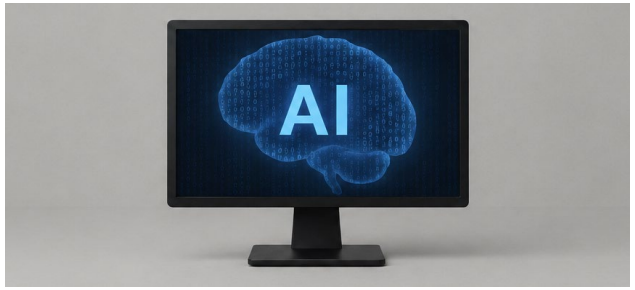
Supplementary Document to the Financial Report for the Fiscal Year ended March 2026

Kudan Inc. (TSE Growth: 4425)
May 14, 2026

Spatial Perception Platform for the Physical AI Era

AI without embodiment



Analyzes sales data and develops new product ideas

Creates product advertising images and promotion plans

Principle	Data Acquisition	Learning
Applications	Workflow efficiency through text, image, and code generation	

Physical AI with embodiment

Patrols the site and identifies causes of declining operations

Delivers parts to the site and installs them

Principle	Spatial Perception (Eyes of Machines) kudan	Action & Continuous Learning
Applications	**Digital Twin** productivity improvement	**Mobile Robotics** automation

Aiming for high profitability by providing core technology to Physical AI

	~FY2024	FY2025	FY2026 (previous year)	FY2027 (this year)	FY2028~
Market	Leading in existing markets		Rise of the Physical AI market		
Business	**Accumulating techn. achievements** World-first commercialization for semiconductors[1] Continued customer commercialization	**Expansion of technology domains** SW/HW/Solution expansion (new) Market development Revenue growth	**Profitability optimization** Focus on high-margin SW Loss reduction		**Highly profitable business growth** Revenue growth & return to profitability

1. 2022: World-first commercial SLAM adoption for a major semiconductor platform (US Intel)

Performance Summary

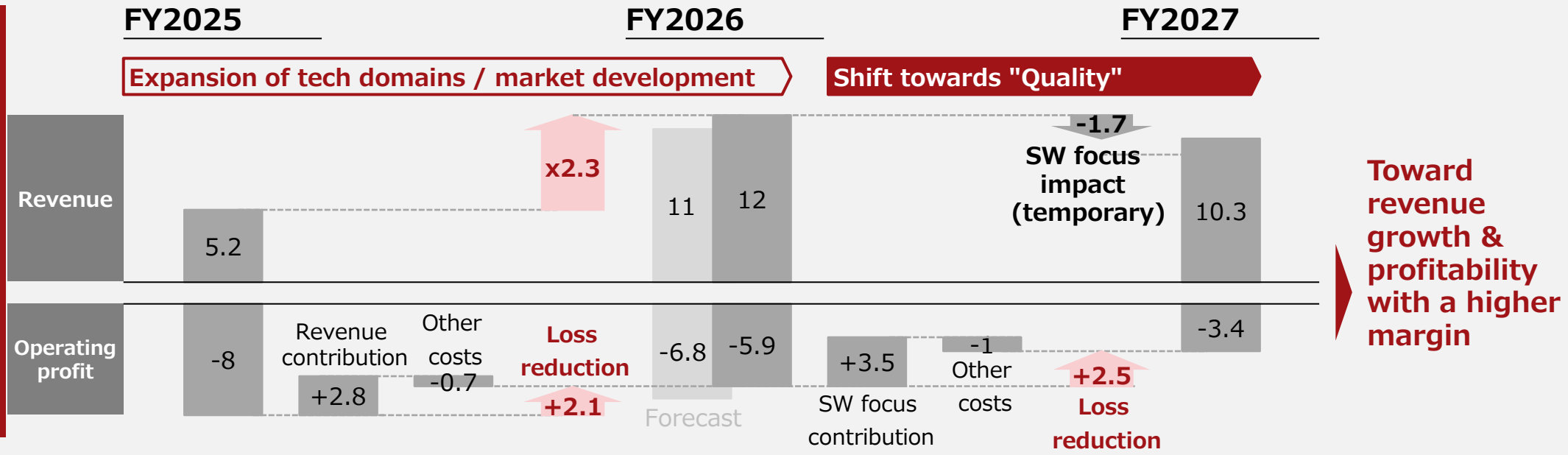
Previous Year (FY2026) Review

- **Full-year results exceeded the earnings forecast[1] for both revenue and profit**
  - Revenue reached 1,200 million yen, expanding 2.3x year-on-year
  - Operating profit was △ 590 million yen, a decrease of 210 million yen from the previous year (revenue growth contributed 280 million yen of loss reduction)

This Year (FY2027) Outlook

- **High-margin SW business focus will drive a slight revenue decline while operating profit improvement accelerate**
  - Operating profit will narrow by 250 million yen, exceeding the prior year's reduction (the SW focus will contribute 350 million yen of loss reduction)
  - The revenue decline is a one-time fluctuation at the inflection point; from next fiscal year onward, we expect higher-margin revenue growth and a return to profitability

Performance trend [100 million yen]



1. Refer to past materials: FY2026 'Notice Regarding Revision of Full-Year Earnings Forecast'

Performance Overview

- Driven by the expansion of technological and business domains and the full-scale expansion of the Physical AI market, **revenue grew and losses were reduced for the full year.**
- High-margin SW business focus brought forward some HW revenue,[1] **with performance further improving after the upward revision**[2] (revenue +9% vs. forecast, loss 14% lower vs. forecast)

[Million yen]	FY2025	FY2026 Forecast (Initial)	FY2026 Forecast (After Revision)	FY2026 Actual	Key differences from forecast (After Revision)	Key differences from FY2025
Revenue	517	700	1,100	**1,197**	• SW focus — HW revenue pull-forward	• SW & HW for Digital Twin • Large-scale projects including government projects
Operating profit	△800	△780	△680	**△586**	• Revenue growth contribution (+40) • Fixed costs[4] decrease (+20)	• Revenue growth contribution (+280) • Fixed costs[4] increase (-50)
Ordinary profit	△743			**△174**		• FX gain impact (+330)
Net profit	△801			**△188**		
Adjusted operating profit[3]	△753	△720	△620	**△528**		• EU R&D subsidy increase (+10)

