Supplementary Document to the financial report for the first quarter of the fiscal year ending March 2026

Kudan Inc.　(TSE Growth : 4425)
August 14, 2025

1Q Highlights

Financial Results

Revenue of ¥170 million, up 400% YoY, progressing steadily toward the full-year target

- Significant contribution from the growth strategies of "Expanding software (SW) technologies" and "Leveraging hardware (HW) packages"
- Strong growth centered on digital twin, a key driver of short-term expansion
- The plan—including the reduction of the full-year loss by 33% YoY[1]—remains on track

Business Progress

Expansion into broader technology domains and order acquisition are advancing, with Artificial Perception (AP) at the core

- Progress in expanding software (SW) technologies into Spatial Perception (SP) through the integration with Artificial Intelligence (AI)[2]
- For digital twin applications, Kudan launched the next-generation digital twin solution (Kudan PRISM[3]), steadily capturing demand
- For robotics applications, Kudan has been selected as the research and development leader[5] in a software development project[4] promoted by the Ministry of Economy, Trade and Industry, with participation from major general contractors — providing a significant boost to its business

1. This is based on profit structure at the end of the fiscal year, calculated by deducting the cost level at fiscal year-end from the full-year revenue and subsidy income. Refer to p.16 of the previous full-year financial results presentation (reference link)
2. A policy to strengthen the solution-oriented approach, improve profitability during the development phase, and support customer products with high adoption speed. Refer to p.12-13 of the previous full-year financial results presentation (reference link)
3. A solution that revolutionizes the DX of facility management, inspection, and maintenance across industries such as civil engineering and construction, real estate, infrastructure, logistics, and manufacturing, through next-generation spatial perception that integrates photorealistic visualization with semantic 3D recognition. For details, refer to p.8.
4. The commissioned project by NEDO (New Energy and Industrial Technology Development Organization), under the jurisdiction of the Ministry of Economy, Trade and Industry: “Research and Development Project of the Enhanced Infrastructures for Post-5G Information and Communication Systems: Building a Software Development Platform for Robotics” (reference link)
5. Leading the development of software modules to realize autonomous mobile robot, including planning and progress management, designing and developing core technologies, and integrating the development outcomes of participating companies

Financial Results

- Revenue was driven by digital twin-related revenue, including hardware (HW), achieving a significant increase YoY
- The cost increase in the previous fiscal year has subsided, and Kudan expects to reduce fixed costs through organizational optimization by the fiscal year-end
- The impact of U.S. tariff policies on Kudan's performance is expected to remain minimal

[milliion ¥]

	FY2025		FY2026		
	1Q Results	FY Results	1Q Results	FY Forecast	Notes
Revenue	34	517	**168**	700	• Significant YoY increase (+400%) • Revenue contribution from government projects is expected from 2Q onward
Operating profit	△237	△800	**△245**	△780	• The cost increase from organizational enhancements in the previous fiscal year has subsided • Organizational optimization is underway to reduce fixed costs by the fiscal year-end
Ordinary profit	△29	△743	**△229**	-	• In the same quarter of the previous fiscal year, a substantial foreign exchange gain was recorded due to significant yen depreciation and group-internal receivables/payables, whereas the impact was limited in the current quarter
Profit	△50	△801	**△230**	-	
Adjusted operating profit[1]	△50	△753	**△230**	△720	• ¥60 million in development subsidies from an overseas government is expected from 2Q onward

1. A profitability figure for the business profitability, calculated by adding government research and development subsidies — recognized on a recurring basis each fiscal year — to operating profit (loss)

Background and Overview of Growth Strategy

- To accelerate the social implementation of its vision of the “eye of a machine,” Kudan aims to expand its technology and business domains[1], with its core proprietary Artificial Perception technology developed over the years

Kudan — the “eye of a machine” connecting the physical and digital spaces

Robots capture the physical space in digital form

Replicating the physical world in digital space

Progress up to the previous fiscal year

- Achieved customer commercialization, with the number of cases steadily increasing, building a track record toward mid- to long-term growth[2]
- However, as product adoption after commercialization takes time, more short-term challenges have also emerged[2]

Current Growth Strategy

- Expanding technology domains to enhance the profitability of development projects and promote product adoption
- Strengthening complementary technologies in both software and hardware, with proprietary Artificial Perception at the core

