

# Explanatory Documentation regarding Business Plan and Growth Potential

– Spatial Perception Leading the Advancement of Physical AI

Kudan Inc. (TSE Growth : 4425)  
June 30, 2026




# Business Model

# Kudan Is the “Machine’s Eye” That Underpins Physical AI



A ¥160T<sup>1</sup> market by 2040

### Conventional AI Without Physicality (Digital Space)



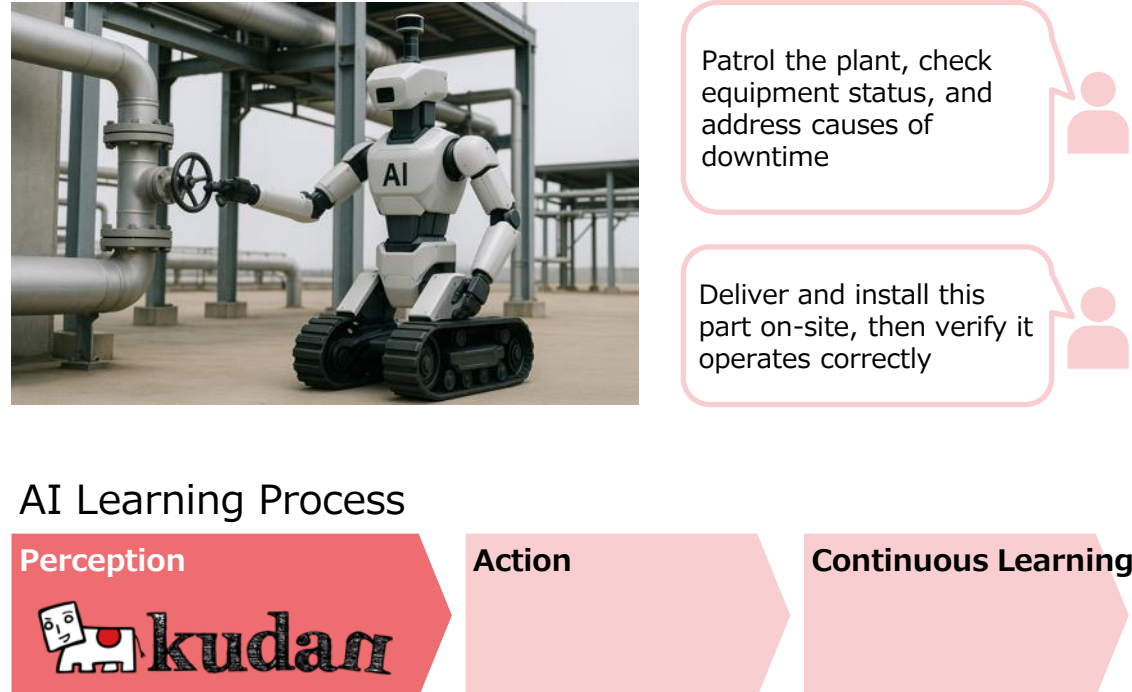
Analyze sales and customer data to plan new products and targets

Generate ads that highlight new product features

AI Learning Process

Data Acquisition → Learning

### Physical AI With Physicality (the Real World)




Patrol the plant, check equipment status, and address causes of downtime

Deliver and install this part on-site, then verify it operates correctly

AI Learning Process

Perception → Action → Continuous Learning



1. Estimated based on publicly available market research data from Grand View Research, MarketsandMarkets, Fortune Business Insights, and others.

# “Digital Twins” and “Robots” Converging Toward Physical AI

## Perceiving the Real World Through Digital Twins



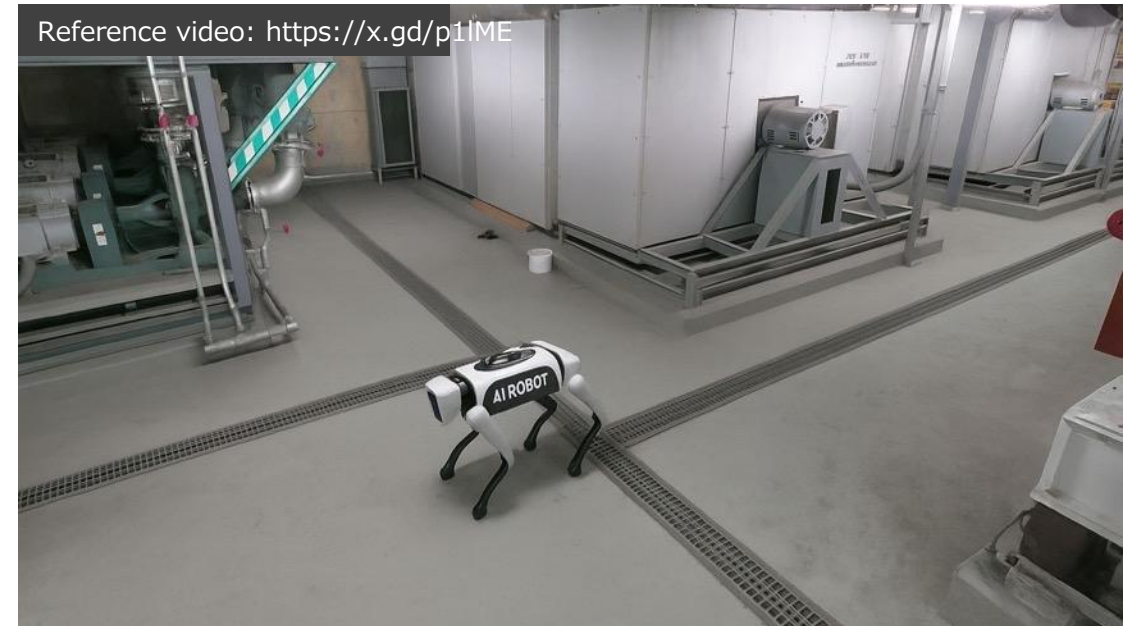
Perception

Action

Continuous Learning

- Manually 3D-scan the real world and have it perceived as data by AI

## Autonomous Robot Control



Perception

Action

Continuous Learning

- A perceiving robot moves around the real world, connecting perception to action

An automated loop from perception to learning is completed, advancing toward true Physical AI

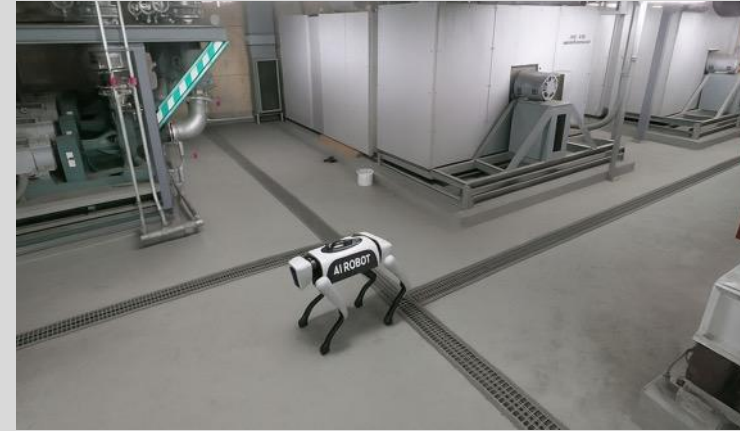
# Providing the Spatial Perception That Underpins Both