1. Reviewed contracts for related projects under the new policy, optimizing sales plans for previous and this year
2. Refer to past materials: FY2026 'Revision of Full-Year Earnings Forecast'
3. Profit indicator of business profitability, calculated by adding the recurring government R&D subsidy income to operating profit (loss)
4. SG&A expenses excluding transitional costs, including R&D expenses

Background of Performance Growth (1/2)

- To strengthen revenue and accelerate technology adoption, we expanded complementary technologies across both SW and HW, **significantly broadening our technology and business domains into the Spatial Perception platform**

	Aim	"Component technology" expanded to a "Spatial Perception platform"
Expansion of SW Technology (proprietary technology)	• **Toward a technology suite for Physical AI;** • **Solution-oriented profitability improvement & accelerating technology adoption**	**Artificial Perception** (machine's eyes): Intuitive spatial recognition (machine's eyes) — Existing × **Artificial Intelligence** (machine's brain): Learning-based pattern recognition (machine's brain) — New → **Spatial Percep-tion**: Built as a suite of interconnected technologies Localisation and Mapping[1] — Existing Semantic 3D recognition[2] — New Robotic navigation[3] — New Photoreal 3D representation[4] — New
Leveraging HW packages (business partnerships)	• **Synergy with SW; multi-layered revenue expansion** • **"Priming agent" for market entry**	**Embedded HW Package**: Integrating HW and SW for optimization → **For Develop-ment**: Development packages integrating sensors and processors — Existing → **For Commer-cial Use**: Practical packages and operational UI — New **Comple-mentary HW Package**: Independent HW / SW that complement each other → **For Develop-ment & Commer-cial Use**: External HW packages compatible with our in-house SW technology (e.g. 3D scanners / robot controllers) — New

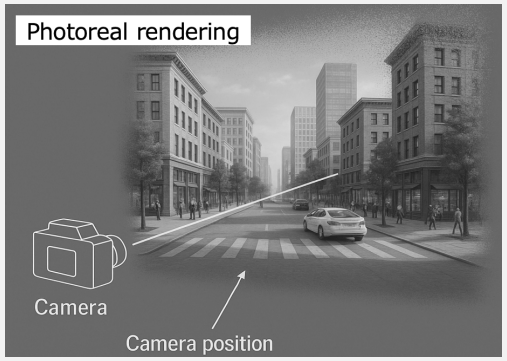
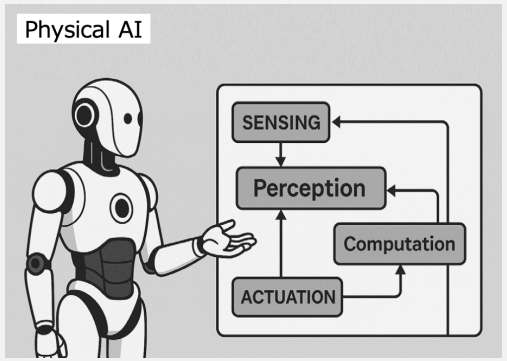
1. SLAM and related self-localization and environment mapping
2. 3D data / map object recognition, segmentation, semantic extraction
3. Route planning & obstacle avoidance for autonomous mobility navigation
4. Novel View Synthesis for3D data / map photorealistic visualization

Background of Performance Growth (2/2)

- The demand shift towards next-generation technology is accelerating - **with Kudan's strategy capturing this expanding market demand**

Existing technologies have plateaued and the market is entering an innovation phase…

…an environment where Kudan's strengths capture demand

	Tech Innovation		Related Tailwinds	Leading-edge	Unique ability
Digital Twin		Photorealistic technology and its AI applications are becoming a revolutionary trend with rapid advances in practical implementation	**Falling prices of sensors and scanner devices** also support solution implementation	**Kudan is ahead with advanced applications** (photorealistic technology & AI)	**Rare ability to integrate SW/HW/solutions** amongst rising demand
Mobile Robotics		"Physical AI," where AI acts in the real world through robots, is advancing rapidly	**Evolution of robot bodies — legged and humanoid robots —** also drives demand for advanced SW	Growing need for advanced algorithms, such as for **complex environments and high-level robotics**	**Digital Twin & Robotics integrated technology — a rare ability** as a unique advantage[1]

"Understand space, digitize it, and move robots" — integrating this into an advanced technology is our strength

1. 1. Photorealistic Visualization of 3D Data and Maps via Novel View Synthesis and Related Technologies

Performance Growth Details

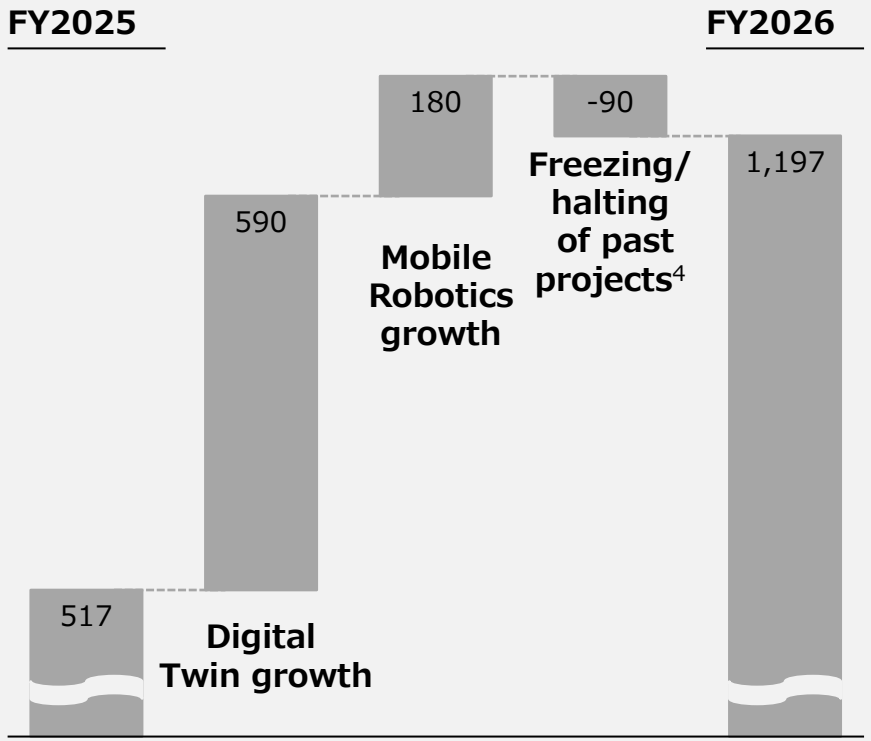
- Revenue grew across both Digital Twin and Robotics applications
- Digital Twin secured short-term revenue and technology synergies, while Robotics strengthened mid- to long-term competitiveness and development capabilities[1]