Policy 1
Expanding Software (SW) Technologies

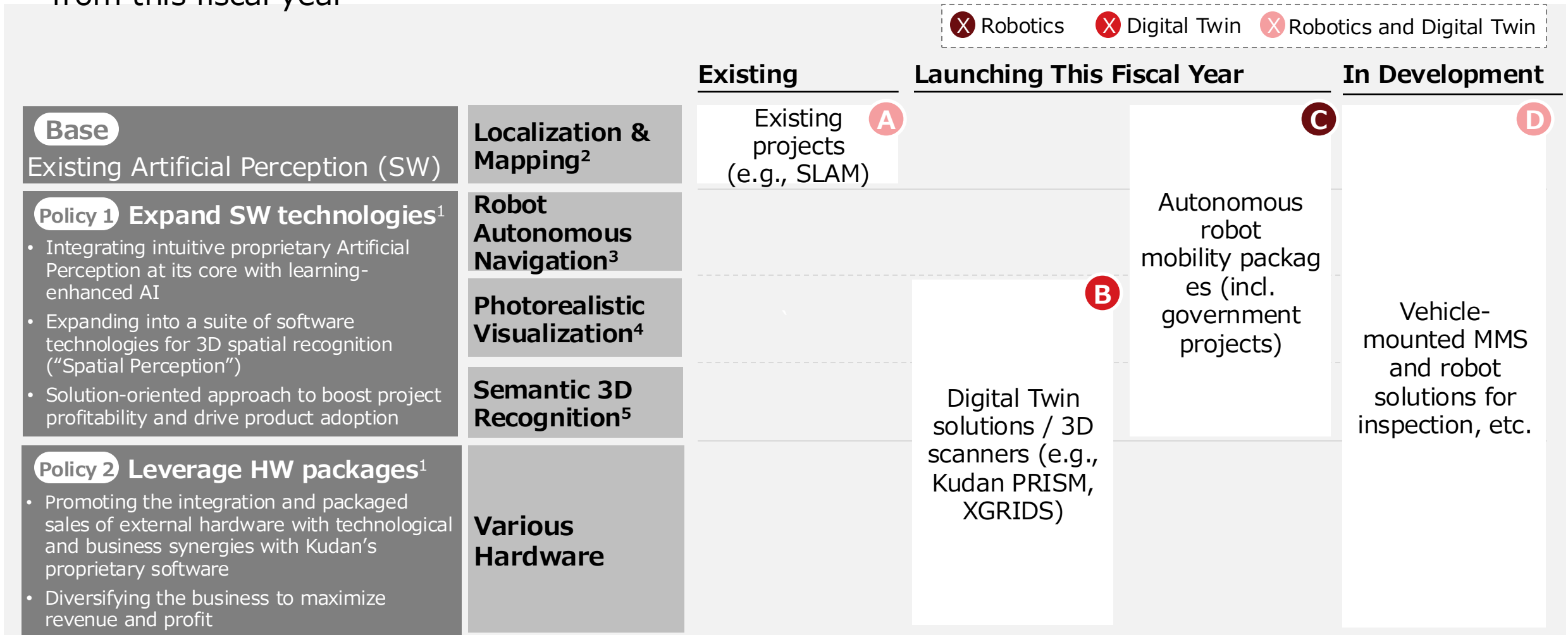
Policy 2
Levaraging Hardware (HW) Packages

- Over the mid- to long-term, Kudan aims to continue achieving high growth driven by licensing revenue

1. For details, refer to p.12–14 of the previous full-year financial results presentation (reference link)
2. For details, refer to p.7 of the previous full-year financial results presentation (reference link)

Business Domains Accelerating from This Fiscal Year

- By accelerating the policies of “expanding software (SW) technologies” and “leveraging hardware (HW) packages,” Kudan expects to establish new revenue streams in both robotics and digital twin from this fiscal year



1. For details, refer to p.12–14 of the previous full-year financial results presentation (reference link)
2. Localization and mapping related to SLAM
3. Autonomous navigation including route planning and obstacle avoidance
4. Photorealistic 3D data visualization from free viewpoints using techniques such as Novel View Synthesis
5. Object recognition, segmentation, and semantic extr of 3D data and maps

