



Supplementary Documentation to the financial report for the second quarter of the fiscal year ending March 2025

November 14, 2024

Eyes to the all machines

- **Sales of ¥148 million up to Q2 doubled and grew year-on-year**, and performance is progressing towards the full-year forecast of ¥700 million, while the trend of year-end concentration remains the same as in the previous years
- **The Business is progressing in line with the growth strategies**
 - A Customer commercialisation¹**
 - The pace of customer commercialisation¹ accelerated several-fold year-on-year, increasing commercial-related revenue² by 18 times³
 - B End-solution building**
 - Public sector projects are expanding and progressing globally, particularly in Europe and Japan, contributed by the expansion of technical cooperation with Whale Dynamic and XGRIDS
- With the funds raised through the 18th warrant, **all operating capital and investment funds have already been secured⁴ in line with the management plan until the business turns profitable**

1. The turning point in a project where our direct customer decides to adopt Kudan technology for their commercial products or internal operation services

2. Revenue associated with contracts allowing customers to use our technologies and solutions in their commercial products or internal operation services

3. ¥110 million in the Q2 of the current financial year compared with ¥6 million in the Q2 of the previous financial year

4. 99% of the funds aimed in the 18th warrant were raised, with an expected cash balance of ¥3 billion as of Q2

Financial results

- Revenue has doubled and progressed year-on-year, with the aim of achieving the full-year budget
- Operating profit remained at the same level as in the previous year. On the other hand, the deterioration in ordinary profit is accounted for due to foreign exchange gains and losses but does not reflect cash flow and business

[million ¥]

	Previous FY (24/3)		Current FY (25/3)		
	Q2	Full-year	Q2	Full-year (forecast)	
Revenue	73	490	148	700	Doubled to +102% year-on-year due to progress in customer commercialisation and constructing end solutions
Operating profit	-395	-527	-437	△430	Forecasts at the beginning of the year were maintained, with major project deliveries expected by the end of the fiscal year
Ordinary profit	-111	-50	-519	-	Cost increases due to enhancement of organisation and funding for further business expansion; profit level at the same level as in the same period of the previous year
Profit	-117	-69	-553	-	Due to the significant Japanese yen appreciation, a foreign exchange loss of ¥78mn was booked from intra-group receivables and payables (conversely, a foreign exchange gain of ¥286mn was booked in the previous year due to the significant yen depreciation)

- This year, in addition to continuing with the '2 key strategic initiatives for growth', we will also focus on initiatives to underpin

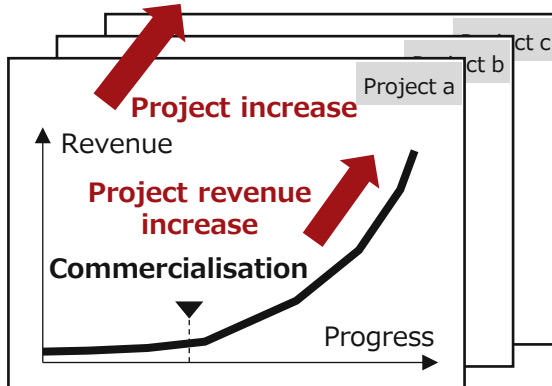
Continuation

2 key strategic initiatives for growth

A

Customer commercialisation¹

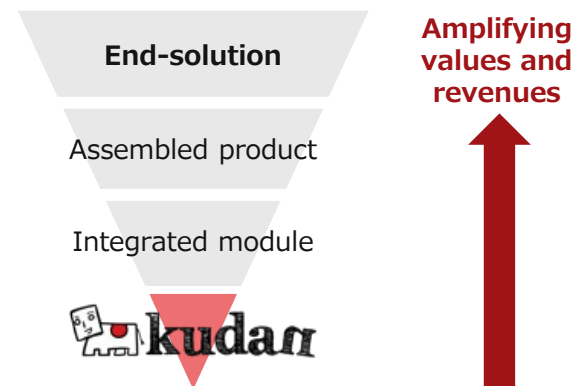
- Revenue expansion through the scaling of customer product sales



B

End-solution building²

- Scaling projects through collaboration



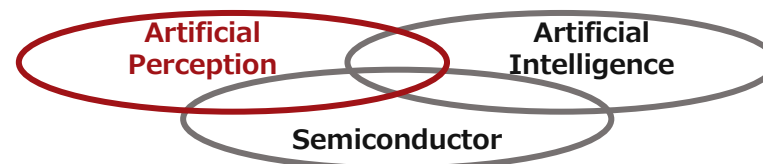
New

Underpinning initiatives

C

Fusion with AI and semiconductors

- Expansion of business opportunities through "high value-added fusion with AI " and "high efficiency fusion with semiconductor"



