

Explanatory Documentation regarding Business Plan and Growth Potential

Kudan Inc. (TSE Growth : 4425) June 30, 2025

1. Business Model

"Spatial technology" as a counterpart to Artificial Intelligence





SLAM (Simultaneous Localization and Mapping) as the core of AP technology



 AP technology is a group of Deep Tech centered on SLAM (Simultaneous Localization and Mapping)



SLAM (Simultaneous Localization and Mapping) as the core of AP technology



- Technology that simultaneously determines where we are (Localization) and what our surroundings look like (Mapping) based on input from sensors such as cameras and Lidars
- We can keep a track of how we move while creating a map in a new environment (tracking), and recognize where we are based on a map we created beforehand (re-localization)
- Unlike GPS and beacons, which use external radio waves to detect location, SLAM can recognize its own location as a stand-alone software and can be used in a wider range of environments, situations, and use cases



Broad range of SLAM application





Having eyes allows machines to understand and move around the world





https://www.youtube.com/watch?v=Ehpt2cYNB48

Machines that robotise by having eyes

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The current practical implementations are still limited to only a small number of "Limited autonomous mobility" cases





1. The robotics market could reach ¥300 trillion (~USD 2T) by 2040, driven by high-growth segments (CAGR 12–16%, BCC Research, MRFR).

2. Estimated 3–5% real-world deployment based on market data and internal analysis of robot adoption and labor distribution.

Worlds that digitise by machine's eyes





https://www.youtube.com/watch?v=8TlU6cVxpSo

Digital transformation of spatial information through digitaltwinning



Ekudan

Driving the digital transformation of spatial data with digital twins



1. The digital twin market may reach ¥100 trillion (~USD 700B) by 2040, based on CAGR estimates (20–40%) from Verdantix, IMARC, and MRFR.

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Kudan's vision for next-generation solutions

















2. Source of competitiveness

Tech firm born as global

Ekudan





Professor Daniel Cremers, Artisense founder CSO



- The influential SLAM researchers in the world
 - Principal Professor at the Technical University of Munich (TUM)
 - Awarded the "Leibniz-Preis", the highest authority in German academia
 - $_{\odot}$ All citation indices are at Nobel Prize levels
- Invented innovative methods for the next generation and their commercialisation rights are exclusively owned by

Demand is attracted to technologies professionally developed for commercial use



	AI/ Deep Learning- oriented image recognition	Spatial and positional recognition
Algorithm complexity	 Simple algorithm 	 Complicated algorithm
Development environment	 Complete with SW only 	 Requires a high level of SW- HW integration
Open source	Practical	 Unpractical
competitiveness	 Quality and quantity of data Scale of data learning 	 Accumulation of engineering
	Enclose data with huge capital and focus on server investment and operations	Expert companies secure scarce human resources and technological development

Non-competing segregation has progressed, making Kudan the largest independent specialist in the world









. Future Growth Potential



- The market's recognition of our technological capabilities has advanced, and the implementation of our technology in commercial product has accelerated and steadily accumulated
 - □ The number of customer commercialization projects¹ reached eight projects, marking a 200% YoY increase
- On the other hand, some advanced customer commercialization outpaced market readiness, resulting in slower-than-expected customer product adoption
 - Revenue came in at ¥510 million, falling short of the ¥700 million target
 - Due to the immaturity of complementary technologies and the broader ecosystem, licensing revenue from robotics commercialization projects showed limited growth, and delays occurred in public-sector Digital Twin projects in Europe
- To better align with the pace of the market and improve profitability and growth potential, we shifted to a solution-oriented growth strategy encompassing new and complementary technologies, which led to one-time cost increases and worsened losses
 - Due to organizational revisions and new development efforts, costs rose to ¥1.31 billion, exceeding the planned ¥1.13 billion
 - Along with a decline in revenue, adjusted operating profit worsened to ¥-750 million, compared to the original target of ¥-350 million²

Meanwhile, revenue and profit landed in line with the revised forecast

Adjusted operating profit: A profitability indicator that adds recurring government R&D subsidies to operating profit (loss), offering a clearer view of core business performance



Strengthen our new growth strategy to fundamentally enhance profitability and growth potential