Site Management DX & Productivity Gains via Digital Twins



Replicating Reality in Digital Space

Unmanned Operation & Labor Savings via Mobile Robots



Robots Perceive Space Digitally and Act

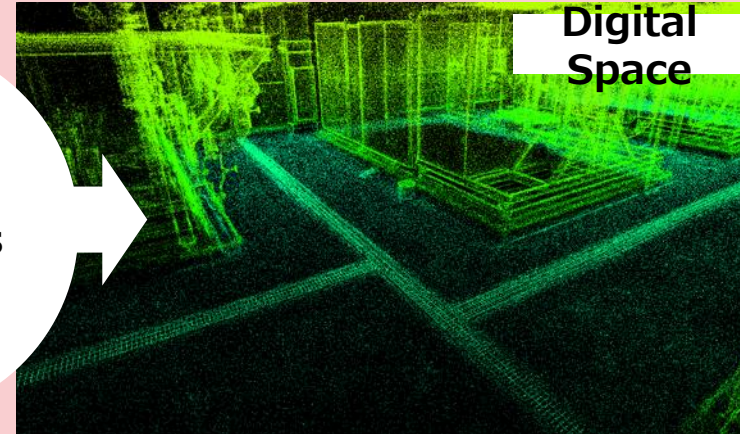
## Kudan Provides Spatial Perception as a Technology Platform



Real World



The "Machine's Eye" That Connects Spaces Together



Digital Space

# Global team at the cutting edge of technology

## GB Bristol (Eng,Sales)

• Kudan group establishment at 2011



## JP Tokyo(Admin, Eng)

Establishment at 2014

IPO at 2018



## US Silicon Valley (Sales)

Establishment at 2020

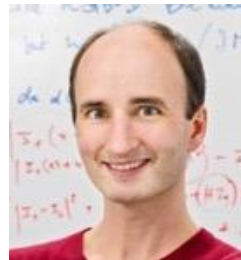


## DE Munich (Eng,Sales)

Establishment of Artisense at 2017

Acquisition of Artisense at 2021 (as Kudan Germany now)

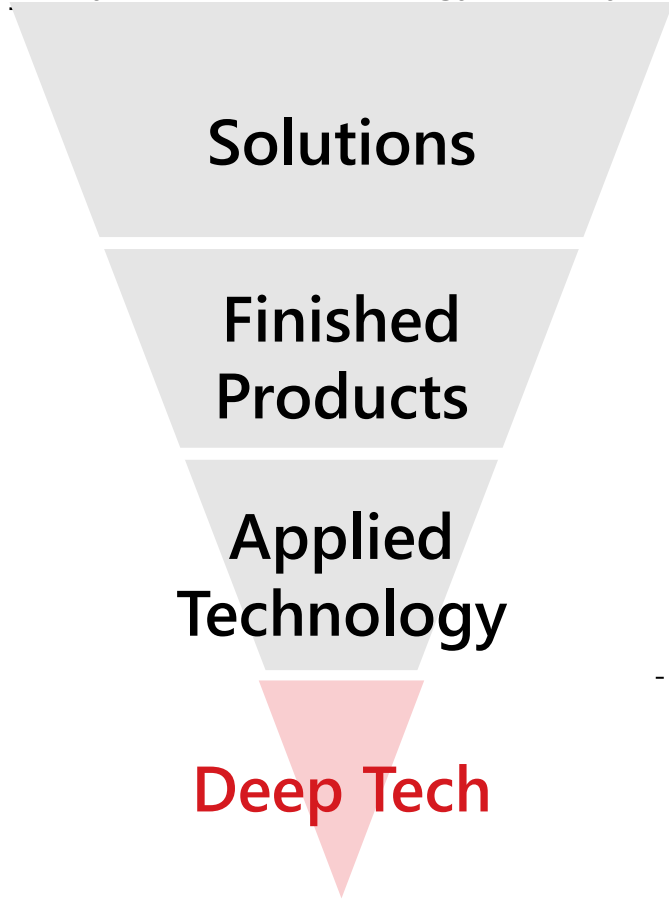
## Professor Daniel Cremers, Artisense founder CSO



### One of the world's most influential SLAM researchers<sup>1</sup>

- Principal Professor at the Technical University of Munich (TUM)
- Awarded the "Leibniz-Preis", the highest authority in German academia
- 85,000 citations, h-index of 129

Layers of the Technology Industry

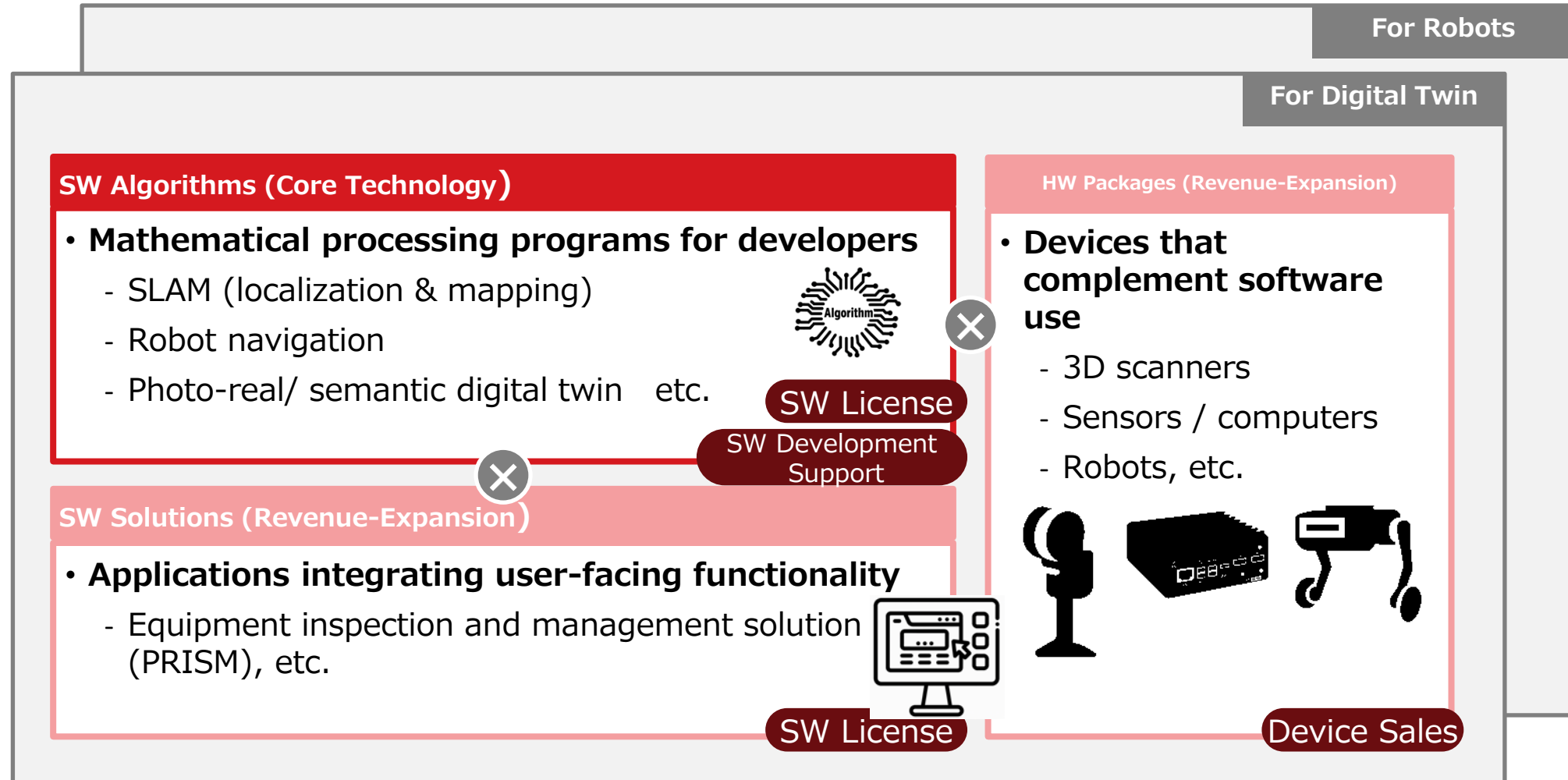


Players Involved in Artificial Perception

- Operations and value-added services
- Robots, automobiles, drones, and other products
- Packaged with sensors and semiconductors