Revenue grew in line with the growth strategy

Previous Year Growth Strategy	Business Growth Breakdown	Positioning within the Overall Business
Leveraging HW Packages[2]	**Digital Twin** **HW Packages**[3] Scanner devices etc. that complement the solution	• **Securing revenue** in the short-term-growth Digital Twin market • **Multi-layered, synergistic growth** across SW, HW, and solutions
Expansion of SW Technologies[2]	**Digital Twin Solutions**[3] Facility management solution (Kudan PRISM)	
	Mobile Robotics **Government projects**[3] Leading mobile robotics development in cooperation with METI and major construction companies	• Strengthening Kudan's **leading position** in the long-term-growth Robotics market • Efficiently **strengthening development**[1]

Revenue expanded +2.3x year-on-year

Full-Year Revenue [Million yen]

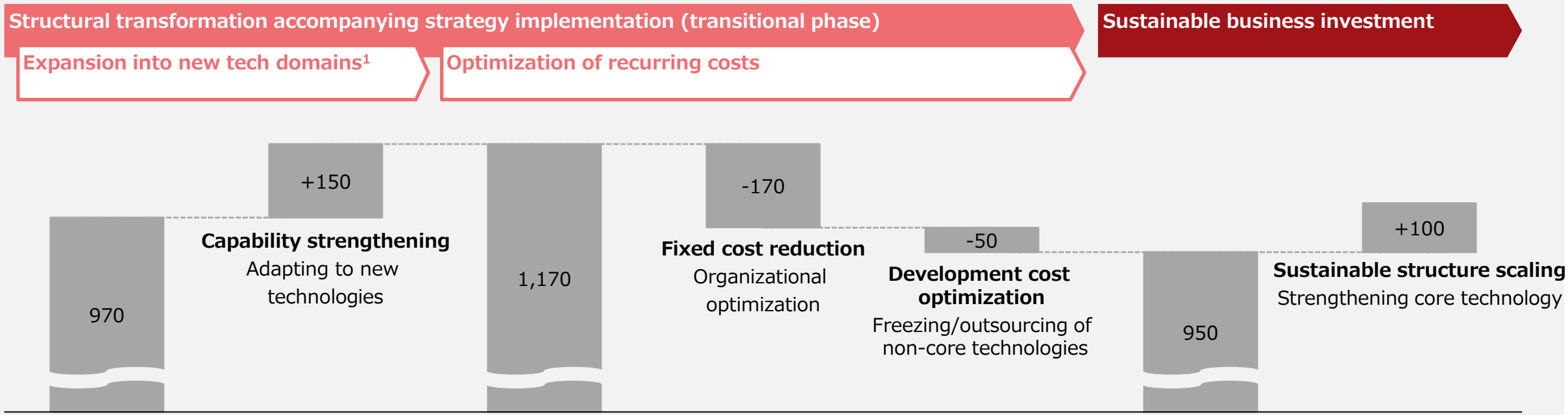


1. R&D-equivalent revenue is allocated, allowing Kudan to significantly reduce the effective cost burden of development and maintain/strengthen its capability
2. Refer to past materials: FY2025 Full-Year Earnings Briefing P12~15
3. Refer to past materials: FY2026 1Q Earnings Briefing P7~10
4. Projects where resources were reallocated as non-core technologies/businesses

Cost Structure Improvement

- After the FY2025 development scale-up, **Kudan achieved its cost optimization plan[1] for the full FY2026**
- Having completed the transitional phase of strategic structural change, **going forward we plan to maintain and strengthen a sustainable development structure**

Trend of Fixed Costs[2] (Annualized[3]) [Million yen]

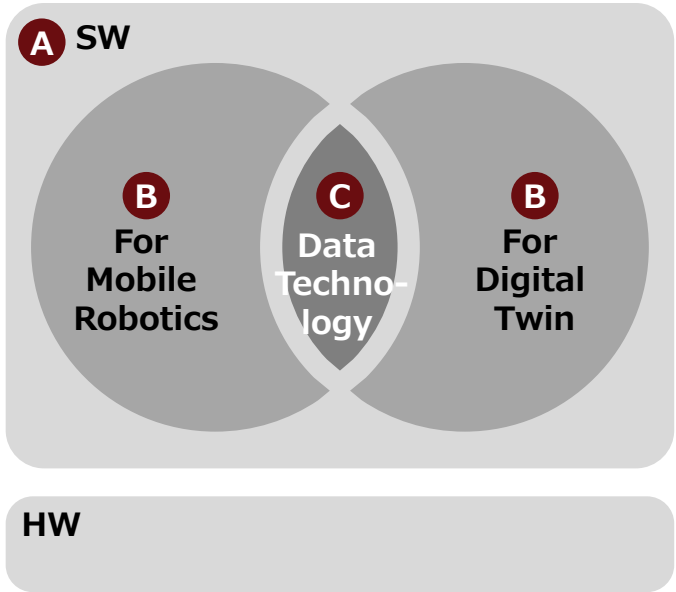


1. Refer to past material: FY2025 Full-Year Earnings Briefing P16
2. SG&A expenses excluding transitional costs, including R&D expenses
3. Actual and estimated cost at each point, annualized