A Existing Artificial Perception Project Overview

kudan

- Existing Artificial Perception projects are also ongoing and making progress

Customers	Use Case	Technology Provided	Progress
Kawasaki Heavy Industries	Quadruped work robot	Localization in challenging indoor/outdoor and unstructured environments	Under discussion for conducting demonstration experiments in challenging environments
Major robotics manufacturers (multiple)	Various Types of Robots	Localization under dynamic conditions and across indoor/outdoor environments	Ongoing commercial deployment into end-customer environments
Major railway company	Security drone	Localization for autonomous flight in GPS-degraded environments	Ongoing demonstration experiments in BVLOS (Beyond Visual Line of Sight) under commercial-grade environments and conditions
Major plant engineering company	Automation of heavy equipment operations	Localization in recognition-challenging outdoor and unstructured environments	In discussion with the end user regarding additional demonstrations
Major automotive OEM	Autonomous driving / Robotaxi	Localization in GPS-degraded environments	Enhancing functionality to improve adaptability under diverse conditions toward commercialization
NVIDIA	Semiconductors for Robots	Localization for AI robots, enabling advanced versatility and spatial understanding	Continuing efforts to enhance functionality alongside joint commercial customer support and business development activities
FOX sports	Robotic Cameras for Broadcasting	Position recognition for manned robotic cameras used in sports broadcasting	Sequentially deploying at NFL games while continuing to enhance functionality for activities at other sporting events
Taiwan Smart Shipbuilding	Smart Shipbuilding	Spatial perception and sensing system for smart inspection and maintenance in shipyards	Continuing development toward enhanced functionality, including real-time monitoring and preventive maintenance for anomalies

B Digital Twin Projects (1/2)

- With a portfolio of highly innovative technologies and products combining software solutions and hardware packages, Kudan has cultivated new market demand, making a significant contribution to 1Q performance growth

New Release (details on next page)

Digital Twin Solution (Kudan PRISM[1])

- The world's first[2] next-gen solution integrating photorealistic visualization and semantic 3D recognition to innovate digital twin utilization
- Validated in Europe[3] and Japan for facility management, inspection, and maintenance; driving full-scale rollout and commercial user base expansion this fiscal year
- Rapid market growth expected in civil engineering and construction, real estate, infrastructure, logistics, and manufacturing (¥100 trillion[4]+ by 2040)

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3D Scanner (XGRIDS)

- Scanner device complementary to Kudan PRISM (generating high-precision data)
- High performance, low cost, and strong competitiveness — leading globally in practical photorealistic visualization
- Rapid growth since expanding strategic partnership[5] with XGRIDS from the previous fiscal year

- **Strong tech & sales synergies — driving 1Q revenue growth**
- **Highly novel, cultivating new market demand**
- **High growth potential in global expansion**

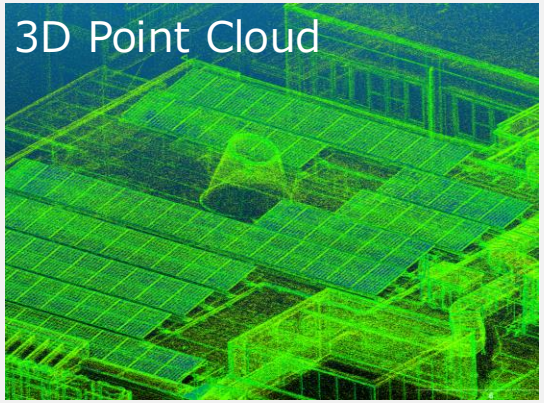
1. PRISM : Photo-Realistic Integrated Spatial Management
2. Practical application of a facility management solution integrating photorealistic visualization and semantic 3D recognition (Kudan research, June 2025)
3. An example of initiatives in the expanding asset management (facility management) sector in Europe（reference link）
4. Based on growth rates (CAGR of 20-40%) reported by various research organizations, including Verdantix, IMARC, and MRFR, the overall digital twin market is estimated to reach 100 trillion yen (approximately USD 700 billion) by 2040.
5. Business partnership with XGRIDS（reference link）

B Digital Twin Projects (2/2) – Details of Kudan PRISM

- While social demand is extremely high, existing methods have limited practical application. Kudan PRISM introduces an innovative technical approach, aiming for the practical application and market diffusion of the solution

End-solution building with Kudan PRISM's innovative approach

Existing Method



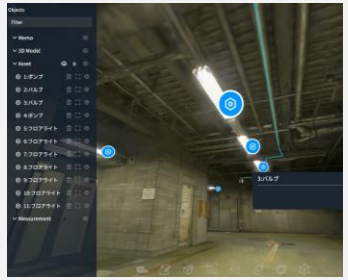
- **Use of 3D point cloud–centric data**
- Challenges: low AI recognition accuracy, large data volumes, complex data handling, and difficulty integrating with existing systems, etc
- Limited practical application

Kudan PRISM's Innovative Approach

- **In addition to 3D point clouds, leveraging photorealistic visualization**
- **Semantic 3D recognition enables a dramatic expansion of AI utilization**
- Data usage and integration become more efficient
- Practical application is expected to expand

Applied to DX across diverse industries (selected)

Facility Management



Infrastructure Maintenance

Smart City and Disaster Response

- Promoting DX in areas previously difficult, enabling automation, operational efficiency, and remote work
- Growing demand to address labor shortages and aging infrastructure in developed countries
- Enhancing disaster simulation and prevention design to protect lives and support recovery