- By integrating Artificial Intelligence (AI) with Artificial Perception (AP), we aim to evolve our capabilities into Spatial Perception (SP)
 - We will expand our core technologies for robotics and digital twins, enhancing their value and accelerating the penetration of technology
 - While maintaining software business as the core of our business, we will broaden and expand SW/HW packages to diversify our offerings
- We aim to strengthen revenue and profit from development projects, reduce dependence on customer commercialization, and expect to launch large-scale projects within this fiscal year
- We expect revenue to grow to ¥700 million this fiscal year (+35.3%), and aim to reduce the adjusted operating loss from ¥880 million to ¥590 million by the end of the fiscal year¹, with further loss reduction and improving of profitability from the next fiscal year onward
 - To eliminate one-time transitional costs, we plan to reduce fixed costs (¥150 million) and development expenses for non-core technologies¹ (¥50 million)
 - □ We expect to improve profitability through increased revenue driven by the new growth strategy (¥80 million)
- Under the new growth strategy, we will prioritize revenue and profit from development projects in the short term, while aiming for exponential growth in the mid- to long-term by expanding customer commercialization/product licensing in line with accelerating market trends

2. Customer projects in the phase from pre-commercial proof-of-concept to product development.

^{1.} While Kudan expects its underlying loss structure to improve to ¥590 million by the end of the fiscal year, the full-year adjusted operating loss is projected at ¥720 million. For details, see page 16.

Full-Year Financial Performance for FY2025 (Ended March 2025) (1/2)



Although revenue, operating profit, and adjusted operating profit fell short of the initial plan, results were in line with the revised forecast

[million ¥]	FY2024	FY2025	Doviced		
	Results	Forecast	Forecast	Results	
Revenue	490	700	500 ~550	517	 The initial forecast was not achieved Revenue increased YoY, driven by growth in the Digital Twin area (+5.4%)
Operating profit	△527	∆430	∆850 ~∆820	∆800	 Compared to the initial forecast, costs worsened due to organizational reinforcement and technology procurement associated with strategic realignment. Compared to the revised forecast, profitability improved slightly as end-solution initiatives progressed following the strategic realignment
Ordinary profit ¹	△50	-	-	∆743	 ¥46 million in R&D subsidies from the UK government was recorded as non-operating income ¥21 million in foreign exchange gains was recorded from intra-group receivables and payables due to yen depreciation
Profit	△69	-	-	△801	• An impairment loss of ¥57 million was recorded due to development- related investments ³
Adjusted operating profit	∆426	∆350	∆800 ~∆770	∆753	• ¥46 million in R&D subsidy was adjusted from operating profit

1. In FY2024, foreign exchange gains totaled ¥384 million and government subsidies ¥100 million. In contrast, FY2025 saw only ¥21 million in foreign exchange gains due to limited yen depreciation, and subsidy income declined to ¥46 million due to a policy change in the UK and approval delays in Germany. As a result, non-operating income decreased significantly.

2. A profitability indicator that adds recurring government R&D subsidies to operating profit (loss), providing a clearer view of core business performance

3. R&D expenses and cost of revenue, including procurement of hardware and related components

Full-Year Financial Performance for FY2025 (Ended March 2025) (2/2)



In response to shortfalls against the initial plan, we rebalanced key projects and aim to significantly improve operating profit and cash flow in the current and subsequent fiscal years

[million ¥]	Plan	Shortfall from Plan	Business Structure Adjustment	Actual Result
Revenue	7.0	1.7Slower-than- expected market Delays in adoption of customer (Robotics)0.6 European new energy infrastructure projects2 (Digital Twin)4.7	1.60.6Selective engagement in robotics projects4Strengthening of end-solution building3 (Digital Twin)5.7	0.6 Deferral to next year ⁵ 5.1
Cost of Sales / SG&A expenses	11.3		1.50.51.5Procurement for end-solution development7 and development capabilities613.3	0.2 Foreign exchange impact (Yen depreciation) 13.1