This Year's Growth Strategy

■ Building on our previous policy we are **newly initiating a "Focus on High-Margin SW" and providing "Data Technology for Physical AI"**

Previous Year's Policy[1]	This Year's Policy	
Leveraging HW Packages	A: Updated Focus on High-Margin SW	• Expand focus on SW sales using past HW sales as a "priming agent"[1] **and maximize gross margin**
SW Technology & Solution Expansion	B: Continued SW Technology & Solution Expansion	• In both Robotics and Digital Twin **continue technology and business expansion**
	C: New Data Technology for Physical AI	• Core Physical AI technology **for data construction** • **Establish further synergy and unique advantage a**s a cross-domain between Robotics and Digital Twin
Cost Optimization	(will be reached upon achieving the objective)	



1. HW Integrated packages reduce the initial cost of technical validation and setup for customers, thereby contributing to the continuation of subsequent projects

Forecast Details

- The shift from low-margin HW **to high-margin SW is expected to continue**
- Despite revenue declines and expanded R&D investment, **significant profitability improvement actually accelerates loss reduction. Kudan anticipates high-margin revenue growth and a return to profitability from next fiscal year onward**

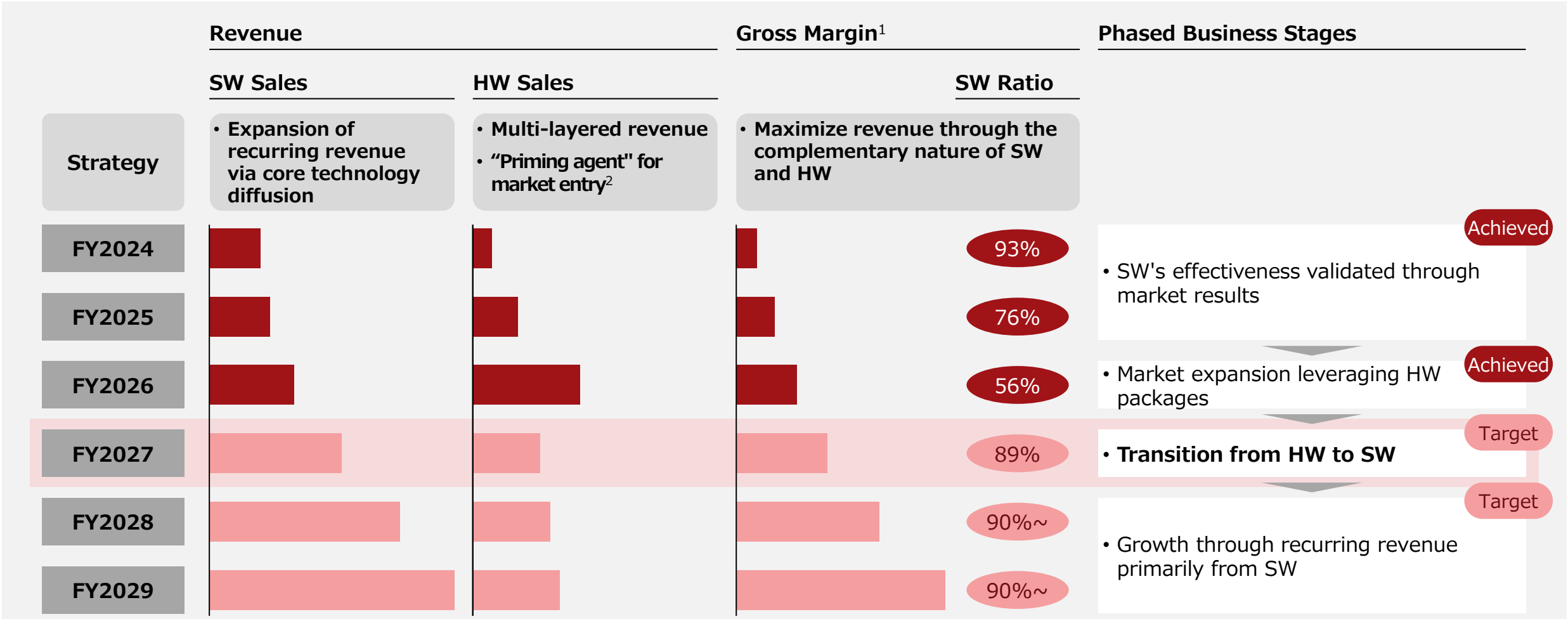
[Million yen]

	FY2025	FY2026	FY2027 Forecast	Main differences vs. FY2026
Revenue	517	1,197	**1,030**	• SW revenue increase (+360) • HW revenue decrease (-530)
Operating profit	△800	△586	**△340**	• SW focus profit increase (+350) • Fixed cost[2] increase from R&D etc. (-80)
Ordinary profit	△743	△174		
Net profit	△801	△188		
Adjusted operating profit[1]	△753	△528		

1. Profit indicator of business profitability, calculated by adding the recurring government R&D subsidy income to operating profit (loss) . However, the forecast for the current fiscal year has not been disclosed, as there are currently many uncertainties and it is difficult to formulate reasonable forecast. The Company plans to disclose the forecast once predictability improves.
2. SG&A expenses excluding transitional costs, including R&D expenses