...To be updated in the 2nd half of this fiscal year

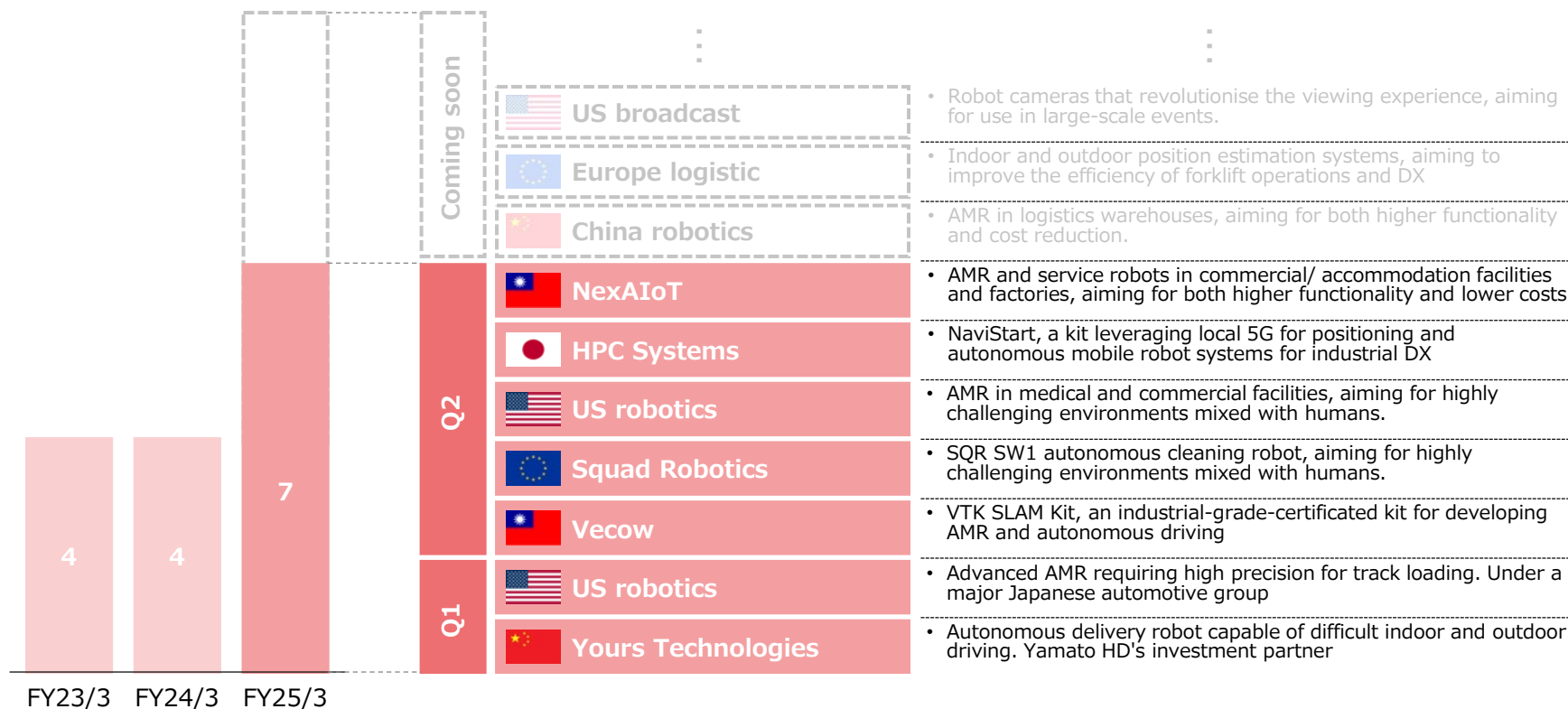
1. The turning point in a project where our direct customer decides to adopt Kudan technology for their commercial products or internal operation services
 2 To build solutions not only for the customer base that directly adopts our deep tech, but also for end customers through business co-ordination with collaborators.

A Customer commercialisation

- The pace of customer commercialisation¹ has accelerated in the current financial year; 7 projects were commercialised by Q2, which is a significant increase from the previous 2 years, followed by further projects expected in the 2nd half of the current fiscal year.
- As a result, commercialization-related revenue² up to Q2 hit ¥110 million, which is 18 times higher year-on-year), growing steadily towards the forecast of ¥250~400 million for the current fiscal year

Number of customer commercialisation projects

Project outlines



1. The turning point in a project where our direct customer decides to adopt Kudan technology for their commercial products or internal operation services

2. Revenue associated with contracts allowing customers to use our technologies and solutions in their commercial products or internal operation services

















B End-solution building

- Public sector projects are expanding and progressing globally, mainly focusing on digital twin-based DX for infrastructure and asset management, which are accelerated by our strategic alliances for constructing solutions for end customers.