- Algorithms  **(Software Development & Licensing Business)**

Maximum value from a small, elite team — hard to replace





# Market Environment and Competitive Strength

## Physical AI Strategy

### Industrial Competitiveness

- Convert Japan's strengths (manufacturing, robotics, sensors) into competitive advantage
- Establish a competitive edge in the AI era

### Tackling the Labor Shortage

- Resolve labor shortages from an aging, shrinking, rural-depopulating population
- Sustain on-site work in logistics, construction, eldercare, and similar fields

### Economic Security

- Manage on-site data that underpins industrial infrastructure domestically
- Avoid the risk of total dependence on overseas platforms

# Every Industry with a Real-World “Site” Is a Potential Market



Construction & Civil Engineering



Manufacturing



Logistics



Smart Cities & Autonomous Driving



Facility/Equipment Management



Disaster Response



Railways & Roads



Infrastructure



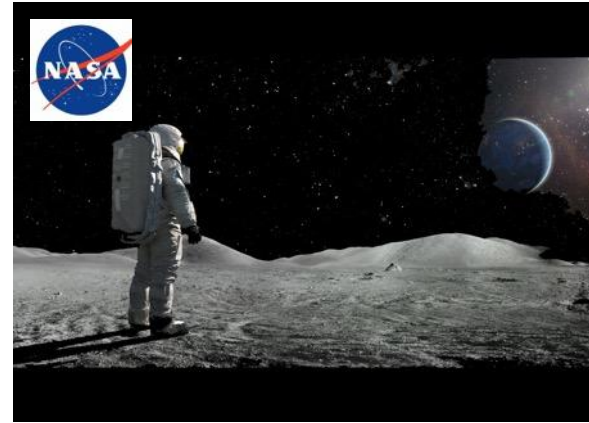
# Track Record to Date (Selected Examples)



- Collaboration for autonomous mobile robots



- Robotic camera for Super Bowl broadcast



- R&D on spatial recognition on the lunar surface



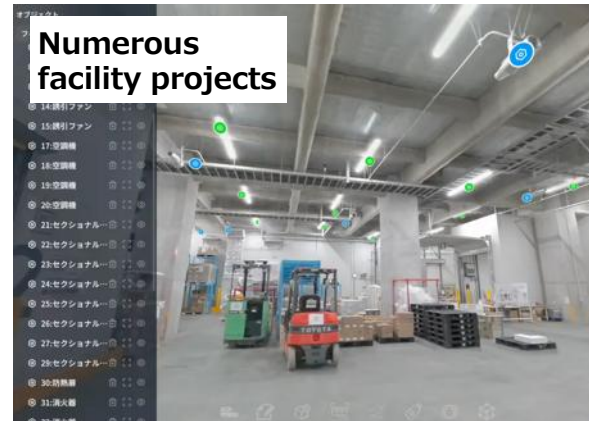
- Smart shipbuilding project



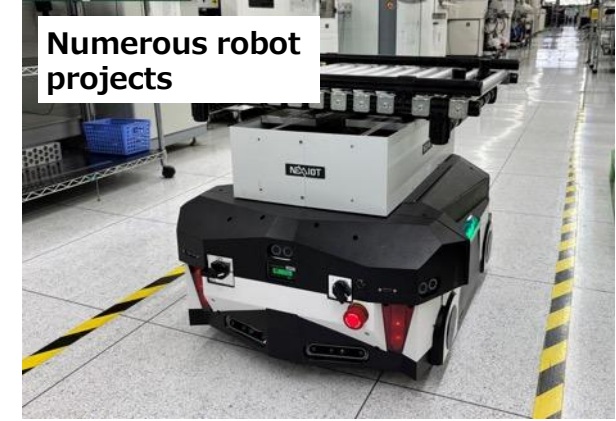
- Delivery robot



- Autonomous driving R&D

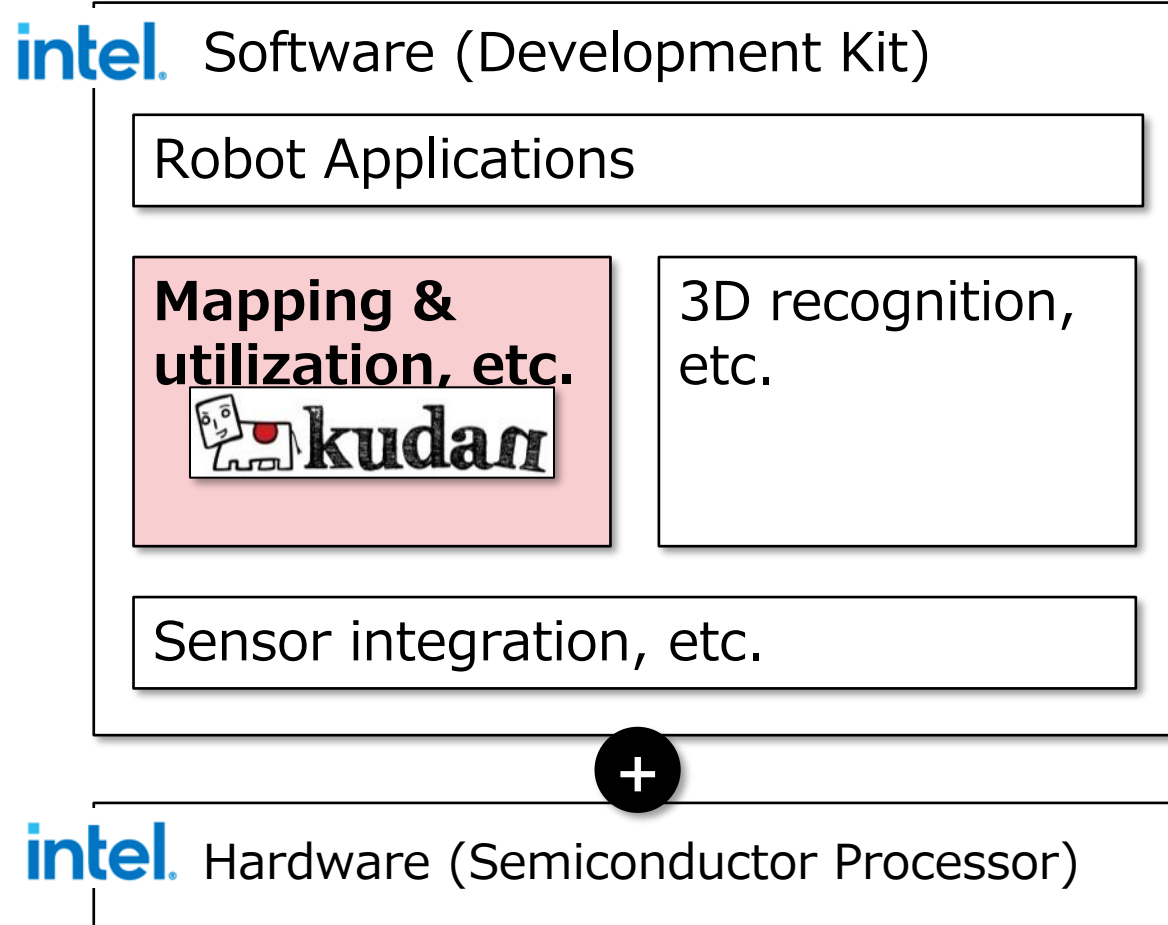


- Logistics facilities, infrastructure facilities, etc.



- Automated transport robots, etc.