A Focus on High-Margin SW

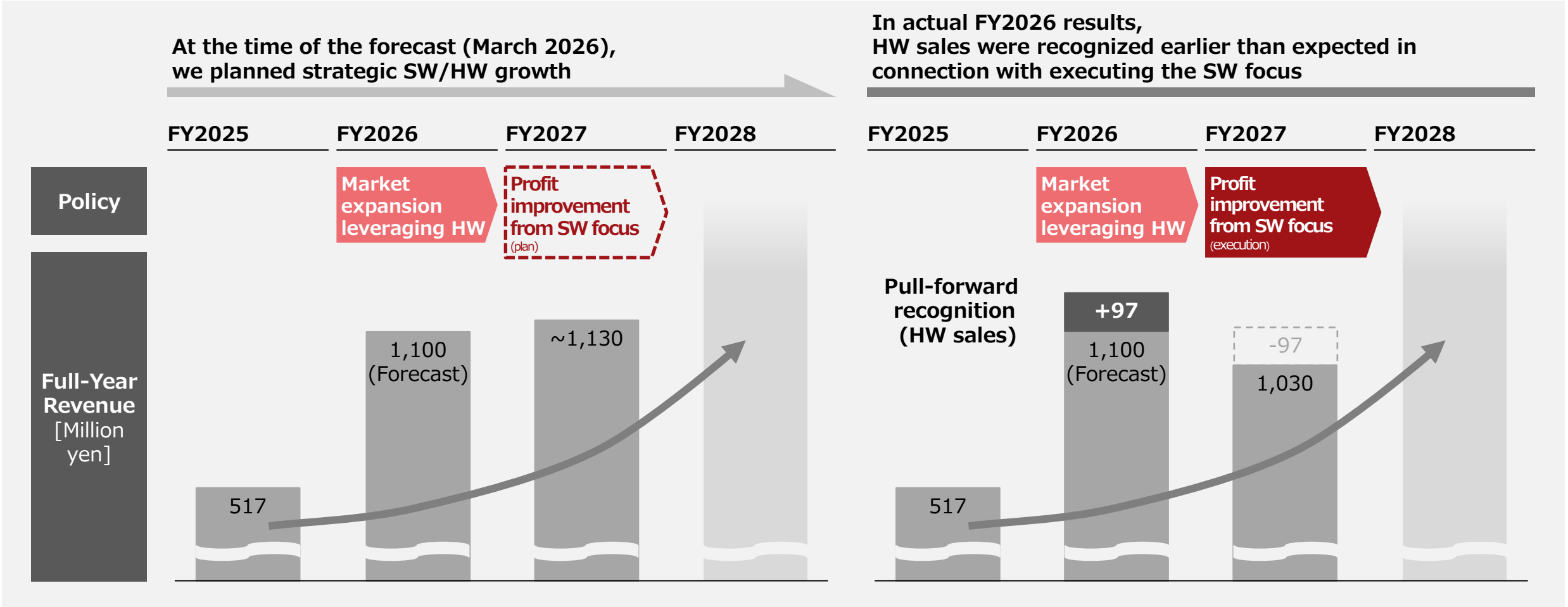
- **We aim to maximize revenue based on the medium- to long-term diffusion of core SW technology** while effectively complementing it with HW
- Through the focus shift from leading low-margin HW to high-margin SW, **the SW ratio in gross margin[1] will significantly increase this year**



1. Gross margin calculated by deducting R&D-equivalent expenses from cost of revenue in the consolidated P/L (taking into account that government project costs are partly R&D in nature but, due to project specifics, are accounted for as cost of revenue)
2. HW Integrated packages reduce the initial cost of technical validation and setup for customers, thereby contributing to the continuation of subsequent projects

A Focus on High-Margin SW

- In executing the SW focus,[1] a portion of HW package revenue originally expected this year **was recorded in the previous year**
- This is a one-time revenue decline. **From next fiscal year onward, we expect higher-margin revenue growth and a return to profitability**



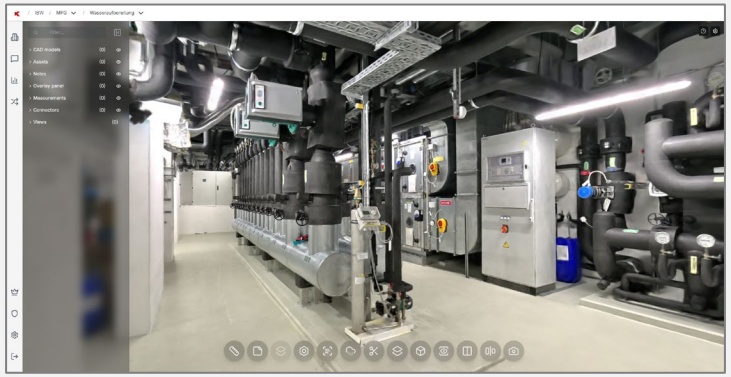
1. Reviewed contracts for related projects under the new policy, optimizing sales plans for the previous and this year

B SW Technology & Solution Expansion — Digital Twin

- **Continued expansion of customer base and revenue,** centered on solutions (Kudan PRISM)
- **We also strengthen our unique competitive edge by integrating Data Technology provision into our solutions** for Physical AI

Digital Twin Solution (PRISM)

Overview	• **Productivity improvement for facility management** • High practicality, **resolving long-standing challenges in data accuracy and validity**
Advanced Functions	• **"Human-equivalent" spatial capture** that fully converts reality into 3D • Performs diverse intelligent tasks **in 3D space on behalf of humans**



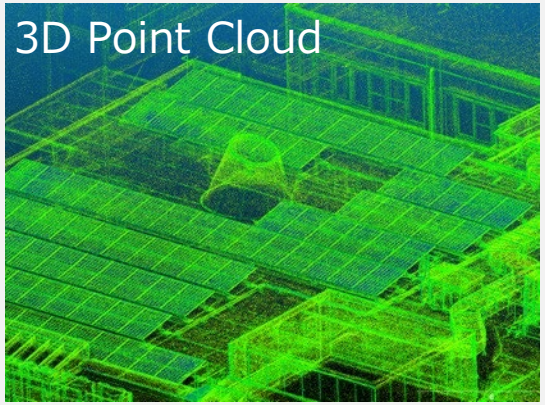
	FY2026 Results	FY2027 Plan
Customer Base Expansion	• Customers: **+200% growth** • Number of Countries: **3** • Key industries: **Manufacturing, Logistics, Construction, Infrastructure, Energy, Facility management**	• Customers: **+150% growth** • Countries: **Expand to 10 countries** • Industry expansion: **Real Estate, Telecommunications, Public Sector**
Customer Project Phase Progress	• **Progressing to actual operations** after effectiveness verification • **Establishing recurring revenue model** on the SW platform • FY2027 retention rate **100%**	• **Achieve recurring revenue through actual operations**
Strengthening of Competitive Advantage	• **Implementing advanced functions at market-leading edge** • Established **comprehensive technical Support** across SW/HW/solution (implemented using a unique approach in 75% of projects)	• **Expanding deployment to robotics applications by integrating with data technology for Physical AI** (expanding competitive advantage for Physical AI) **In coordination with Data Technology for Physical AI** C

B SW Technology & Solution Expansion — Digital Twin (PRISM Details)

- While societal demand is extremely high, existing methods have limited practical application. Kudan PRISM introduces an innovative technical approach to facilitate the practical implementation and widespread adoption of solutions.

