assets	991,467	1,953,600
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		
Investment securities	—	400,000
Guarantee deposits	16,608	24,807
Other	—	7
Total investments and other assets	16,608	424,815
Total non-current assets	16,608	424,815
Total assets	1,008,076	2,378,416
Liabilities		
Current liabilities		
Accounts payable—trade	183	—
Accounts payable—other	20,498	24,572
Short-term borrowings	200,000	200,000
Income taxes payable	804	11,531
Contract liabilities	—	10,090
Deposits received	6,131	7,464
Other	13,960	27,228
Total current liabilities	241,578	280,887
Non-Current liabilities		
Deferred tax liabilities	6,716	6,716
Total non-current liabilities	6,716	6,716
Total liabilities	248,294	287,603
Net assets		
Shareholders' equity		
Share capital	345,700	740,148
Capital surplus	965,814	1,776,028
Retained earnings	(332,666)	160,307
Treasury shares	(1,645)	(1,704)
Total shareholders' equity	977,203	2,674,779
Accumulated other comprehensive income		
Foreign currency translation adjustment	(234,535)	(597,945)
Valuation difference on available-for-sale securities	13,284	13,284
Total accumulated other comprehensive income	(221,251)	(584,661)
Share acquisition rights	3,829	695
Total net assets	759,781	2,090,813
Total liabilities and net assets	1,008,076	2,378,416

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

Consolidated Statement of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	322,700	490,952
Cost of sales	156,261	51,952
Gross profit	176,509	439,000
Selling, general and administrative expenses	775,208	966,177
Operating profit	(598,699)	(527,176)
Non-operating income		
Interest income	6	12
Foreign exchange gains	146,186	384,399
Subsidy income	61,839	100,457
Other	498	188
Total non-operating income	208,531	485,058
Non-operating expenses		
Interest expenses	3,053	3,658
Share issuance cost	668	956
Provision of allowance for doubtful accounts	—	3,673
Other	628	88
Total non-operating expenses	4,349	8,376
Ordinary profit (loss)	(394,518)	(50,494)
Extraordinary Losses		
Impairment losses	20,338	18,249
Other	0	0
Total extraordinary losses	20,338	18,249
Profit (loss) before income taxes	(414,857)	(68,743)
Income taxes-current	1,521	1,174
Income taxes-refund	(2,807)	—
Total income taxes	(1,285)	1,174
Profit (loss)	(413,571)	(69,918)
Profit (loss) attributable to owners of parent	(413,571)	(69,918)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit (loss)	(413,571)	(69,918)
Other comprehensive income		
Foreign currency translation adjustment	(139,278)	(363,410)
Total other comprehensive income	(139,278)	(363,410)
Comprehensive income	(552,850)	(433,328)
(Breakdown)		
Comprehensive income attributable to owners of parent	(552,850)	(433,328)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Accumulated other comprehensive income			Issuance of share acquisition rights	Total net assets
						Valuation difference on available-for-sale securities	Issuance of share acquisition rights	Total accumulated other comprehensive income		
Balance at beginning of period	897,861	2,205,848	(2,382,691)	(1,060)	719,957	13,284	(95,256)	(81,972)	—	637,985
Changes during period										
Profit attributable to owners of parent			(413,571)		(413,571)					(413,571)
Capital reduction	(887,861)	887,861			—					—
Deficit disposition		(2,463,596)	2,463,596		—					—
Issuance of new shares	335,700	335,700			671,401					671,401
Purchase of treasury shares				(584)	(584)					(584)
Net changes in items other than shareholders' equity						—	(139,278)	(139,278)	3,829	(135,449)
Total changes during period	(552,161)	(1,240,034)	2,050,025	(584)	257,245	—	(139,278)	(139,278)	3,829	121,796
Balance at end of period	345,700	965,814	(332,666)	(1,645)	977,203	13,284	(234,535)	(221,251)	3,829	759,781

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Accumulated other comprehensive income			Issuance of share acquisition rights	Total net assets
						Valuation difference on available-for-sale securities	Issuance of share acquisition rights	Total accumulated other comprehensive income		
Balance at beginning of period	345,700	965,814	(332,666)	(1,645)	977,203	13,284	(234,535)	(221,251)	3,829	759,781
Changes during period										
Profit attributable to owners of parent			(69,918)		(69,918)					(69,918)
Capital reduction	(489,329)	489,329			—					—
Deficit disposition		(562,891)	562,891		—					—
Issuance of new shares	883,776	883,776			1,767,553					1,767,553
Purchase of treasury shares				(58)	(58)					(58)
Net changes in items other than shareholders' equity						—	(363,410)	(363,410)	(3,134)	(366,544)
Total changes during period	394,447	810,213	492,973	(58)	1,697,567	—	(363,410)	(363,410)	(3,134)	1,331,031
Balance at end of period	740,148	1,776,028	160,307	(1,704)	2,674,779	13,284	(597,945)	(584,661)	695	2,090,813

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	(414,857)	(68,743)
Increase (decrease) in allowance for doubtful accounts	—	3,661
Foreign exchange losses(gains)	(145,848)	(390,608)
Interest income	(6)	(12)
Interest expenses	3,053	3,658
Share issuance cost	668	956
Share-based payment expenses	3,890	3,838
Impairment losses	20,338	18,249
Subsidy income	(61,839)	(100,457)
Decrease (increase) in notes and accounts receivable-trade and contract assets	35,945	(41,901)
Decrease (increase) in inventories	5,199	(12,266)
Decrease (increase) in investment securities for sale	9,900	—
Increase (decrease) in trade payables	(15,066)	(183)
Other	(70,969)	(27,143)
Subtotal	(629,591)	(610,952)
Interest received	6	12
Interest paid	(3,053)	(3,658)
Subsidies received	55,290	107,217
Income taxes paid	(44,504)	(958)
Income taxes refund	2,807	17,502
Cash flows from operating activities	(619,044)	(490,837)
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,338)	(18,249)
Loan advances	—	(7,347)
Purchase of investment securities	—	(400,000)
Payments of guarantee deposits	—	(8,294)
Proceeds from refund of guarantee deposits	—	1,107
Cash flows from investing activities	(20,338)	(432,784)
Cash flows from financing activities		
Proceeds from issuance of shares	668,955	1,755,991
Proceeds from borrowings	200,000	—
Purchase of treasury shares	(584)	(58)
Proceeds from issuance of share acquisition rights	1,717	3,632
Cash flows from financing activities	870,087	1,759,564
Effect of exchange rate change on cash and cash equivalents	16,947	31,713
Net increase (decrease) in cash and cash equivalents	247,651	867,656
Cash and cash equivalents at beginning of period	604,424	852,076
Cash and cash equivalents at end of period	852,076	1,719,733