- 1. Revenue declined as market adoption of customer products from commercialization projects fell short of expectations
- 2. While previously disclosed energy infrastructure projects faced delays due to adjustments in public policy, growth in private-sector industrial and logistics projects exceeded expectations, leading to overall stronger-than-expected performance in Digital Twin projects
- 4. Shift toward digital twin and human-assisted robotics, while narrowing focus to high-quality full-automated robotics projects
- 5. A portion of the expected revenue for the fiscal year has been deferred to the following year
- 6. Strengthened our workforce to support expanded development and sales of end-solutions
- 7. Procured additional resources related to external partnerships for end-solutions

3. Strengthened development and sales efforts for Digital Twin solutions

Full-Year Forecast for FY2026 (Ending March 2026)



- With strategic realignment initiated in FY2025 taking effect, revenue is expected to increase significantly (+35.3% YoY)
- While adjusted operating profit is expected to improve to ¥-590 million by the end of the fiscal year, the full-year forecast remains at ¥-720 million, reflecting modest improvement compared to the previous year

[million ¥]	FY2025	FY2026	
	Results	Forecast	
Revenue	517	700	 Revenue growth is supported by the launch of large-scale projects enabled by Spatial Perception and the diversification of project offerings through SW/HW packages
Operating profit	∆800	△780	• While profitability improvement is expected to gain momentum throughout the fiscal year, significant impact will be realized in the second half, with adjusted operating profit improving to ¥-650 million by the end of the fiscal year
Ordinary profit	∆743	-	 As foreign exchange gains and losses are difficult to forecast,
Profit	△801	-	in previous years
Adjusted operating profit ¹	△753	△720	 We expect to receive ¥60 million in development subsidies from foreign governments

1. A profitability indicator that adds recurring government R&D subsidies to operating profit (loss), providing a clearer view of core business performance

FY2025 Highlight Project (1/5): Customer Commercialization Achievements



- As customer product development progressed, eight customer commercialization projects were successfully completed (+100% YoY), demonstrating accumulated achievements and establishing strong technical recognition in the market
- On the other hand, due to the immaturity of complementary technologies and the broader ecosystem, product licensing from robotics commercialization projects showed limited growth

Customer commerc particularly in robo	Despite the commercia commercia	Despite the substantial growth in customer commercialization, the increase in commercialization-related revenue has slowed		
Yours Technologies	 Backed by Yamato Holdings. Designed for autonomous delivery robots capable of navigating complex indoor and outdoor environments 		Customer commercialization	Commercialization- related revenue
US Robots	 Part of a major Japanese automotive group. Developed for high-precision autonomous transport robots used in tasks such as truck loading 		[projects] [million ¥]
Vecow	 Adopted in the autonomous mobile robot development kit, "VTK SLAM Kit," with compatibility for industrial standards including autonomous driving 	FY2023	4	0.3
Squad Robotics	 Implemented in autonomous cleaning robots such as the "SQR SW1," designed to operate in high complex environments shared with human 			
US Robots	 Part of a global industry leader. Designed for autonomous transport robots operating in medical and commercial facilities, capable of handling complex environments shared with humans 	FY2024	4	2.7
HPC Systems	 Adopted in "NaviStart," a positioning and autonomous transport system kit for industrial DX, leveraging local 5G technology 	_		
NexAIoT	 Designed for autonomous transport and service robots in factories, commercial buildings, and hospitality facilities, achieving both advanced functionality and cost efficiency 	FY2025	8	2.9
FOX Sports	 Implemented in robotic cameras for sports broadcasting, enabling immersive AR-powered viewing experiences—featured at the Super Bowl 			

FY2025 Highlight Project (2/5): High-Precision 3D Mapping (NTT InfraNet)

- In dense urban areas where satellite-based positioning systems are unstable, achieving high-precision 3D mapping has long been a challenge. However, this issue has been addressed by combining our SLAM technology with geospatial information held by NTT InfraNet, such as manhole locations
- This initiative is expected to contribute to solving social issues, including smart city development, urban infrastructure management, disaster prevention and response, and environmental impact reduction