End-solution building with Kudan PRISM's innovative approach

Existing Method



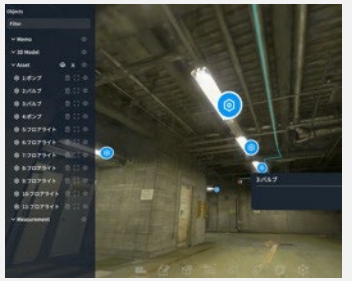
- **Use of 3D point cloud-centric data**
- Limited practicability (lack in AI precision/ data capacity, difficulty in use & system sync)

Kudan PRISM's Innovative Approach

- **Human-Level Physical Spatial Perception** (photorealistic visualization)
- **Dramatically Expanding AI Effectiveness through real-world understanding AI engines, such as semantic 3D recognition.**
- Streamlined Data Utilization and Integration

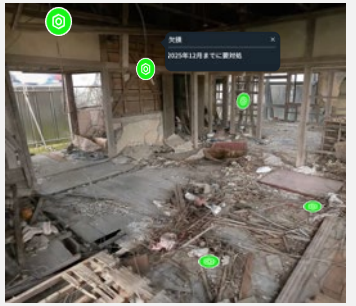
Applied to DX across diverse industries (selected)

Facility Manage-ment



Infra Structure Mainte-nance

Smart City and Disaster Response



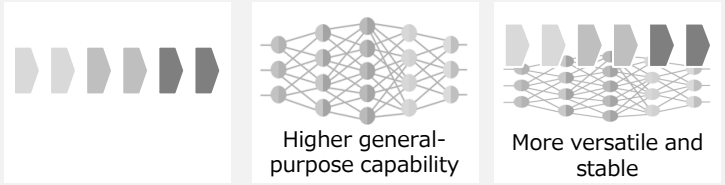
- Promoting DX in areaspreviously difficult, enabling automation, operational efficiency, and remote work
- Growingdemandto address labor shortages and aging infrastructure indeveloped countries
- Enhancing disaster simulation and prevention design to protect lives and support recovery

B SW Technology & Solution Expansion — Mobile Robotics

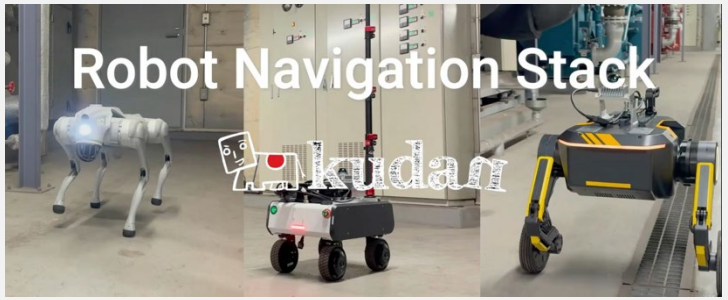
- **Continuing to scale up revenue and project size** through the core technology for autonomous robot mobility, advanced since the previous year
- Strengthening our leading position in the market **through Physical AI model adoption** and **collaboration with Data Technology providers**

Evolution of the autonomous mobility platform for robots

Centered on Mathematical methods (Existing) → **Physical AI model** (Latest) → **Hybrid model** (Future)



- Physical AI model implementation for mobile robotics is highly advanced[1], strengthening our leading position in the market
- Also leading in future hybridization



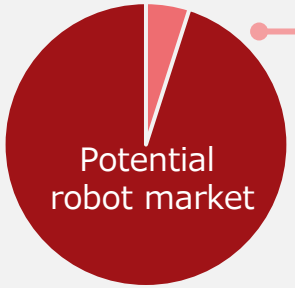
	FY2026 Results	FY2027 Plan
Technical Advancement	• Expanded from core SW to a technology suite, **beginning to provide core technology for autonomous mobility for robotics (mathematical approach)**	• **Beginning to provide perception-data-driven core technology (Physical AI model)** (world-leading for mobile robotics)
Customer Project Phase Progress	• **Leading the development of an autonomous mobility SW platform in a government project** • **Advancing business partnerships across construction industry** to drive practical application of mobile robots	• Revenue scale expansion: **+100% growth** • **Continued growth and expansion of large-scale projects expected** (government projects and others)
Strengthening of Competitive Advantage	• High-precision, high-speed, stable **proprietary algorithms (SLAM etc.)** and optimal integration **with complementary technologies**	• **Expanding utilization for Digital Twin in coordination with data technology for Physical AI,** (expanding competitive advantage for Physical AI)

In coordination with Data Technology for Physical AI C

1. Physical AI model implementation is generally more advanced for robotic arm manipulation (= robot arms); autonomous robot mobility (= robot legs) is very limited in the market due to difficulty in data acquisition

B SW Technology & Solution Expansion — Mobile Robotics (Market Background)

- The mobile robotics market is enormous, **with high demand for solutions to the technical challenges involved in their practical implementation**



Only 3–5% of robot market has practical application with conventional technologies

