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

Kudan Inc.（TSE Growth : 4425）
November 13, 2025

Highlights

- **Strong revenue growth across all business domains through 2Q**
  - Revenue reached 400 million yen, representing +170% YoY, demonstrating significant growth momentum
  - Kudan continues to maintain a positive outlook for the second half, and has already revised its full-year forecast upward[1]
- As a key driver of business expansion, Kudan's Digital Twin and Robotics businesses have been accelerating, supported by the new strategies introduced this fiscal year — **"expanding software (SW) technologies" and "leveraging hardware (HW) packages."** These initiatives have **proven effective in responding to rapid market changes**, enabling Kudan to secure a leading position in the market

[million yen]

	FY2025		FY2026		
	2Q (Cumulative)	Full year	2Q (Cumulative)	Full-year (Forecast)	
				Before Revision	After Revision
Revenue	148	517	400	700	920~1120
Operating profit	△437	△800	△416	△780	△770~△730
Ordinary profit	△519	△743	△287	-	-
Profit	△553	△801	△329	-	-
Adjusted operating profit[2]	△390	△753	△367	△720	△720~△680

1. Refer to the "Notification of revision of annual earnings forecast for the fiscal year ending March 2026" announced on October 31, 2025
2. An indicator of business profitability that represents operating profit (loss) plus recurring government R&D subsidy income received each fiscal year

Revision to Annual Earnings Forecast – Summary

- Driven by steady progress[1] in our growth strategies — the “utilization of HW(hardware) packages” and the “expansion of SW(software) technologies” — Kudan has revised its full-year earnings forecast upward[2]
  - **Full-year revenue has been revised upward from 700 million yen to between 920 million yen and 1.02 billion yen** (+31% to +46% compared to the previous forecast, and +80% to +100% YoY)
  - While **adjusted operating profit[3] for the full year is expected to improve slightly from -720 million yen to between -720 million yen and -680 million yen**, profitability is projected to improve significantly in the second half. As a result, **adjusted operating profit[3] at the end of the fiscal year[4] is expected to improve more substantially, from -590 million yen to between -520 million yen and -480 million yen**
  - Consequently, **loss reduction is expected to accelerate further in the next fiscal year, with adjusted operating profit[3] projected to narrow to between ¥ -350 million and ¥ -400 million** (See page 5 for details)

Earnings Forecast for the Fiscal Year Ending March 31, 2026 [Million yen]

	Before Revision	After Revision	
Revenue	700	920~1020	• Increase in sales for digital twin (+150–250 million yen) • Higher-than-expected orders for robot-related government projects[*5] (+70 million yen)
Operating profit	△780	△770~△730	• Progress in profit increase driven by higher digital twin revenue (+80–120 million yen) • Impact on profit for the current fiscal year remains limited due to delays in cost reduction
Adjusted operating profit[3]	△720	△720~△680	
Adjusted operating profit[3] at the end of FY[4]	△590	△520~△480	• Cost reduction is expected to be achieved within this fiscal year, leading to a significant improvement in profitability by the end of the fiscal year and accelerating loss reduction throughout the next fiscal year

1. See P12–15 of the Supplementary Document to the financial report for the fiscal year ended March 2025 (reposting in the appendix of this document)
2. Following the confirmation of a large government project order, Kudan finalized the accounting treatment as client-side approval and payment processes progressed
3. An indicator of business profitability that represents operating profit (loss) plus recurring government R&D subsidy income received each fiscal year
4. Expenses are annualized based on the actual and estimated figures as of the end month of each fiscal year
5. Calculated by deducting the cost level at fiscal year-end from full-year sales and subsidy income

Revision to Annual Earnings Forecast – Revenue Growth

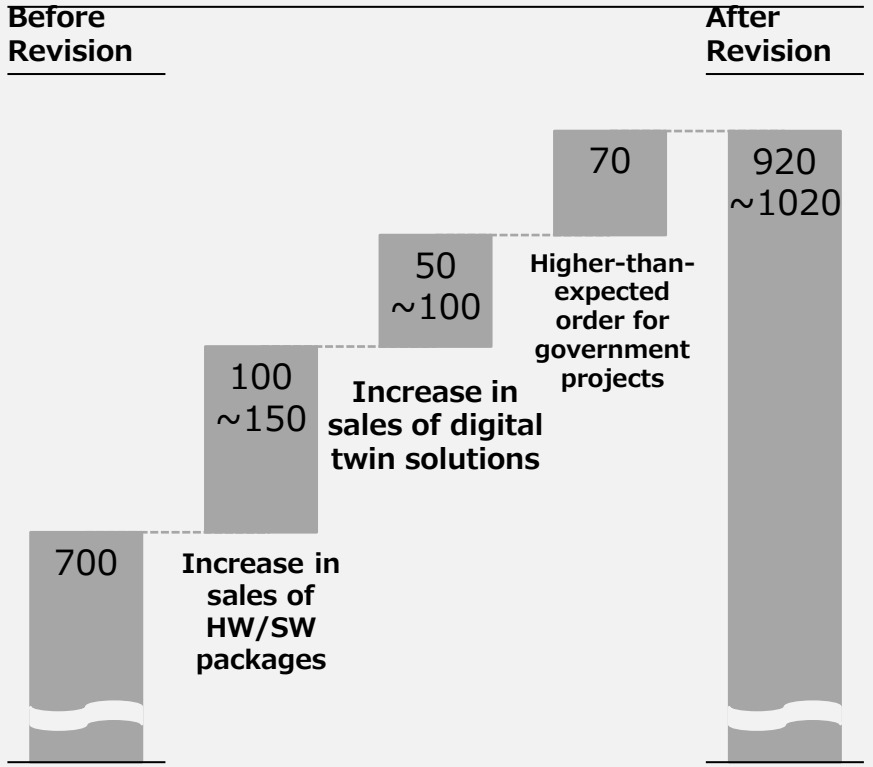
- Revenue has grown across both digital twin and robotics applications
- For digital twin, growth has been driven by maximizing synergies and securing short-term profitability, while for robotics, it has contributed to strengthening the development structure and enhancing mid- to long-term competitiveness[1]

