

May 18, 2026

Company Name	Kudan Inc.	
Representative	CEO	Daiu Ko
	(Securities code: 4425 TSE Growth)	
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Q&A Transcript from the FY2026 Financial Report Presentation Meeting for Institutional Investors and Analysts Now Available

Kudan Inc. (henceforth in this document as “Kudan”) held the financial report presentation for institutional investors and analysts on May 15, 2026. In order to disclose information to investors in a timely manner, the English-translated transcript of the question and answer session is available in this release.

【FY2026(full-year) financial report presentation meeting for institutional investors and analysts】

1. Date: Friday, May 15, 2026
2. Speakers: Daiu Ko, CEO
Tatsuhiko Ishii, Head of Administration

▼▼Financial report presentation video can be viewed from below (Japanese only)▼▼

https://youtu.be/19q_fuwYSJo

▼▼Financial report presentation transcript can be viewed from below (English)▼▼

<https://contents.xj-storage.jp/xcontents/AS02977/c83b72ec/8f05/49a5/ae11/2925ca4da4ec/140120260510521117.pdf>

▼▼Supplementary document to the financial report for FY2025 can be viewed from below (English)▼▼

<https://contents.xj-storage.jp/xcontents/AS02977/e9fda5be/1c32/41da/b1e9/d84b87f93716/20260515143641321s.pdf>

【List of questions and answers】

1. What are the profit margins of software and hardware respectively?

The profit margins of software and hardware differ by individual project and by product type, and there are also cases in which they are sold together as a package, so we would like to refrain from disclosing the details.

Software margins have a range but are on an increasing trend, with some approaching 100%, and overall are roughly double those of hardware.

2. Regarding the revenue decline expected for FY2027/3, please explain the structural reason why hardware revenue decreases as software revenue increases.

In our sales channels, there are projects in which software and hardware can be sold in parallel, as well as cases in which hardware is first introduced as a “priming agent” and software is subsequently introduced to expand revenue.

In other words, hardware sales consist of a portion that continues to be maintained and expanded, and a portion that acts as a “priming agent” and is converted into software sales.

In the phase of business progress from FY2026/3 to FY2027/3, overall, the portion being converted from hardware sales into software sales is larger.

This reflects the medium- to long-term shift toward software-centered revenue expansion.

3. Regarding the 360 million yen increase in software revenue expected in FY2027/3, to what extent is it already covered by contracted ongoing projects? In addition, how much one-off development support is anticipated, and to what extent is revenue uplift from per-unit “commercial licenses” factored in?

Although we are still at the beginning of the fiscal year, more than one-third of the 360 million yen increase in software revenue is already covered by contracted or ongoing projects. In addition, one-off development support is virtually absent, and the total is composed of revenue that secures both continuity and scalability.

4. Regarding the newly introduced “provision for data technology,” specifically to whom and in what form will fees be charged under this business model? Within the massive 20 trillion yen market, what realistic share can Kudan capture, and what is the expected revenue contribution for FY2027/3?

The provision for data technology refers to supplying technology for Physical AI data development. Rather than one-off subcontracted work, we envision a usage-based business model in which scalability is secured according to the scale of data development. We already have visibility on projects representing promising business opportunities, and we are targeting revenue on the scale of several hundred million yen in FY2027/3 and FY3/2028.

Furthermore, within the future 20 trillion yen massive market, we aim to have the sub-market in which our technology provision is involved account for roughly several percent to about 10% of the total, and within that sub-market we aim to grow into a major player with a share of several percent to several tens of percent.

5. In FY2026/3, compared with FY3/2025, cost of sales increased significantly and the gross profit margin declined. What is the reason for this?

The decline in the gross profit margin in FY2026/3 is attributable to a government project.

Under the government project that began in FY2026/3, the developed deliverables are delivered to the government, and at the same time the contract is structured so that our company can commercialize and monetize them.

While the costs of this project must, in accordance with accounting standards, be treated as cost of sales for earning FY2026/3 revenue, in substance they also have the character of R&D expenditure for earning future revenue.

Taking this aspect into account, when costs equivalent to R&D expenses are deducted from cost of sales, we judge that the gross profit margin has not deteriorated.

6. Last fiscal year you completed cost optimization, and this fiscal year you have decided to once again increase fixed costs such as R&D. Specifically, to what extent does this investment allocate resources to the transition from “mathematical methods” to the “Physical AI model,” and how does it lead to a decisive competitive advantage over competitors?

The increase in R&D expenses this fiscal year is centered on technology development of digital twin solutions and robot navigation, and on customer support, in order to drive the expansion of our software technology and business. In addition, we also plan to make new investments in our newly deployed data technology. Note that the phase of cost increases and decreases during the transition period that continued through FY3/2025 and FY2026/3 has now ended, and we plan to continue to strengthen R&D in a sustainable manner balanced with profitability.

In the transition to the Physical AI model, our advantages over competitors lie in two points: technological leadership and consistency. Compared with arm robots, where progress is more advanced, in the mobile robot domain on which our company focuses, industrial examples of Physical AI model adaptation are still very few, and our company’s efforts have a high degree of leadership. In addition, digital twin, robotics, and data technology can be integrated on the basis of spatial perception, and by providing them in a consistent manner we enhance the performance of each, while the broad scope of technological support gives us the advantage of capturing market demand more efficiently and reliably.

7. Please tell us about your future funding plans.

We continue to forecast an operating loss in FY2027/3, but the narrowing of the loss is accelerating, and we have formulated a plan to move toward profitability going forward. We have sufficient cash on hand for that plan, and there are no plans to raise working capital.

Although we do not anticipate this at all in reality, we would like you to note the fact that, even under an extremely overly conservative scenario in which the FY2027/3 loss continues thereafter, we have approximately six years’ worth of working capital.

8. Does the recent oil supply issue have any impact on the company’s business performance?

Our business is not subject to any direct negative impact such as cost increases arising from rises in material costs related to oil supply. On the contrary, while our customers include those in construction and infrastructure, which are susceptible to energy prices, we believe that higher costs increase the pressure on customers to improve operational efficiency, and rather create an incentive for them to introduce the digital twin and robotics technologies and solutions that we provide.

9. Please tell us about your intellectual property policy and strategy.

We have adopted an IP strategy that maximizes the use of our technological advantages in the market competitive environment.

For example, our patented product Vantage continues to be adopted in a project with FOX Sports in North America, in robotic cameras for the broadcast of top-tier American football games. We will continue to acquire patents for the core technologies of our products, as in this example.

※If you have any inquiries regarding the contents of the financial report presentation, please feel free to contact us at Kudan's contact form below. Also, if you would like to have an interview with us, please let us know as well.

■ Company Details

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Representative: CEO Daiu Ko

■ For more details, please contact us from [here](#).