2D Recognition

Infrastructure

GPS Positioning

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

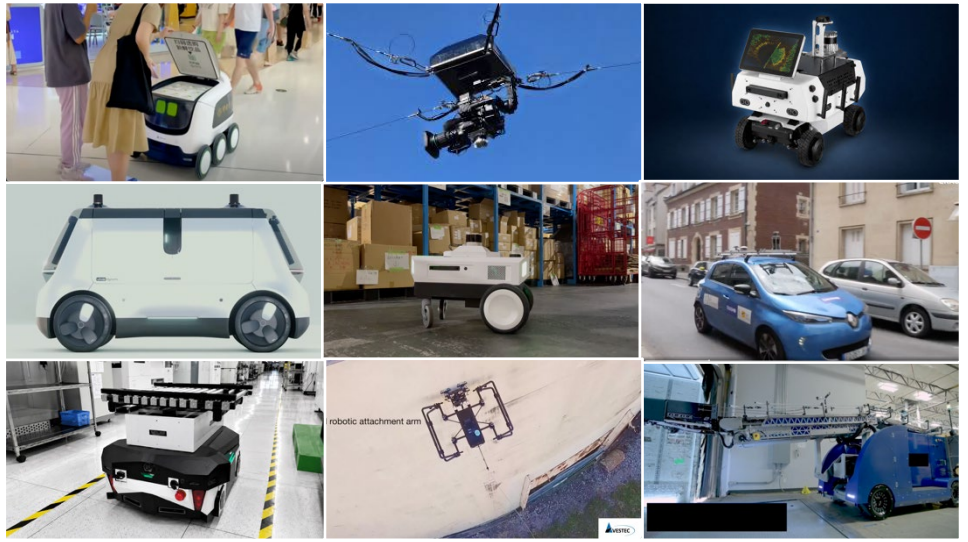
Complex 3D structures

Many moving objects/people

Low-feature environments

Open indoor spaces

Kudan has a global track record and commercialization



1. Based on BCC Research, Market Research Future, and other studies, driven by multiple high-growth segments (CAGR 12–16%+), the total market may reach 300 trillion yen (approx. USD 2 trillion) by 2040

B SW Technology & Solution Expansion — Mobile Robotics (Government Project Details)

- As development leader[1] in a software development project promoted by METI and major players in the construction industry, Kudan is driving the advancement of core technologies in Japan

Japan's National Policies

- To address severe labor shortages, governments and industries are stepping up initiatives in Physical AI and robotics
- Technological innovation is essential to enable autonomous robot mobility in highly complex real-world environments

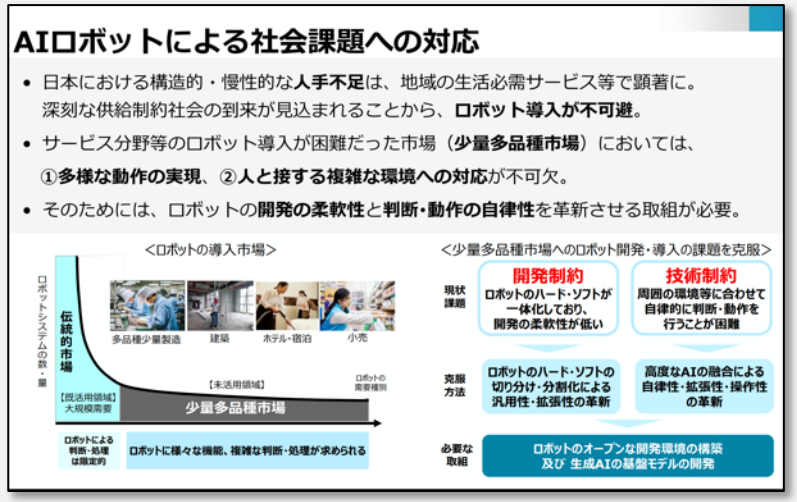
Project Overview

- Starting with deployment for construction sites, the initiative is being promoted across the industry in collaboration with the Construction RX Consortium[2], whose members include major construction companies.
- By establishing broadly applicable autonomous robot mobility technology, we aim to expand into a wider range of industries[3] in the future.

Kudan's Role and Future Expectations

- Recognized for its proven track record, Kudan is advancing the initiative as a core leader[1]
- Accelerating the social implementation and adoption of its technology
- Maintaining close collaboration with the government on Physical AI and robotics initiatives.

Excerpt from METI Materials



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)

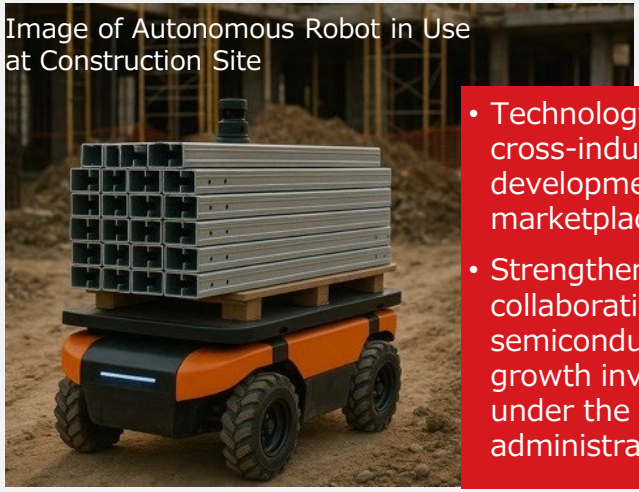


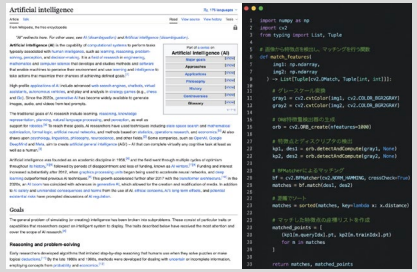
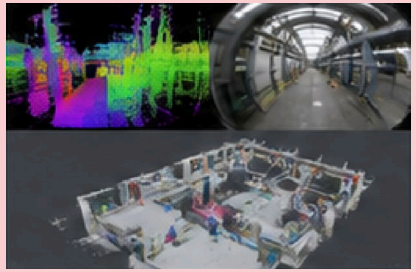
Image of Autonomous Robot in Use at Construction Site