Revenue has been steadily increasing in areas aligned with Kudan's growth strategy

Growth Strategy for This Fiscal Year	Breakdown of Upward Revision	Positioning within the Overall Business
Utilization of HW packages[2] • Expanding HW packages with strong synergy to SW • Maximize multi-layered revenue streams	**Digital twin** **HW/SW Packages**[3] • Scanner devices and other complementary technologies to next-generation solutions	• Driving short-term growth and profitability in the digital twin, where market expansion is progressing ahead of other areas • Strengthening business across hardware, software, and solutions in an integrated manner to achieve multi-layered and synergistic growth
Expansion of SW technologies[2] • Extending core software technologies into spatial perception • Enhancing profitability of development projects through a solution-oriented approach while promoting broader technology adoption	**Digital twin solutions**[3] • Next-generation solutions for facility management and inspection (Kudan PRISM)	
	Robots **Government projects**[3] • Leading R&D on autonomous robot navigation technologies promoted by the Ministry of Economy, Trade and Industry and major construction companies	• Enhancing Kudan's early positioning in the robotics which is expected to see larger market expansion over the long term • Improving efficiency in the effective burden of development costs[1]

Revenue has been revised upward by +31% to +46%

Full-Year Revenue Forecast [Million yen]



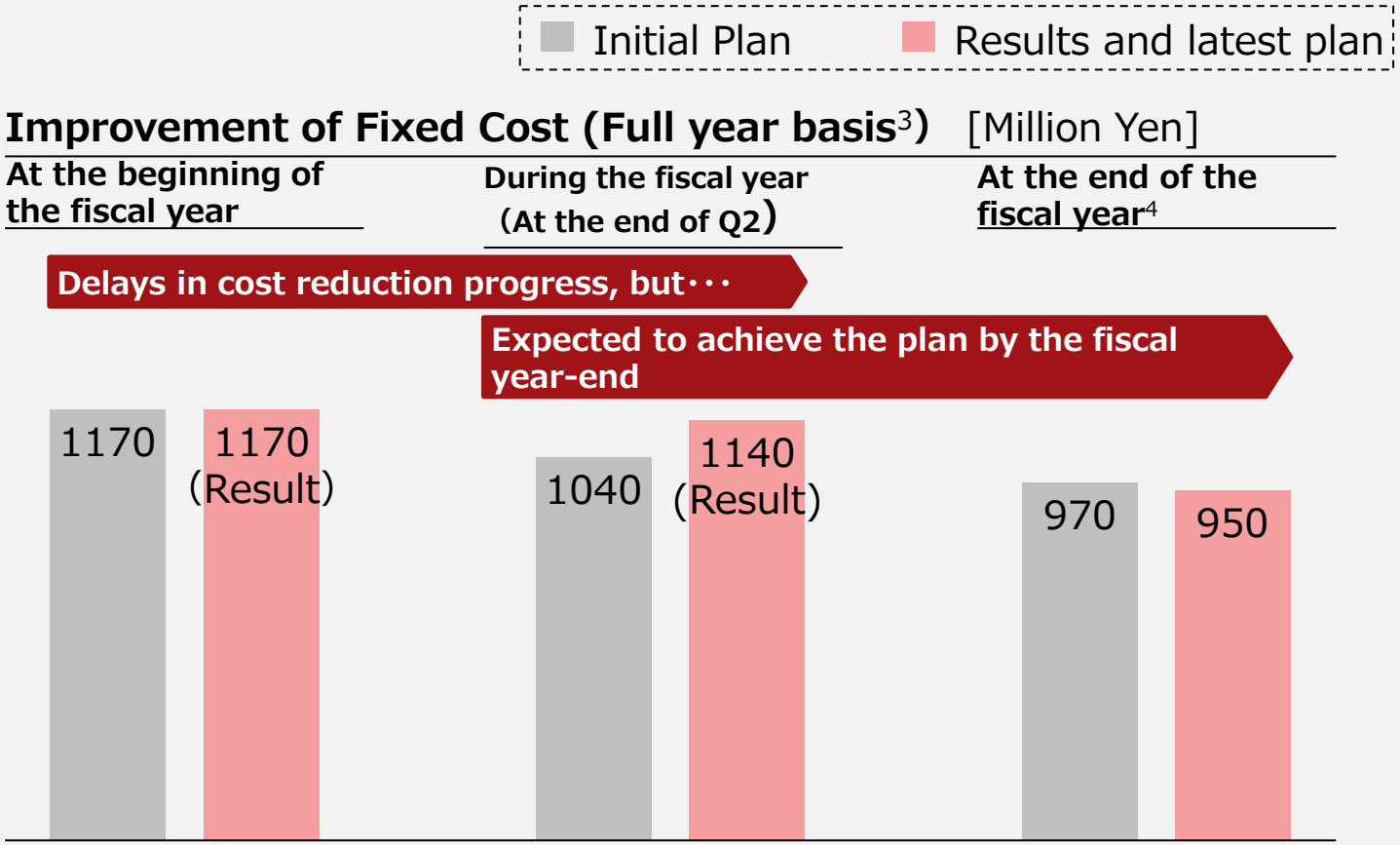
1. Revenue corresponding to research and development expenses is allocated, allowing Kudan to significantly reduce the effective cost burden associated with development
2. See P12–15 of the **Supplementary Document to the financial report for the fiscal year ended March 2025** (reposting in the appendix of this document)
3. See P12–15 of the **Supplementary Document to the financial report for the first quarter of the fiscal year ending March 2026** (reoisting in the appendix of this document)
4. This represents the upward revision from the earnings forecast at the beginning of the fiscal year and differs from the individual contract amount or initial payment amount.