## Package Provided for Robots



**From "Intel Inside" to "Kudan Inside!"**

- ✓ Improved performance
- ✓ Shorter development time
- ✓ Further accelerates the practical deployment of robots

- Adopted since 2024 on the world's biggest stages, including the NFL Super Bowl, **and expanded in 2025 into full operational use throughout the NFL broadcast season** (patent acquired).
- **Aiming to expand into sporting and live events worldwide**

XR Broadcast Robotic Camera

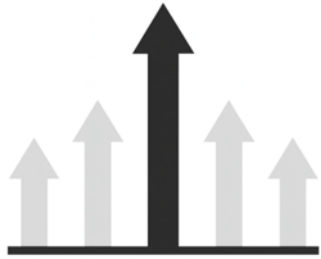


NFL broadcast image utilizing augmented reality (AR) effects



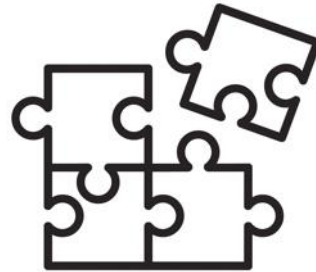
## 1. Technological Leadership

- **SLAM/AI Fusion/Photo-Real Rendering** — World-Class Proprietary Technology
- **The Largest Development Scale and Track Record of Any Independent SLAM Company**



## 2. Scalability

- **A Unique Business Model Addressing Both Digital Twins and Robots**
- High Technological Synergy and Scalability **for Physical AI**



## 3. Information Security

- Spatial Perception Is Confidential, Security-Critical Information
- Flexible Security Enables Collaboration with Industry and Government



Requirements Essential for a Physical AI Technology Platform

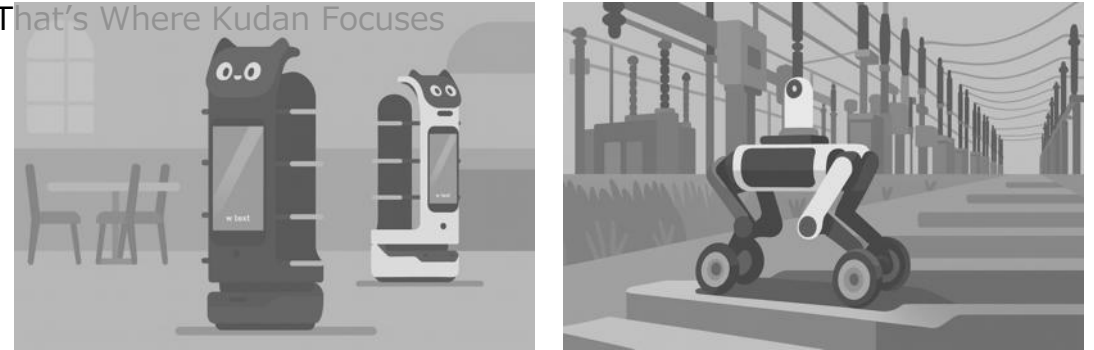
## vs. Industrial Robot Companies?

- **“Manipulation”** Is the Focus for Many Robotics Companies
- **“Locomotion”** — That’s Kudan’s Focus



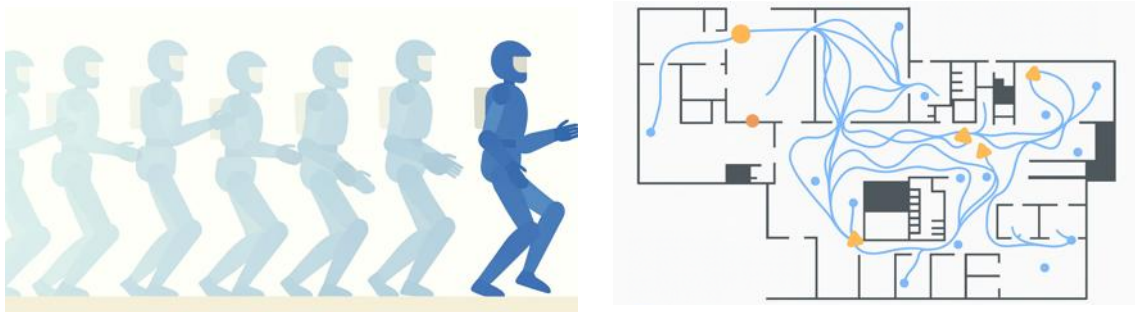
## Aren’t Mobile Robots Already Here?

- **“Simple Environments”** Are the Only Place Mobile Robots Have Spread So Far
- **“Complex Environments”** Make Up Most of the Latent Market — and That’s Where Kudan Focuses



## vs. Humanoid & Quadruped Robot Companies?

- **“Arm and Leg Dexterity”** Is the Focus for Many Robotics Companies
- **“Robot Movement Tasks”** — That’s Kudan’s Focus



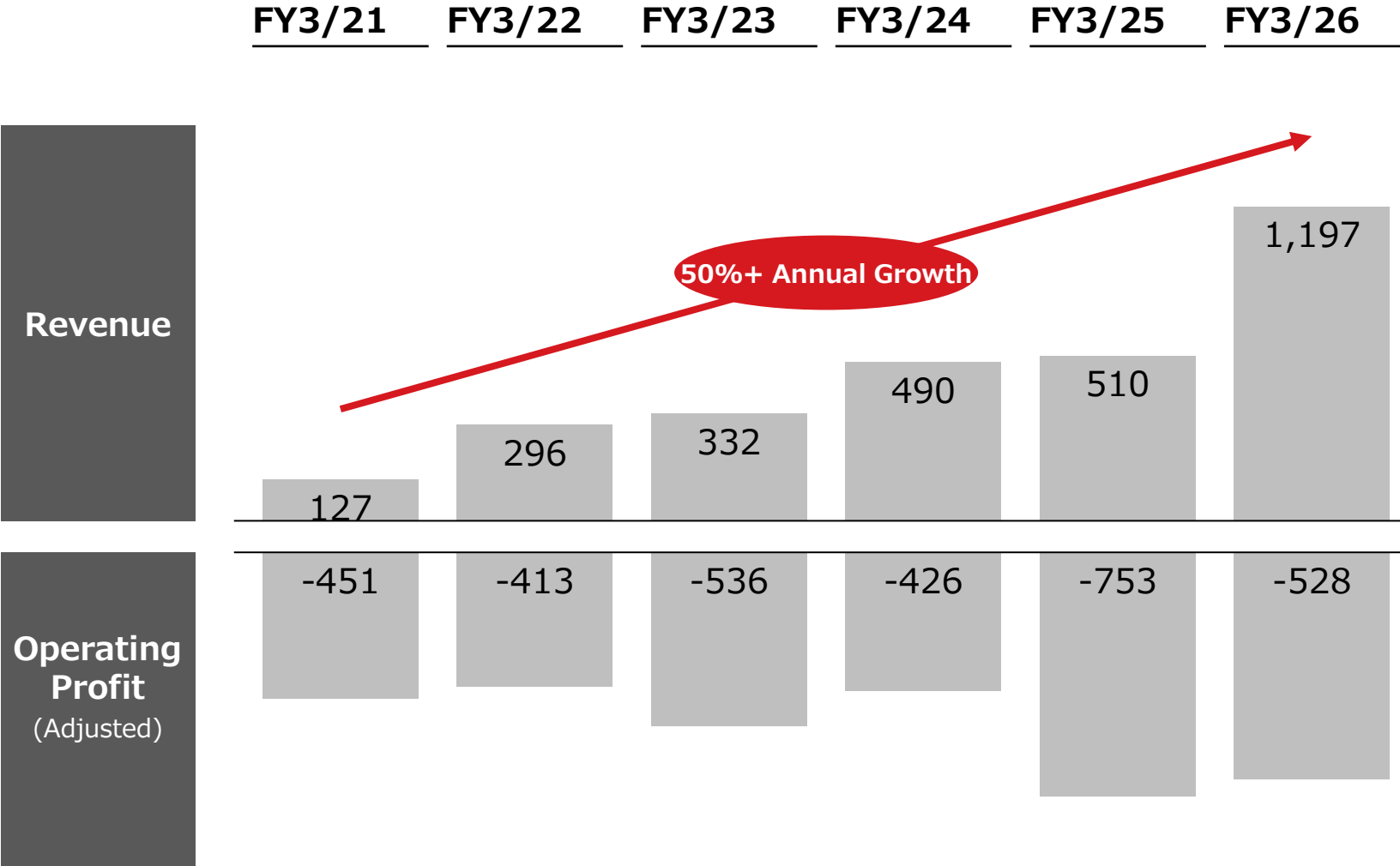
## How We Differ from Big Tech?