- 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

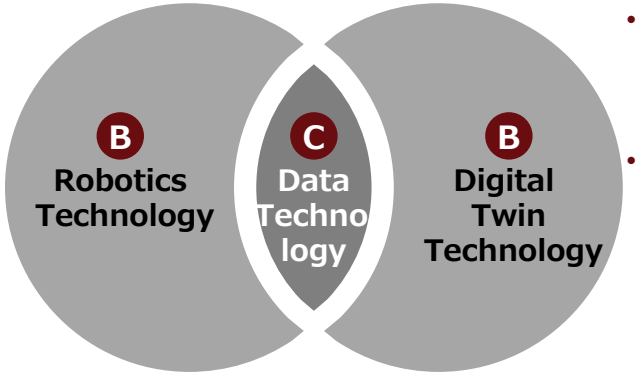
C Data Technology for Physical AI

- Kudan's Spatial Perception technology **contributes to competitive advantage and revenue as a core technology for building the data infrastructure that underpins Physical AI**

	AI without embodiment	Physical AI with embodiment
Type of intelligence	**In digital space: "thinking intelligence"** 	**In Physical space: "acting intelligence"** 
Required data	**Handled digitally: text, images, code** 	**Acquired through action: spatial-perception-related data, etc.** 

Building vast spatial-action datasets is key to Physical AI development

Data Technology	Overview
Data acquisition efficiency	Automated data acquisition via autonomous robot mobility
Data quality assurance	Quality validation by fusing simulation environment (Digital Twin) with verification model (robot)
Data augmenta-tion	Strengthening data effectiveness by leveraging Digital Twin to scale up limited real-world data



- **High synergy at the cross-domain of Robotics and Digital Twin**
- **Integrated technology delivery offers high effectiveness and uniqueness, strengthening competitive advantage in Physical AI and contributing to long-term revenue**

~20 trillion yen market by 2035[1]

1. Grand View Research, MarketsandMarkets, Fortune Business Insights , etc. — estimated from public market research data

Project List (Excerpt)

	Customer	Overview	Progress
Digital Twin	**Major integrated infrastructure firm**	• Lifeline facility management DX for automation & labor-saving	• Trial deployment initiated
	Major infrastructure management firm	• Water & sewerage facility management DX	• Implementing custom development for operational fit
	Major road infrastructure firm	• Expressway inspection & management DX	• Implementing development for integration with core systems
	Municipal government	• Maintenance management of road and other infrastructure	• City-scale Digital Twin generation
	Construction solution	• Construction site DX for managing construction progress	• Development underway toward commercial service launch
	Major real estate facility management firm	• Facility management operations — automation & labor-saving DX	• Strategic business partnership — preparing for deployment continues
	Inspection solution	• DX for automation & labor-saving, facility inspection operations	• Trial deployment continues
	Major plant construction firm	• Digital Twin construction simulation in hazardous zones	• Trial deployment initiated
	Major automotive	• Photorealistic technology for autonomous driving map generation	• Custom development support underway
Robotics	**Vecow (industrial PC)**	• AI robot development kit — autonomous mobility technology	• Productized (formally launched)
	Inspection robot	• Localization for inspection-use quadruped robots	• Supporting customer development
	Digital Twin solution	• Digital Transformation for automation & labor-saving facility management	• Trial deployment initiated
	Drone solution	• Localization for logistics-facility drones	• Technology delivery initiated for solution development
	Major plant construction firm	• Localization for remote heavy-machinery operation in hazardous zones	• Technology delivery initiated; validation ongoing
	FOX Sports (major broadcaster)	• XR broadcast — localization for robotic cameras	• Achieved commercial operation throughout the full NFL season
	Major manufacturer	• Localization for real-time vehicle management	• Technology delivery toward productization
	Major industrial-vehicle firm	• Localization for autonomous industrial vehicles	• Technology delivery toward productization

Mid- to Long-term Growth Outlook

- Under the strategy of expanding technological and business domains, **short-term growth is being driven by multi-faceted revenue expansion and profitability optimization.** Medium- to long-term growth is targeted in line with the acceleration of the Physical AI market **through the diffusion of commercial technology and high-margin SW sales expansion, aiming for exponential growth.**

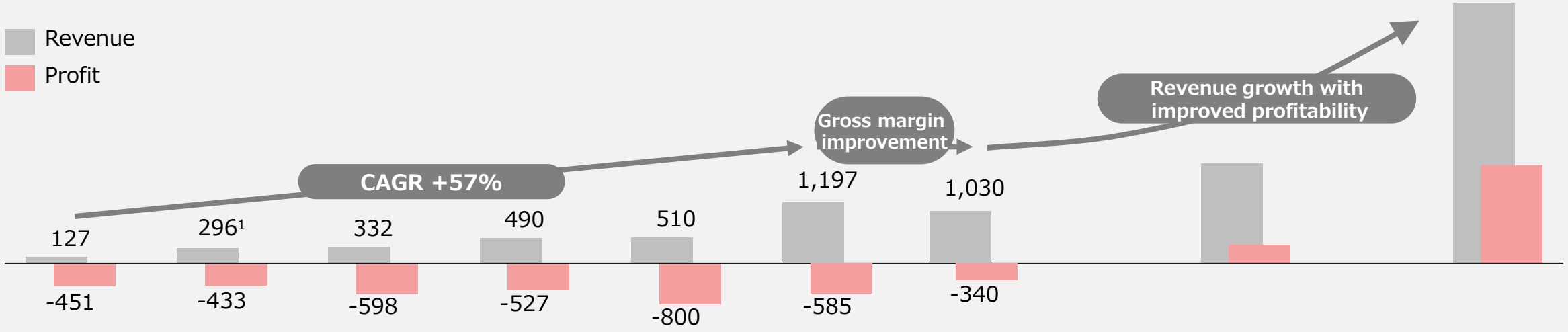
Results | **Growth Outlook**

FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | Mid-term (2 yrs) | Long-term (~10 yrs)

Core Technology Provision (SW algorithms)

Business expansion (SW solutions & HW packages)

Achievement of customer commercialization and accumulation of technical track record in the market	Digital Twin expands first; Robotics grows through larger-scale development support	**Market expansion and commercial technology adoption driven by full-scale development of Physical AI**
Revenue centered on development projects	Multi-faceted revenue expansion and profitability optimization (SW diffusion leveraging HW)	**SW sales expansion-led high-margin growth (across Robotics, Digital Twin, and Data)**



1. Revenue adjusted for accounting standard changes

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