Details of Earnings Revision - Improvement of Cost Structure

- Promoting fixed cost reduction and development expense optimization toward structural cost reduction[1]
- Although there are delays compared to the initial plan, we expect to achieve cost reduction as planned by the fiscal year-end[2].

Measures on structural reduction on fixed costs

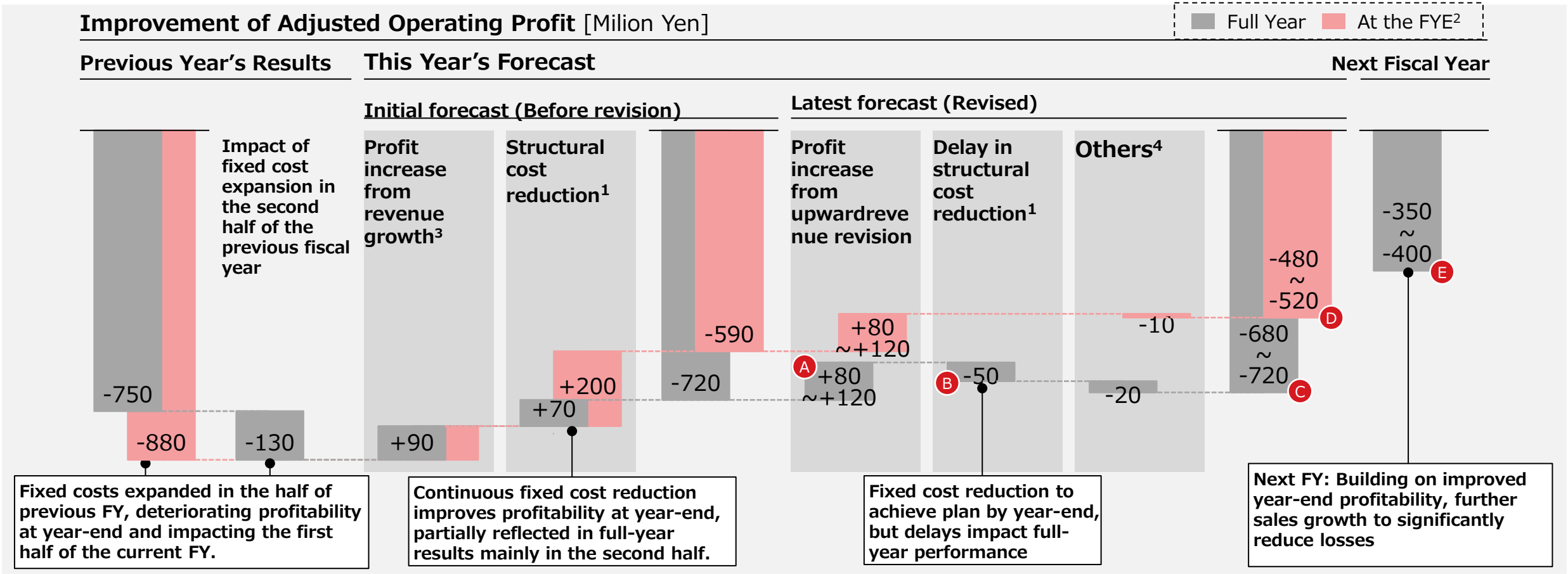
Fixed cost reduction	• Fixed cost reduction on structural optimisation (150Milion Yen)
Development cost optimization	• Freezing and outsourcing of development on non-core areas (50Milion Yen)