- **“Language-Centric AI Models”** — That’s OpenAI and Others
- **“Computation and Simulation”** — That’s Nvidia and Others
- **“Spatial, Embodiment, and Industrial Adaptation”** — That’s Kudan



# Financial Results and Business Plan

# Past Financial Results



# Latest Performance Summary

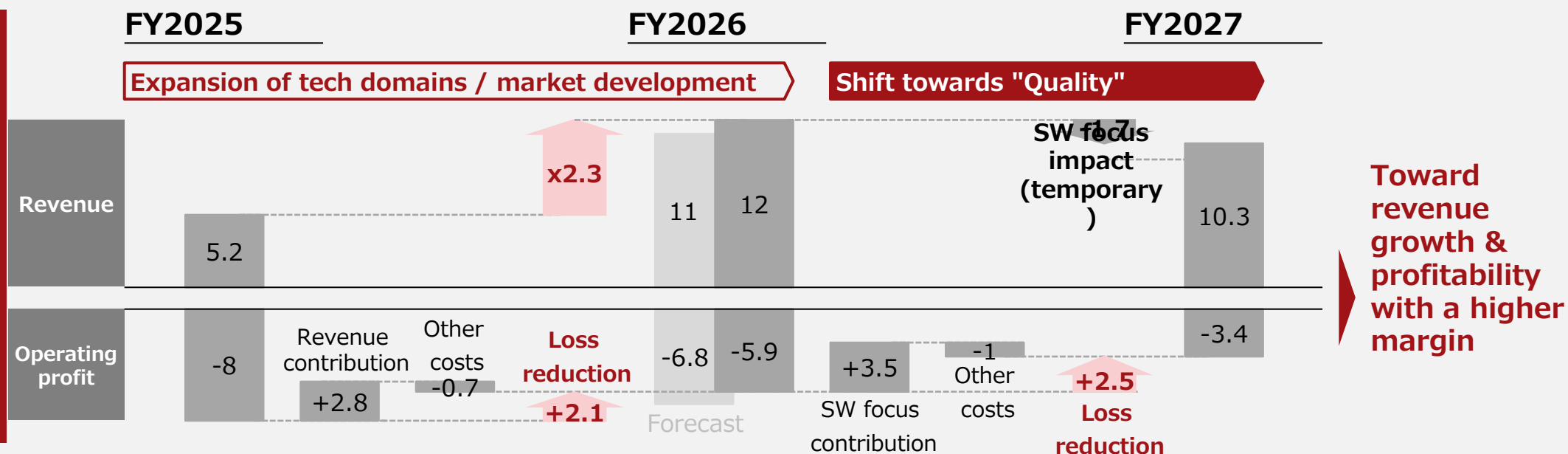
## Previous Year (FY2026) Review

- **Full-year results exceeded the earnings forecast<sup>1</sup> 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,<sup>1</sup> **with performance further improving after the upward revision<sup>2</sup>** (revenue +9% vs. forecast, loss 14% lower vs. forecast)

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

**Artificial Intelligence** (machine's brain) New

Intuitive spatial recognition (machine's eyes)

Learning-based pattern recognition (machine's brain)


**Spatial Perception**





Built as a suite of interconnected technologies

**Localisation and Mapping**<sup>1</sup> Existing

**Semantic 3D recognition**<sup>2</sup> New

**Robotic navigation**<sup>3</sup> New

**Photoreal 3D representation**<sup>4</sup> 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 Development** Existing **For Commercial Use** New

Development packages integrating sensors and processors

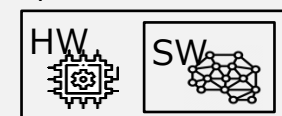

Practical packages and operational UI

**Complementary HW Package**

Independent HW / SW that complement each other

**For Development & Commercial Use** New

External HW packages compatible with our in-house SW technology (e.g. 3D scanners / robot controllers)

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 for 3D 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

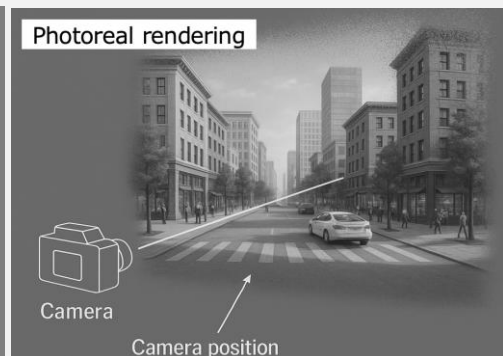
## Tech Innovation

## Related Tailwinds

## Leading-edge

## Unique ability

Digital Twin



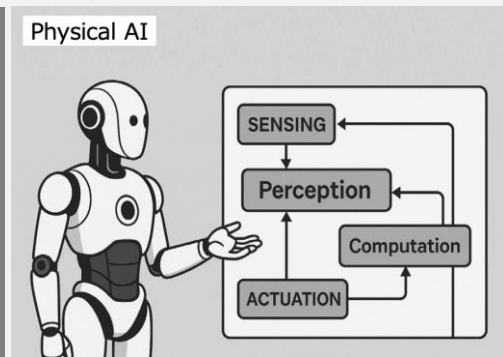
Photorealistic technology and its AI applications are becoming a revolutionary trend with rapid advances in practical implementation

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<sup>1</sup>

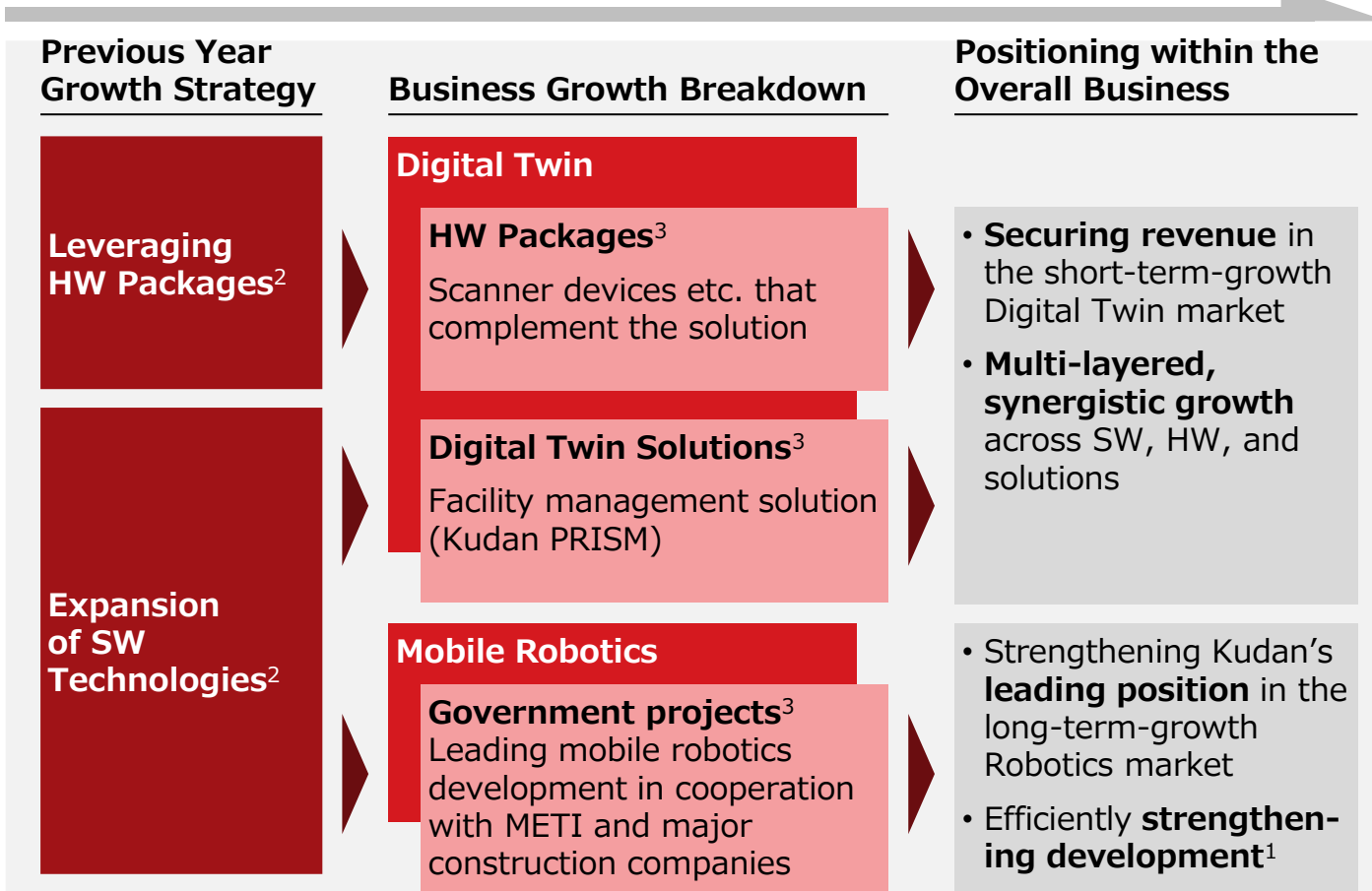
**"Understand space, digitize it, and move robots" — integrating this into an advanced technology is our strength**