		Project outlines	Progress in the Q2	
Expansion of public sector projects	Germany Public facilities management	<ul style="list-style-type: none"> Developing DX solutions for school facilities management with Digital Twin in German cities for approximately 2,000 spaces, as the first project of its kind conducted in the German public sector 	<ul style="list-style-type: none"> Verification is progressing and is scheduled to be completed in the Q3. Aiming for large-scale expansion thereafter. 	
	Finland Digital forestry	<ul style="list-style-type: none"> Developing Digital Twin solutions for forest management and forestry automation led by the Ministry of Agriculture and Forestry 	<ul style="list-style-type: none"> Development is ongoing, and additional orders for the same area have closed 	
	Japan Infrastructure management DX	<ul style="list-style-type: none"> Supporting a government-led, large-scale infrastructure management DX project, in collaboration with a major company 	<ul style="list-style-type: none"> Completed preparations for multi-year development, which are scheduled to start this fiscal year 	
	Taiwan Smart shipyard	<ul style="list-style-type: none"> Supporting the digital solutions needed for government-led smart shipbuilding projects. Partnered with MacroInsight 	<ul style="list-style-type: none"> Received orders and provided technology in the Q2. Verification is progressing and the project is scheduled to continue in the next fiscal year 	
	Japan NEW Major robotics	<ul style="list-style-type: none"> (Coming soon) Supporting a development project of robot solutions for government/ public sectors 	<ul style="list-style-type: none"> Expected to receive orders this fiscal year for a multi-year development project 	<i>Coming soon</i>
	Europe NEW Major logistics	<ul style="list-style-type: none"> (Coming soon) Supporting a development project of next-generation solutions, including AI implementation, for facility asset management 	<ul style="list-style-type: none"> The order and delivery for the initial phase are expected in the current fiscal year 	<i>Coming soon</i>
Expansion of strategic alliances	XGRIDS Joint business expansion	<ul style="list-style-type: none"> Promoting sales and solutions for the construction, real estate and infrastructure industries by utilising the industry's most advanced mapping equipment. 	<ul style="list-style-type: none"> Technical collaboration has been conducted for multiple projects above, with plans to expand in the future 	
	Whale Dynamic Joint business expansion	<ul style="list-style-type: none"> Developing multifaceted technologies and business collaborations for autonomous driving, robotics, and automotive mapping. Investee 	<ul style="list-style-type: none"> Collaboration progresses, and vehicle-based technologies will be developed into a solution in the 2nd half of this fiscal year 	

Other highlighted projects

Selected projects¹

	Customer	Project info	Release
Digital twin	 Major telecom	Digital twin for smart city	
	 Major energy	Digital twin for facility asset management	Link
	 Major electric	Multi-purpose mobile mapping device	
	 Major railway/ industrial	Mapping for railway infrastructure maintenance	Link
	 Major construction	Development package for construction DX	Link
	 Mobile mapping vendor	Multi-purpose mobile mapping device	
	 National university	Digital campus	
Robotics	 Major heavy industrial	Automation of outdoor industrial logistics	
	 Major automotive OEM	Autonomous driving and robot-taxi service	Link
	 Major automotive OEM	Autonomous mobility platform	Link
	 EUSPA (EU agency for space program)	Autonomous driving in GPS-denied environment	Link
	 Kawasaki Heavy industry	Four-legged robot	Link
	 NASA	Robot for moon exploration	Link
	 Industrial	Cleaning robot	
	 Major industrial and mobility	Position estimation system for logistic mobilities	
	 Major robotics	Industrial AMR	

¹ A selection of projects that have made significant business progress up to Q2 that are not listed by the previous pages. A number of projects not listed here are also in progress.

Reference) Company overview

“Six perspectives” to understand Kudan

1



Artificial Perception, which is close to but different from Artificial Intelligence

2



Robotics and digital-twins changing the world

3



Ultra-deep tech” to underpin industry from the deepest layer

4



World-class, cutting-edge tech firm born as global

5



Non-competing strategy to focus on areas where it is difficult for the major players

6



Kudan technology now begins to reach the market

Technical demo videos

<https://www.youtube.com/@KudanLimited/videos>

- This document contains Kudan's plans, estimates and expectations for the future based on its current business situation and industry trends.
- All such projections for the future inherently involve uncertainty and a wide variety of risks.
- It is conceivable that risks both understood and unforeseen, uncertainties and other factors may cause actual results to differ from the projections contained within this document.
- Kudan offers no guarantee of the accuracy of its projections for the future and accepts that they may differ significantly from actual results.
- All projections for the future included in this document are based upon information available to Kudan as of November 14th, 2024, and may not be updated or changed to reflect future developments or changes in status.