1. Reference to previous material Supplementary Document to the financial report for the fiscal year ended March 2025Page 16
2. The measures taken in the first half are expected to yield visible cost reduction effects in the second half of the fiscal year
3. SG&A expenses excluding transitional costs, including R&D expenses
4. Actual and estimated cost at each point, annualized

Details of Earnings Revision - Outlook for Loss Reduction

- While the [A] upward revision in sales will increase profits (+80 to 120 million yen), [C] the impact on full-year operating profit will be limited (+0 to 40 million yen) [B] due to delays in cost reduction and other factors.
- On the other hand, as the cost reduction centered on fixed costs will be completed by the end of this fiscal year, [D] profitability will significantly improve at fiscal year-end, serving as a turning point. Furthermore, we anticipate a [E] substantial reduction in losses for the next fiscal year (+300 to 350 million yen), with the path to profitability becoming increasingly clear.



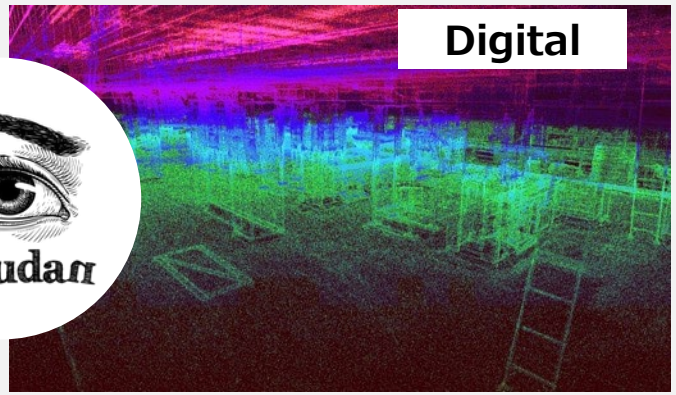
1. Detail on page 4
2. Earnings structure at the Fiscal Year End, calculated by deducting the cost level at fiscal year end from full sales and subsidy income
3. Including an increase in subsidy (+10M yen)
4. Effect from foreign currency fluctuation and others

Overview of Growth Strategy

- To accelerate the social implementation of its unique spatial perception technology — the “eye of a machine” — Kudan aims to expand its technology and business domains[1]

Kudan — the “Spatial Perception” connecting the physical and digital spaces

Robots digitally [illegible] the real world



Digital replication of the real world

Progress up to the previous fiscal year

- **Steady progress in customer commercialization**, laying the groundwork for medium- to long-term growth[2]
- **Slower-than-expected product adoption** addressed as a short-term challenge[2]

Growth strategy from the current fiscal year

① Expanding Software (SW) Technologies

② Leveraging Hardware (HW) Packages

- Expanding technological domains **to strengthen development project profitability and accelerate product adoption**
- **Strengthening complementary software and hardware technologies** centered on proprietary artificial perception
- **Aiming for sustained high growth driven by license revenue** over the medium to long term

1. Refer to pages 12–14 of the Supplementary Document to the financial report for the fiscal year ended March 2025 (see link).
2. Refer to page 7 of the Supplementary Document to the financial report for the fiscal year ended March 2025 (see link)

Drivers of Revenue Growth

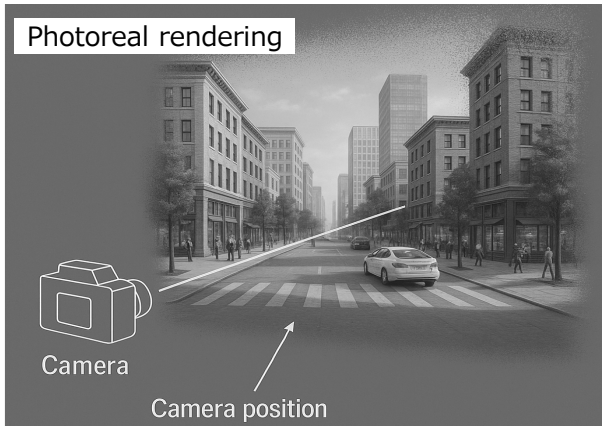
- With technology demand shifting toward next-generation domains, Kudan's technological edge positions it to capture growing demand
- The expansion of our technological and business domains has been effective, resulting in more projects and better profitability in the development phase.