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

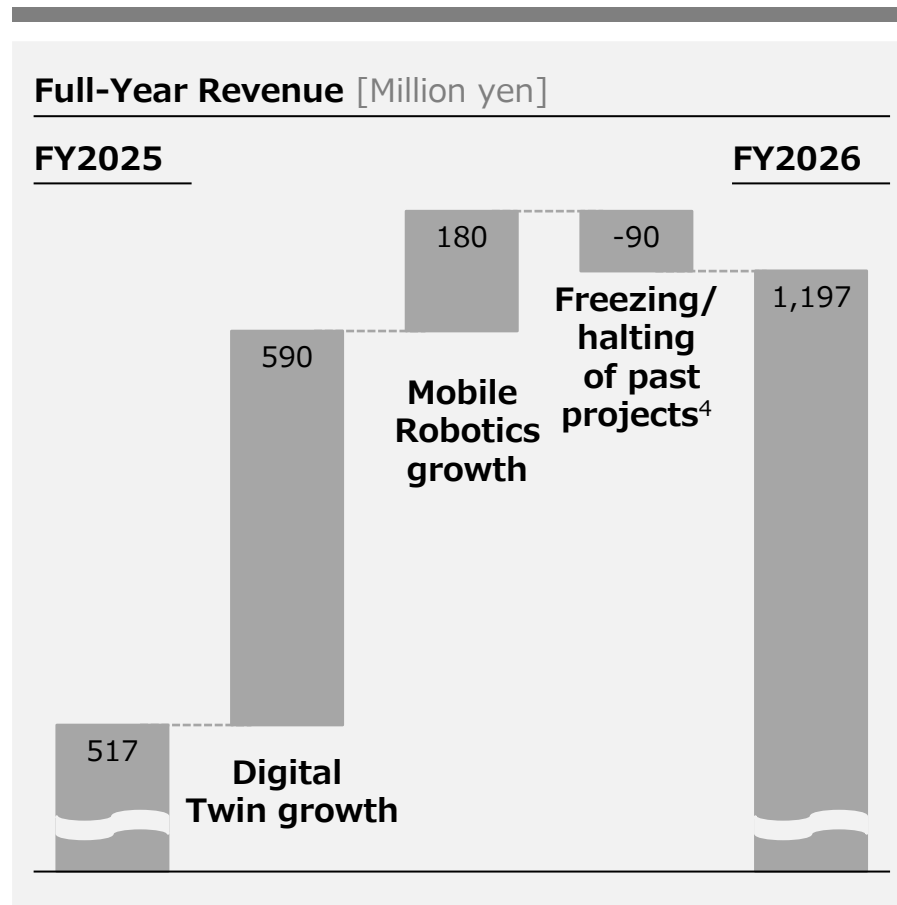
# Performance Growth Details

- 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<sup>1</sup>

## Revenue grew in line with the growth strategy



## Revenue expanded +2.3x year-on-year



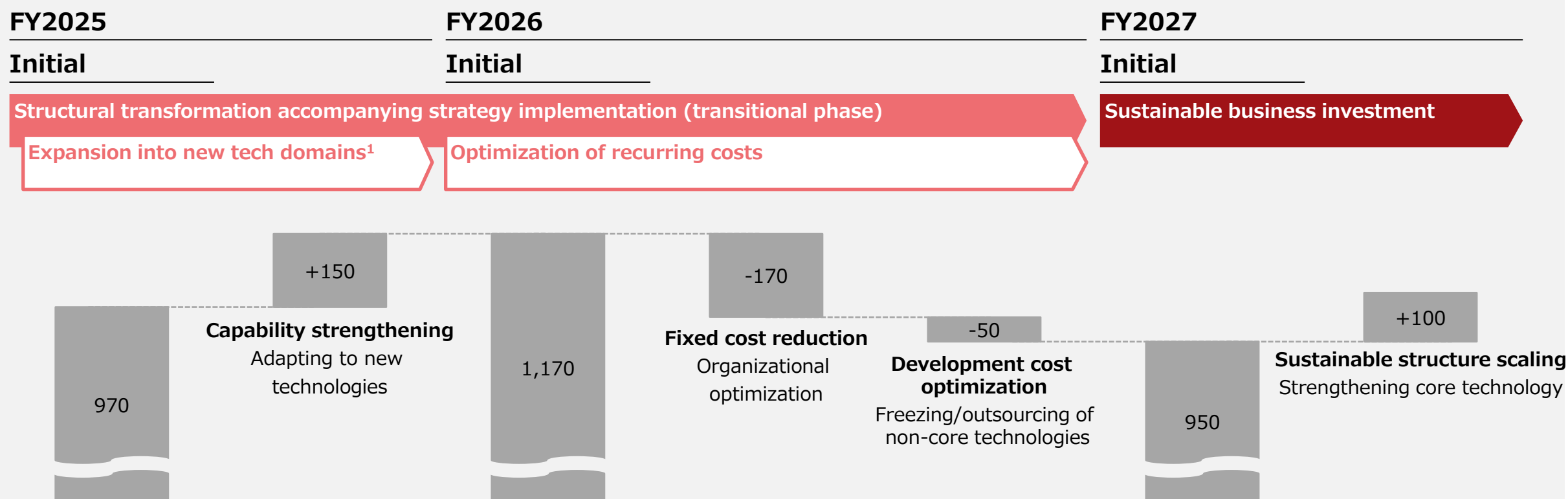
1. R&D-equivalent revenue is allocated, allowing Kudan to significantly reduce the effective cost burden of development and maintain/strengthen its capability  
 2. Refer to past materials: [FY2025 Full-Year Earnings Briefing P12~15](#)

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<sup>1</sup> 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<sup>2</sup> (Annualized<sup>3</sup>) [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

## 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	<b>1,030</b>	<ul style="list-style-type: none"> <li>• SW revenue increase (+360)</li> <li>• HW revenue decrease (-530)</li> </ul>
Operating profit	△800	△586	<b>△340</b>	<ul style="list-style-type: none"> <li>• SW focus profit increase (+350)</li> <li>• Fixed cost<sup>2</sup> increase from R&amp;D etc. (-80)</li> </ul>
Ordinary profit	△743	△174		
Net profit	△801	△188		
Adjusted operating profit <sup>1</sup>	△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

# 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)

Achievement of customer commercialization and accumulation of technical track record in the market