Successful Proof of Concept for High-Precision 3D Mapping	Anticipated Directions for Solution Deployment		
 Efficient high-precision 3D mapping in dense urban areas where satellite positioning systems lose effectiveness due to clusters of high-rise buildings 	Smart City Development	 A foundational technology for autonomous driving and robotics mobility optimization, urban management, and advancement of public infrastructure 	
	Urban Infrastructure Management	 Improved management efficiency through digitization of road and bridge infrastructure Application to national initiatives such as the Digital Lifeline Development Plan 	
	Enhanced Disaster Prevention and Response	 Damage prediction, evacuation route optimization, and rapid recovery efforts Reliable information even in environments where satellite positioning is unstable 	
	Reduction of Environmental Impact	Efficient urban planning and traffic managementReduction of carbon emissions	

FY2025 Highlight Project (3/5): Facility Asset Management for European Industries

- Captured demand from industrial and logistics facilities and entered into a strategic business alliance with one of the world's leading multi-industry service providers
- By combining AI with photorealistic 3D digital twin technology, we are delivering an innovative solution for facility asset management that dramatically accelerates the digital transformation (DX) of our partners



FY2025 Highlight Project (4/5): Robotic Camera for AR (FOX Sports)

- Adopted for position recognition in human-operated robotic cameras for sports broadcasting, delivering an innovative AR viewing experience
- Recognized for its unmatched capability to track high-speed camera movements, the technology was successfully deployed at the Super Bowl, one of the world's largest sporting events

Utilizing Proprietary Technology for Special Effects in Human-Operated Robots



- Integrated LiDAR sensors into AR wire robotic cameras, enabling precise camera position recognition using our technology
- Achieved high-precision recognition in fast, widearea, and dynamic camera movements, previously unattainable.

Revolutionizing the Viewing Experience and Enhancing Content Value



- Delivers immersive AR visuals with seamless precision
- Deployed at Super Bowl LIX, which drew 140 million viewers, the technology was utilized in various scenes from the opening to in-game commentary
- Aiming for further implementation in large-scale global events

FY2025 Highlight Project (5/5): Autonomous Mobile Robot (Nvidia/ NexAI

- By integrating our SLAM technology¹ with NVIDIA's AI platform² for robotics, we have achieved spatial perception—enabling localization and obstacle detection—even in highly challenging environments³, without relying on 3D sensors. This results in a cost-effective solution for autonomous navigation
- We have started providing this solution to robotics developers, with partial commercialization already achieved and deployed in real-world factory environments (NexAIoT⁴ in Taiwan)





- Through advanced technology integration, we enhance autonomy and operational efficiency while maintaining low cost
- By evolving synergistically with next-generation AI, we aim to advance toward humancollaborative robotics⁵
- .. Kudan Visual SLAM: Localization and environmental mapping using only camera visual data, eliminating the need for costly 3D sensors
- 2. NVIDIA Isaac Perceptor: A platform designed for industrial autonomous mobile robots
- Unstructured environments: Robot operating environments characterized by dynamic changes, 3D obstacles, and moving objects

Achieved commercialization of robots, now being deployed across various real-world environments



- Shortens development and deployment time while significantly reducing costs
- Highly versatile and easily deployable across diverse environments such as factories
- 4. Next-generation industrial autonomous transport robot: NexNOV-2
- 5. As a next-generation industrial robot expected to meet high demands for autonomy and safety, it is attracting growing attention as research accelerates alongside advances in AI 33

Initiatives for the Current Fiscal Year



- We have started offering Spatial Perception as a broader suite of technologies by expanding into new and complementary technologies, aiming to enhance revenue and profitability from development projects
- As part of resolving one-time costs through business rebalancing, we focus on optimizing costs and expanding revenue through selective concentration on Spatial Perception, aiming for a significant improvement in operating profit and cash flow

	Aiming to Improve Growth and Profitability	Measures Taken in the Previous Fiscal Year	Initiatives for the Current Fiscal Year
Growth Strategy Update	 Strengthen revenue and profitability from development projects by aligning with the market adoption speed of advanced customer products In addition, we aim to drive market acceleration and achieve revenue growth on a per-project basis 	 We are expanding into Spatial Expand our core software tech approach Add and expand SW/HW pack external technologies Establishment of organizational structure Initiation of early-stage development 	Perception noologies with a solution-oriented ages through increased utilization of • Continuation and enhancement of development activities • Monetization through project conversion
Cost Optimization and Profitability Improvement	• Under our new growth strategy aimed at expanding our technological domains, we are restructuring our business with a focus on organizational and development portfolios	 Reinforced organizational and development teams in line with the rebalancing of focus projects 	C Under our growth strategy, we are taking selective approaches to eliminate one-time costs and enhance profitability