Following the maturity of existing technologies, the market is now entering an innovation phase…

A favorable market environment for advanced technologies

Digital Twin

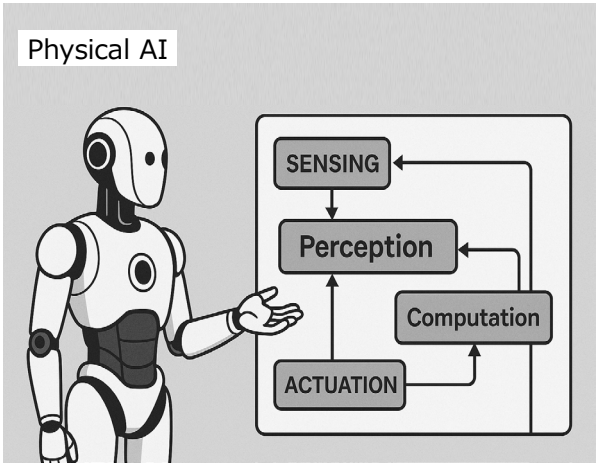
- Photorealistic technology[1] and its AI applications are driving a new wave of innovation, with rapid advances in both technological development and practical implementation
- Recognized by leading companies such as NVIDIA as a once-in-decades breakthrough technology[1], demand for these innovations is accelerating rapidly



- Kudan is at the **forefront with advanced applications** of photorealistic technology and AI
- **As one of the few companies capable of providing next-generation software, hardware, and integrated solutions**, demand for Kudan's technologies continues to rise

Robots

- "Physical AI," in which AI expands into the real world through robots, is advancing rapidly
- Next-generation robotic hardware, including legged and humanoid robots, is also expanding significantly toward practical implementation



- **The need for more advanced algorithms is increasing,** particularly in complex environments and high-level robotics - Kudan's areas of strength
- As one of the few companies spanning both Digital Twin and Robotics, Kudan creates **strong synergies that enhance its competitive edge**, including key simulation technologies for AI

Expansion of technological and business domains

①Expanding SW Technologies

②Leveraging HW Packages

Has been effective resulting in more projects and better profitability

1. Nvidia's Technical Blog(See link)

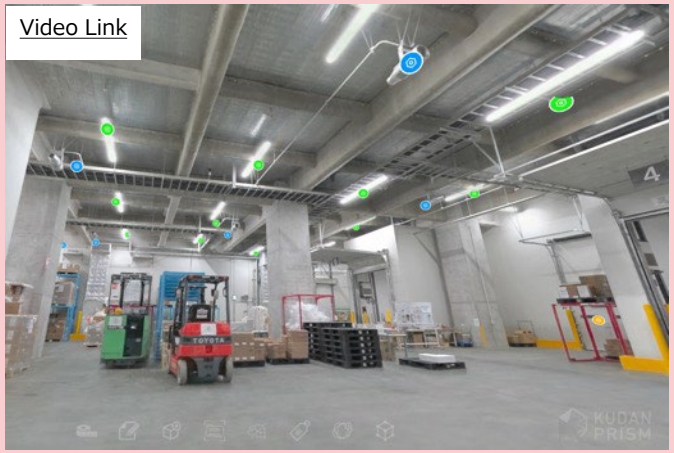
Digital Twin Projects (1/3)

- 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 the performance growth of this fiscal year

New Release (details on next page)

Digital Twin Solution (Kudan PRISM[1])

Video Link



- 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 yen4+ by 2040)

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3D Scanner (XGRIDS)

- Scanner device complementary to Kudan PRISM (generating high-precision data)
- Rapid growth through expanded strategic partnership[5] with XGRIDS Inc
- Offering high-performance, cost-competitive solutions that lead the global market in photorealistic visualization

- **Strong tech & sales synergies — driving revenue growth of this fiscal year**
- **Highly novel, cultivating new market demand**
- **High growth potential in global expansion**

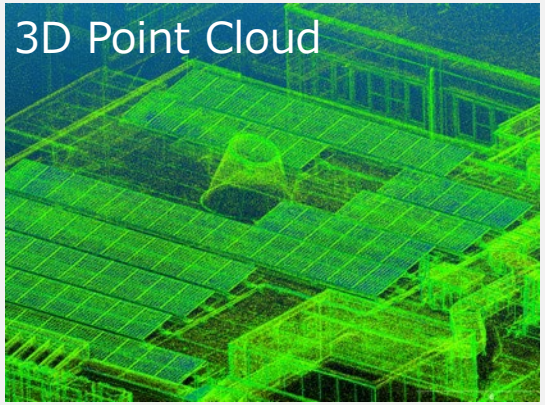
1. PRISM : Photo-Realistic Integrated Spatial Management
2. Practical application of a facility management solution integrating photorealistic visualization and semantic 3D recognition (Kudan research, June 2025)
3. An example of initiatives in the expanding asset management (facility management) sector 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)

Digital Twin Projects (2/3) – 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 innovativeapproach