Revenue centered on development projects

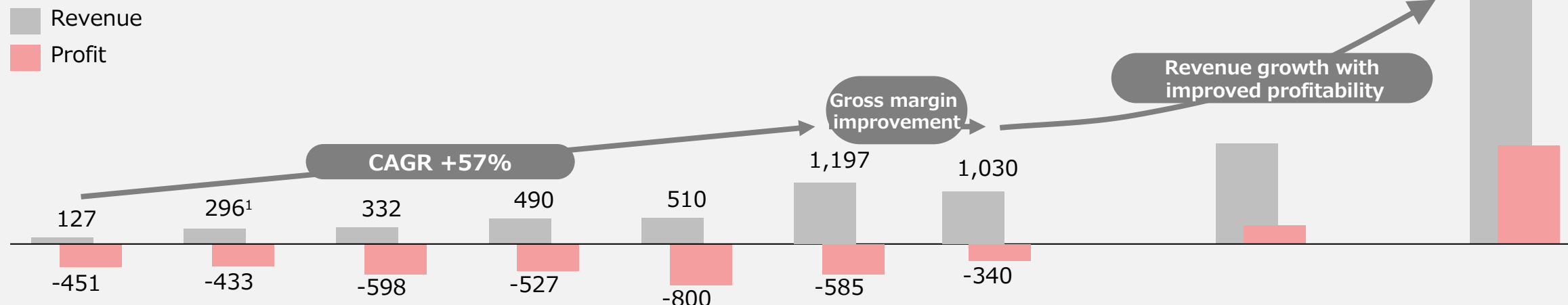
## Business expansion (SW solutions & HW packages)

Digital Twin expands first; Robotics grows through larger-scale development support

Multi-faceted revenue expansion and profitability optimization (SW diffusion leveraging HW)

Market expansion and commercial technology adoption driven by full-scale development of Physical AI

SW sales expansion-led high-margin growth (across Robotics, Digital Twin, and Data)



1. Revenue adjusted for accounting standard changes

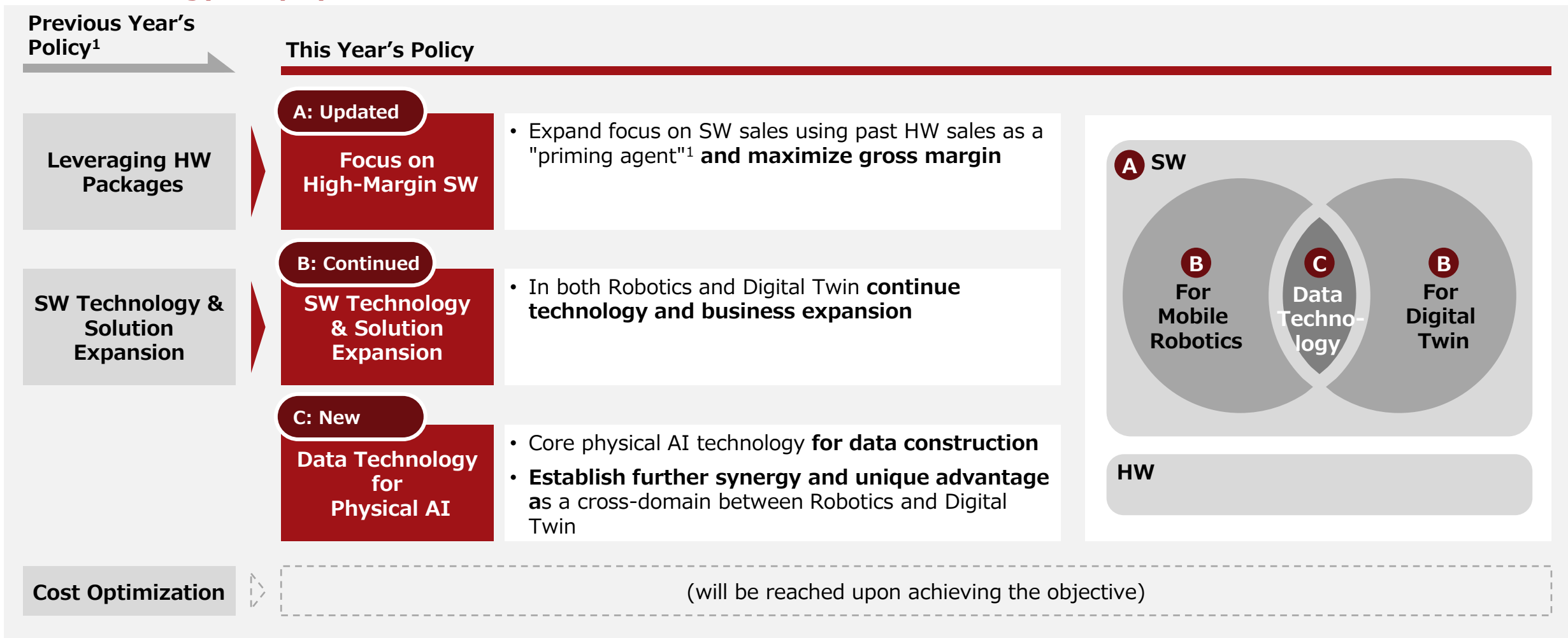
2. As the business phase has progressed, the number of commercialization achievements alone has become insufficient to adequately demonstrate progress on the growth strategy. Accordingly, we have discontinued its disclosure as a key KPI from this fiscal year onward. Progress on the growth strategy is now evaluated using a combination of indicators, including revenue, operating profit, and revenue composition.



# Growth Strategy

# This Year's Growth Strategy

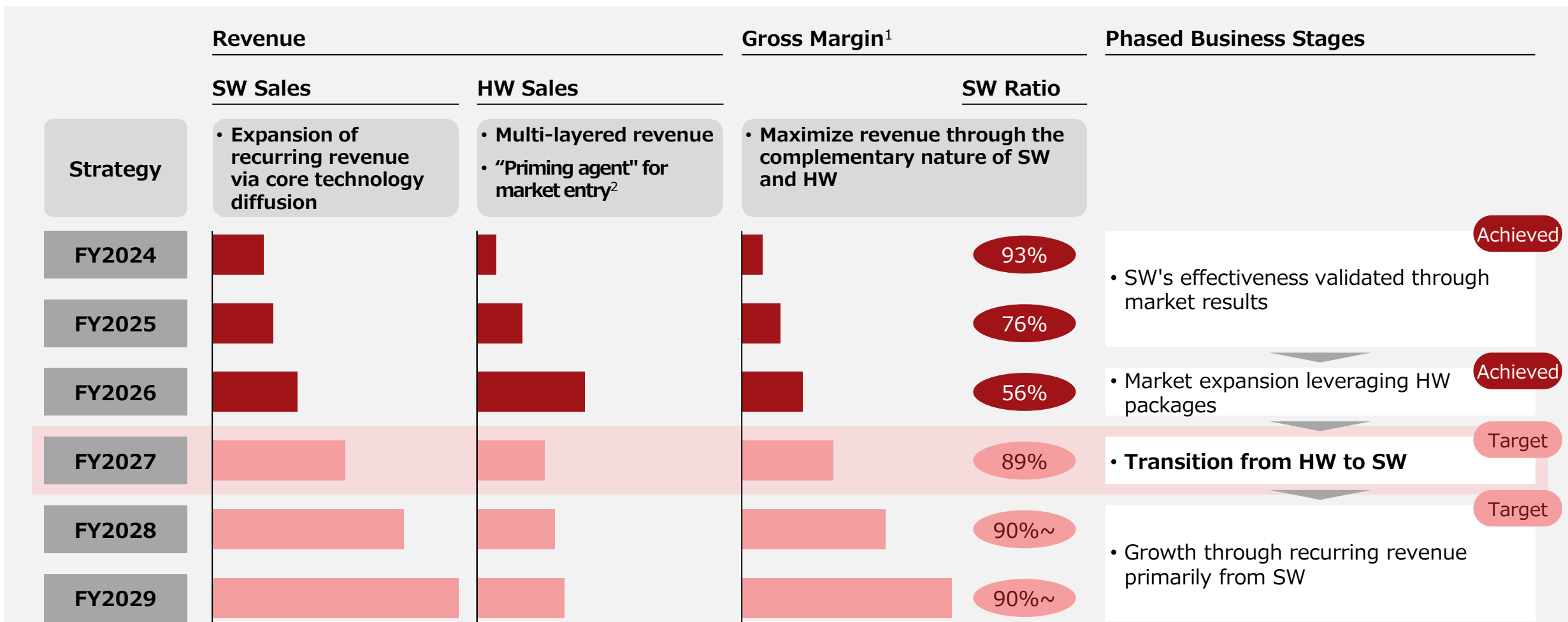
- Building on our previous policy we are **newly initiating a "Focus on High-Margin SW" and providing "Data Technology for physical AI"**