A Growth Strategy Update (1/2): Expansion into Spatial Perception

- Integrating Artificial Intelligence (AI) into our Artificial Perception (AP), and evolving it into Spatial Perception (SP)
- By reinforcing our solution-oriented approach, we aim to improve profitability during the development phase and support the adoption of fast-growing customer products



- The expansion into new technological domains enables higher value-added offerings, which will help strengthen revenue and profitability from development projects
- By effectively supporting application of our technologies to solutions, we aim to accelerate market growth
- Expect to achieve revenue growth on a per-project basis
- Building our organizational structure and initiating earlystage development since previous fiscal year, with large-scale commercialization expected this year (coming soon)

ting) Existing core technologies: Continuing to maintain and enhance our strengths

New technological domains: Expanding through approaches that generate synergy with Artificial Perception

1. Localiation and environmental mapping related to SLAM and similar technologies

2. Object recognition, segmentation, and semantic extraction from 3D data and maps 4

3. Autonomous navigation including route planning and obstacle avoidance

4. Photorealistic rendering of 3D data and maps using techniques such as Novel View Synthesis 35

B Growth Strategy Update (2/2): Expansion of SW/HW Packages



- Expand embedded and complementary SW/HW packages that offer strong synergies in both technology and sales, with software (SW) remaining at the core of our business¹
- By leveraging external technologies for the hardware (HW) components, we aim to build a more multi-layered business structure and maximize both revenue and profitability



1. Plan to expand the business while maintaining the software revenue ratio at or above 50%.

Project Overview (excerpt)



Reflecting our growth strategy, Spatial Perception (SP) and SW/HW packages are being expanded starting this fiscal year

Cus	tme	rS ¹	Use Case	Technology Provided	Category	
		Kawasaki Heavy Industrie	Quadruped work robot	Localization in challenging indoor/outdoor and unstructured environments	SP	SW
		Robotics solution	Security robot	Autonomous driving package including indoor/outdoor mobility and AI-integrated navigation	SP	SW
S		Public institution	General-purpose robot	General-purpose autonomous navigation software	SP	SW
oboti		Major robotics manufacturers (multiple)	Various Types of Robots	Localization under dynamic conditions and across indoor/outdoor environments	AP	SW
N N	$ \langle \rangle \rangle$	Major railway company	Security drone	Localization for autonomous flight in GPS-degraded environments	AP	SW
		Major plant engineering company	Automation of heavy equipment operations	localization in recognition-challenging outdoor and unstructured environments	AP	SW/HW
		Major automotive OEM	Autonomous driving / Robotaxi	Localization in GPS-degraded environments	AP	SW
c	各国	General engineering companies (multiple)	DX of infrastructure asset management	3D scanners and digital twin technologies (photorealistic and semantic)	SP	SW/HW
Twi		Major manufacturer	DX of manufacturing processes	3D scanners and digital twin technologies (photorealistic and semantic)	SP	SW/HW
igital	各国	Mapping-related companies (multiple)	Vehicle-mounted mapping system	City-scale digital map generation system	AP	SW/HW
Δ		Major telecommunications	Next-generation Digital Twin	Distributed data processing using Spatial Perception technology	SP	SW
		. ,		SP: Spati AP: Artific	al Perception cial Perception	SW: software SW/HW: software and

hardware

1. Projects previously highlighted are not included here

Improvement of Revenue Structure



- Reduction of fixed costs through cost optimization (¥150 million), suspension and outsourcing of non-core technology development (¥50 million), profit contribution from increased revenue (¥80 million), and expected increase in subsidies (¥10 million)
- We aim to improve the underlying loss by ¥290 million by the end of this fiscal year¹, and to further reduce losses and achieve profitability from the next fiscal year onward



1. This represents the profitability structure at the end of the fiscal year, calculated by deducting the year-end cost level from full-year revenue and subsidy income