Autonomous Robot Mobility Packages (1/2)

- Expanding technology domains to pursue larger-scale projects and accelerate social implementation, while advancing multiple projects globally

Technical challenges in a potentially huge market

Only 3–5% of the ¥300 trillion[1] robot market projected to grow by 2040 has practical application with conventional technologies

2D Recognition

Infrastructure

GPS Positioning

Environment changes

Mixed indoor/outdoor

Complex 3D structures/terrain

Many moving objects/people

Low-feature environments

Open indoor spaces

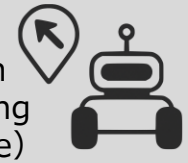
Expanding technology domains based on past achievements

- With core AP tech (localization & mapping), Kudan achieved commercialization in previously difficult cases

- Packaging complementary technology (SW) for autonomous mobility to broaden the customer base and boost development efficiency

Localization & Mapping
(Core elements of navigation)

Robot Autonomous Navigation
(Full-stack navigation including route planning and collision avoidance)



- Advancing multiple projects with robotics companies in the U.S. and Asia

1. Based on research by BCC Research, Market Research Future, and others, supported by multiple high-growth segments (CAGR of 12–16% or higher), the overall market is projected to potentially reach a scale of 300 trillion yen (approximately USD 2 trillion) by 2040.

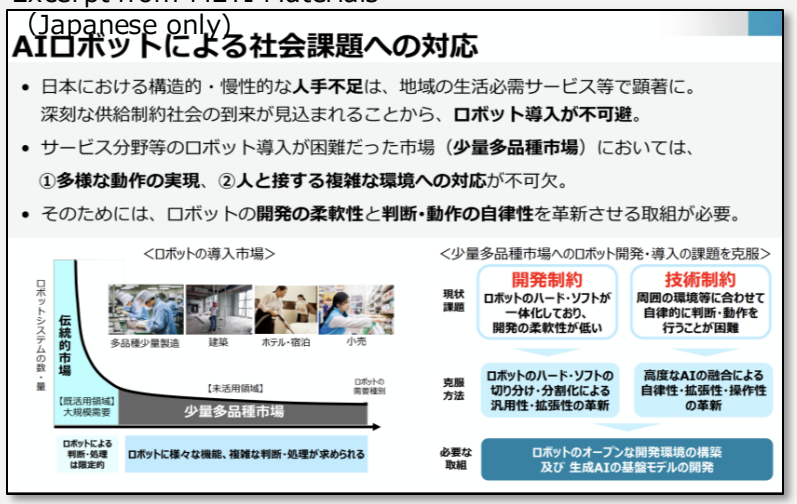
Autonomous Robot Mobility Packages（2/2）- Participation in Government Project

- For robotics, Kudan has been selected as development leader[1] for a METI-promoted software project with major construction companies, leading core technology development of autonomous robot mobility in Japan

Japan's National Policies

- Labor shortages are a growing social issue, making robot deployment essential as government and industry strengthen initiatives
- In markets where deployment was difficult, innovation to enhance robot autonomy is essential

Excerpt from METI Materials (Japanese only)



Project Overview

- Taking the the construction sector—where challenges are significant—as a model, the initiative is being advanced across the industry via the Construction RX Consortium[2] including major general contractors
- Aiming to establish general purpose autonomous robot mobility technologies, with future expansion expected into a broader range of industries[3]

Organizer	NEDO (New Energy and Industrial Technology Development Organization)
Project Name	Research and Development Project of the Enhanced Infrastructures for Post-5G Information and Communication Systems: Building a Software Development Platform for Robotics
Adopted Theme	R&D on a Software Development Platform in the Robotics Field for the Construction Market
Period	From FY2025 to FY2027 (planned)
Total Budget	¥10.3 billion (total over 3 years)

Kudan's Role and Future Expectations

- Recognized for its technology and track record, Kudan has been selected as the core software leader[1]
- Expects this to accelerate the social implementation and adoption of Kudan's technologies
- Also aim for continued close collaboration on related government policies for robotics


Image of Autonomous Robot in Use at Construction Site

1. Leading the development of software modules to realize autonomous robot mobility, including project planning and management, design and development of core technologies, and integration of development outcomes from participating companies
2. Private organization promoting "Robotics Transformation" via construction robots and IoT to tackle workforce decline and improve productivity and safety in construction
3. Also expected to expand into a wide range of industries, including logistics, manufacturing, infrastructure management, and agriculture

Disclaimer

Handling of This Document

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