Existing Method



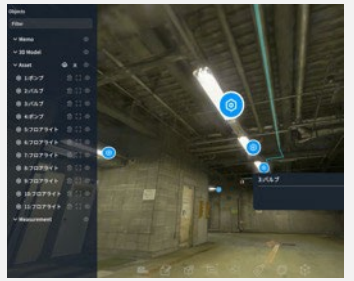
- **Use of 3D point cloud-centric data**
- Challenges: low AIrecognition accuracy, large data volumes, complex data handling, and difficulty integrating with existing systems, etc
- Limited practical application

Kudan PRISM's Innovative Approach

- **In addition to 3D point clouds, leveraging photorealistic visualization**
- **Semantic 3D recognition enables a dramatic expansion ofAI utilization**
- Data usage and integration become more efficient
- Practicalapplicationisexpectedto expand

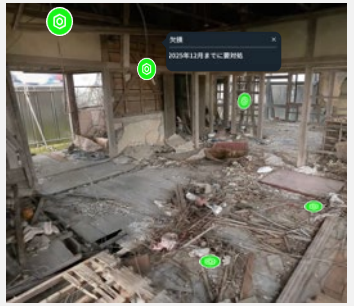
Applied to DX across diverse industries (selected)

Facility Management



Infra Structure Maintenance

Smart City and Disaster Response



- Promoting DX in areaspreviously difficult, enabling automation, operational efficiency, and remote work
- Growingdemandto address labor shortages and aging infrastructure indeveloped countries
- Enhancing disaster simulation and prevention design to protect lives and support recovery

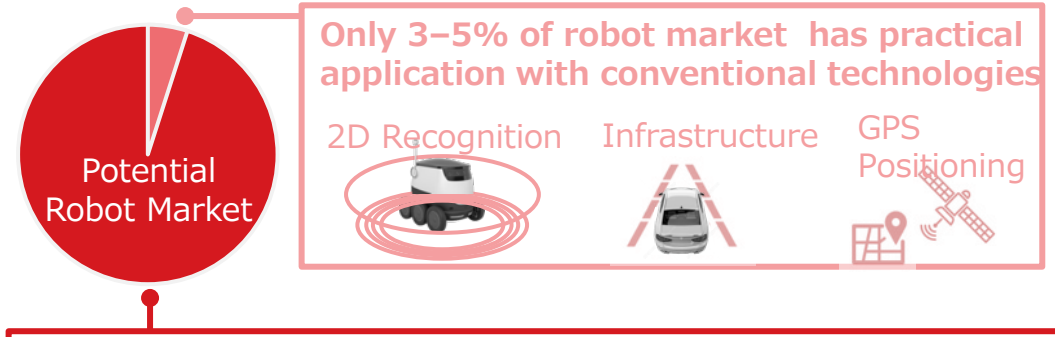
Digital Twin Projects (3/3) – Kudan PRISM Project Overview

- Through Kudan PRISM, Kudan contributes to labor-saving and advanced operations in the field by providing technologies that support the safe and efficient maintenance of social infrastructure
- In collaboration with NEXCO-East Engineering, Kudan is providing technical support for the digital transformation (DX) of road inspection and maintenance operations
- The jointly developed PRISM e-Road(tentative name) integrates lightweight photorealistic 3D visualization, advanced spatial perception technology, and sophisticated data management and information-sharing capabilities
- The system aims to enable unified management of on-site information, simplify order management processes, and reduce rework

Robotics Project (1/3) – Autonomous Robot Mobility Packages

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

Technical challenges in a potentially huge market



The robotics market is projected to reach JPY 300 trillion by 2040,[1] with 95–97% comprising complex environments where next-generation technologies are essential

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

Core

- **Achieved practical implementation in complex environments** through localization and environment mapping

New SW

- **Integrated all complementary software technologies essential for autonomous navigation** to reach broader customers and enhance development efficiency

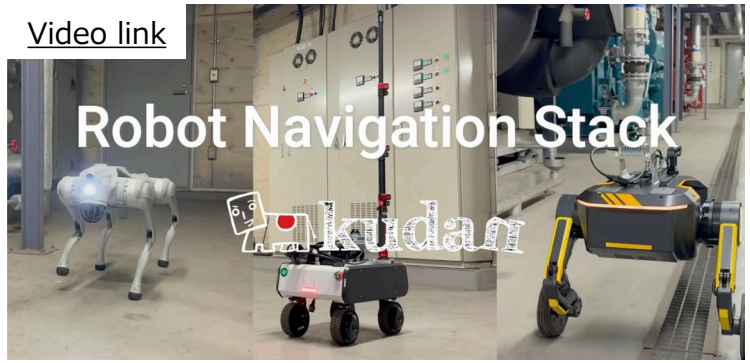
[Core]Localization & Mapping (Core elements of navigation)

[New]Autonomous navigation (An integrated system including path planning and collision avoidance)

New SW&HW

- **Developing inspection robot solutions[2]** using legged robots suited for complex environments
- **Creating strong synergies with the Digital Twin business** focused on facility management and related areas

Video link



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 9 projected to potentially reach a scale of 300 trillion yen (approximately USD 2 trillion) by 2040.