Financing (January-March 2024)



Completed financing of approx. 1.4 billion yen through share acquisition rights to strengthen the 'two pillars of growth'*1

	Business progress	Use of funds
two pillars of growth		
Customer commercialization	 Achievement of customer commercialization, accumulation of projects and upward revision (FY2023) Product license MOU with Whale Dynamic (300-400 million yen) The launch of product-related revenue, 	 Expand revenue by strengthening alliance with Whale Dynamic Continued expansion of customer commercialization Revenue growth in each project
B Solution	 Build an ecosystem as a business foundation Participation in government, public projects (Japan and Europe) Launch of digital twin projects, mainly in Europe 	 Large scale digital twin projects in Europe and global expansion Development of solution business in the robotics area

1 757 million yen was used for customer commercialization and 261 million yen was used for solution as of now

Financing (June 2024~)



Completed financing of approx. 1.8 billion yen through share acquisition rights to **strengthen "two pillars** of growth" and promote initiatives to support them in the previous fiscal year

	Business progress	Use of funds	
two pillars of growth		Supplementation of previous financing ²	New use of funds
A Customer commercialization	 Steady accumulation of customer commercialization Growth of product-related revenue 	 Strengthen productization packages as "priming" Promotion of each project incl. WD 	
B Solution	 Built an ecosystem and participation in government and public projects Launch of order/agreement of digital twin projects in Europe 	 Large scale digital twin projects in Europe and global expansion Development of solution in the robotics area 	 Development of solution in autonomous driving in the broadest sense Business investment such as M&A³
Supporting initiatives Integration with AI and semiconductors	 Built a collaboration structure with major semiconductor manufacturers Customer commercialization with Intel 		 Optimization development for major semiconductor manufacturers Development of innovative technologies through technological integration with generative AI

1 As of today, 99% of the financing through the 18th stock acquisition rights has been completed. 146 million yen was used for customer commercialization/solution and 38 million yen was used for Integration with AI and semiconductors.

2 In the financing by the 17th warrant with an amendment to the exercise price (third-party allotment), the funding amount was approximately ¥1.4 billion compared to the initial estimate of approximately ¥1.9 billion, and approximately ¥0.5 billion was not achieved.

3 Investment including M&A, to strengthen the company's development and technology embedding structure for larger-scale solution projects.

Mid- to Long-Term Growth Outlook



Under a new growth strategy focused on expanding our technological domains, we aim to strengthen revenue and profitability in the short term through development projects. Over the mid- to long term, we will seek significant growth by continuing to expand customer commercialization and product-related revenue in line with market acceleration



1. Adjusted operating profit

2. Revenue adjusted for accounting standard changes

. Risk Information

Key risks and countermeasures



Identified the following risks and countermeasures that could have a significant impact on our growth strategy
 Please refer to "Business and Other Risks" in the Annual Report for the year ended March 31, 2025 for other risks

Key risks	Period	Impact	Countermeasures
Risk that the development of each market requiring AP (Artificial Perception) does not proceed as expected	Mid- to long term	Delays in revenue growth due to delays in expected customer commercialization and product-related revenue expansion	 Support for accelerating customer development projects by providing SW/HW package Promote market expansion of our technology through solutionization Focus on markets and customer projects with high prospects for commercialization over the mid- to long term Promote joint R&D and business development through alliances with leading global sensor and semiconductor companies
Risk that our technological advantage cannot be sustained	Mid- to long term	Decrease in mid- to long term revenue forecast due to inability to continue to maintain technological advantage in the SLAM market	 Maintain technological superiority through continuous updates of Kudan/Artisense integrated SLAM technology Strengthen technology by integrating AI
Risk that the amount and timing of revenue recognition may vary depending on the progress of the project	Short~mid- to long term	Volatility in revenue	 Leveling of the timing of revenue recognition by increasing the number of projects Expansion of stable revenue base through the increased commercialization and product-related revenue



Handling of This Document

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.

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All projections for the future included in this document are based upon information available at the present time. Kudan plans to continue to disclose each indicator in its supplementary documentation to the financial report and other materials on a regular basis, including the business progress disclosed in this document. The next update of this document will be disclosed in June 2025.