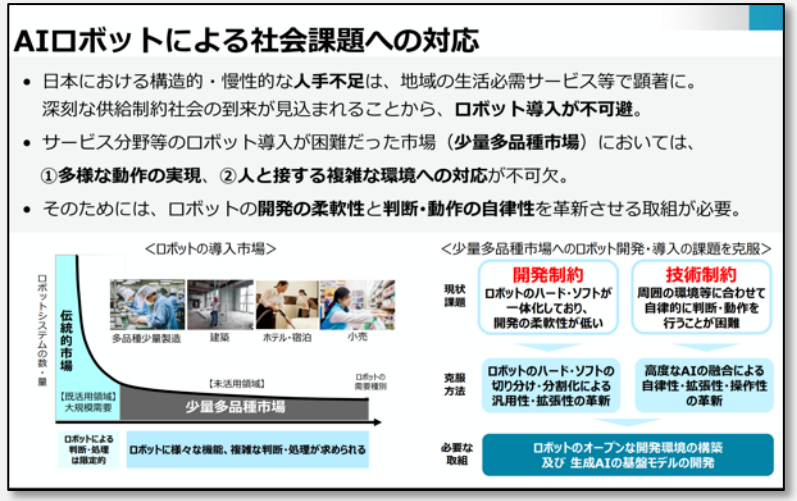
Robotics Project (2/3) – - Participation in Government Project

- 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



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	R&D 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 yen (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 leader1
- 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

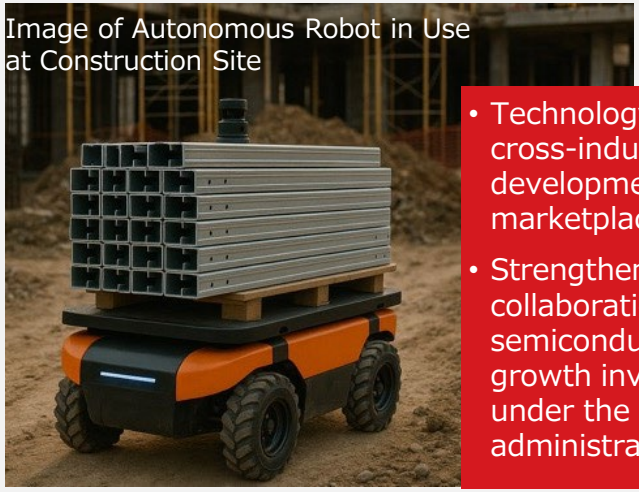


Image of Autonomous Robot in Use at Construction Site

- Technology provision for cross-industry development platforms / marketplaces[4]
- Strengthening collaboration in AI and semiconductors — key growth investment areas under the new Takaichi administration[5]

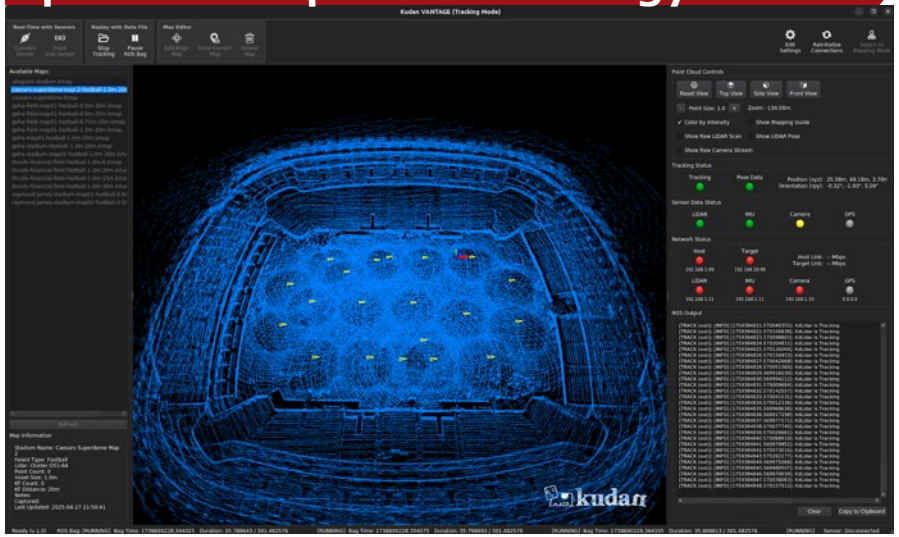
1. Leading the development of software modules to realize autonomous robot mobility, including project planning and management, design and development of core technologies, and integration of development outcomes from participating companies
2. Private organization promoting "Robotics Transformation" 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
4. See briefing materials for the project's public solicitation (link)
5. Discussion topics under the Cabinet Secretariat's Headquarters for Japan's Economic Growth Strategy (link)

Robotics Project （3/3） – XR Broadcast Robot Camera

- Through collaboration with Fox Sports and SkyCam, our technology has been adopted on the world's premier stages, including the NFL Super Bowl, since 2024. **In 2025, we are continuing and expanding the actual operation of NFL broadcasts throughout the season.**
- To support low-cost, high-visual-effect XR broadcasts with robot cameras, **we have patented SW technology that applies our proprietary Spatial Perception and officially released it as Kudan VANTAGE.**
- Going forward, **we aim to expand adoption to major global sports and live events**, including stadiums, concert halls, and virtual studios.

XR Broadcast Robot Camera

Stadium Processing Image Using Our Spatial Perception Technology



NFL Broadcast Image Utilizing XR Effects

4. Released on 13rd November “Kudan Announces Official Launch of Kudan VANTAGE™”

Other Projects Overview （excerpt)

	Customer	Overview	Progress
Digital Twin	**Major Infrastructure Management Company**	DX for water and sewage facility management	Trial introduction of PRISM for customer scheduled to begin
	Major construction Machinery Company	DX for construction progress, equipment status, and safety management	Supporting introduction and expansion of PRISM
	Major Real Estate Facility Management company	DX for facility management automation and labor savings	Continuing introduction preparation based on strategic business support
	Construction Solutions	DX for construction site management	Technology provision for commercial solution development has begun
	Major telecommunications company	City-scale mapping solution deployment	Technology validation ongoing
	Major Automotive Company	Photorealistic technology for autonomous vehicle map generation	Technology provision and validation scheduled to begin
Robotics	**Multiple Autonomous Delivery Robot**	Localization under dynamic conditions and across indoor/outdoor environments	Additional introduction to high-difficulty factories decided, introduction preparation underway
	Inspection Robot	Localization for quadruped inspection robots	Technology provision initiated, supporting customer development
	Industrial computer	Autonomous navigation technology for AI robot development kits	Technology provision initiated, supporting customer development
	Major Automotive Company	Localization in GPS-degraded environments	Development and validation underway under various conditions for performance improvement
	Major Plant engineering company	Localization for heavy machinery remote operation in hazardous areas	Technology provision initiated, validation ongoing
	IT solutions	Localization for real-time product location management	Technology provision initiated, supporting customer development
	Manufacturing engineering	Localization for real-time product location management	Technology provision initiated, supporting customer development

Medium- to Long-term Growth Outlook

- Under the strategy of expanding technological domains, Kudan aims to **further strengthen short-term growth through development projects and hardware packages**, while **pursuing significant medium- to long-term growth by expanding customer commercialization and software license revenue** in line with market acceleration

Results | **Growth Outlook**

FY2021 | **FY2022** | **FY2023** | **FY2024** | **FY2025** | **FY2026** | **Medium-term (2–3 yrs)** | **Long-term (~10 yrs)**

Core Technology Offering (Artificial Perception)

Achieving and accumulating customer product commercialization through development support

Pipeline centered on development projects

Ramp-up of product-related revenue (including hardware packages)

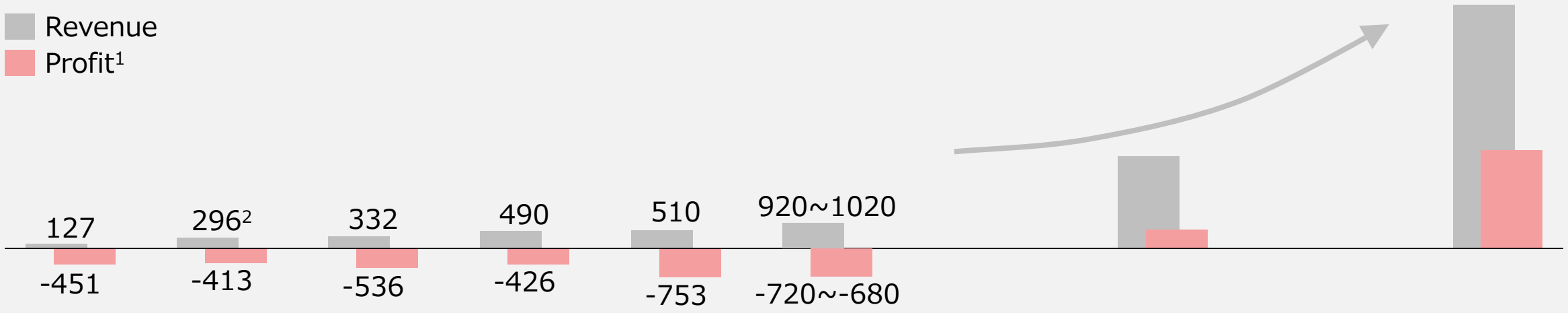
Expansion of Core Technologies through Solution-oriented Approach (Spatial Perception)

Driving customer product maturation and market acceleration through development support

Revenue and profitability enhancement in development projects

Customer product progress with market expansion

High-profit growth driven by software licenses (including product-related revenue)



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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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