1. 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

- **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<sup>1</sup> will significantly increase this year**



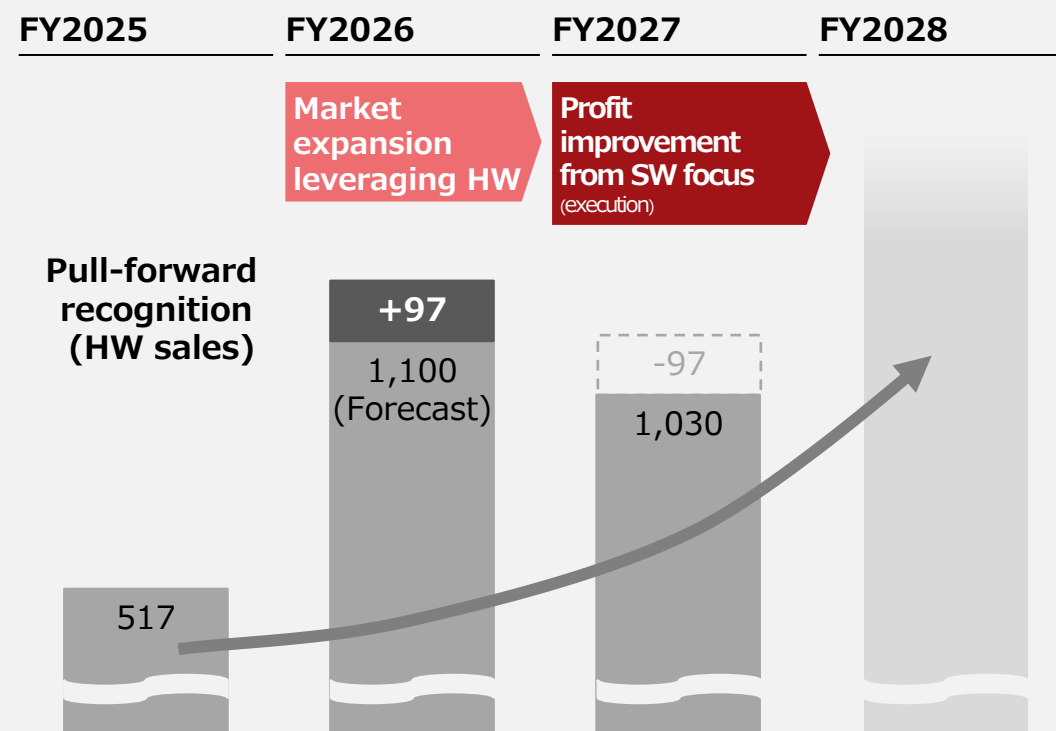
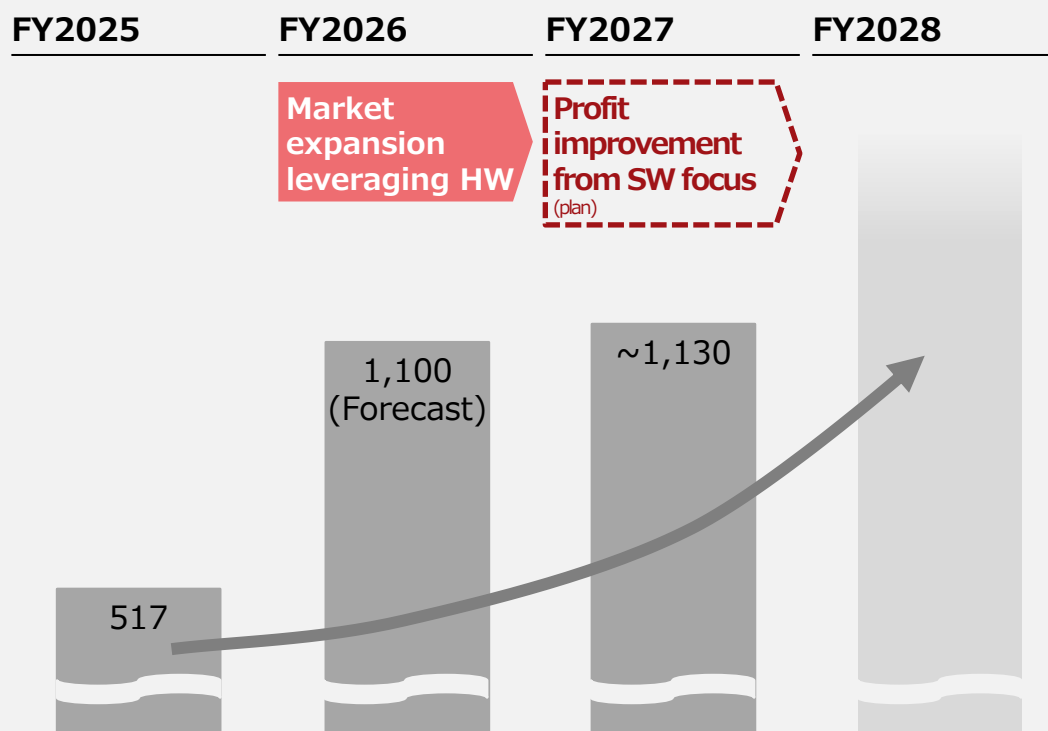
1. Gross margin calculated by deducting R&D-equivalent expenses from cost of revenue in the consolidated P/L (taking into account that government project costs are partly R&D in nature but, due to project specifics, are accounted for as cost of revenue)  
 2. HW Integrated packages reduce the initial 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,<sup>1</sup> 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**

At the time of the forecast (March 2026), we planned strategic SW/HW growth

In actual FY2026 results, HW sales were recognized earlier than expected in connection with executing the SW focus



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

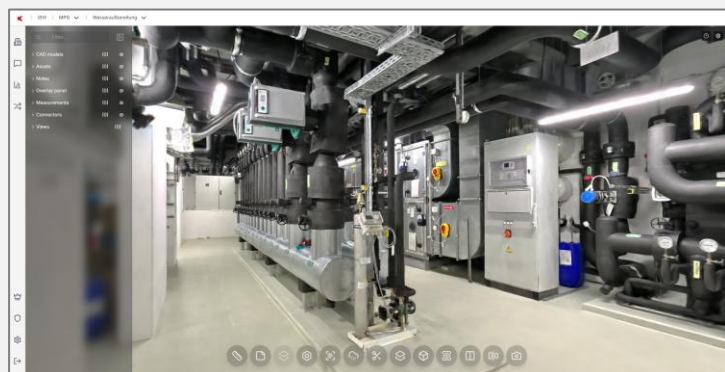
# B SW Technology & Solution Expansion — Digital Twin

- **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

- Customer Base Expansion**

- Customers: **+200% growth**
- Number of Countries: **3**
- Key industries: **Manufacturing, Logistics, Construction, Infrastructure, Energy, Facility management**

- Customer Project Phase Progress**

- **Progressing to actual operations** after effectiveness verification
- **Establishing recurring revenue model** on the SW platform
- FY2027 retention rate **100%**

- 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)

## FY2027 Plan

- Customers: **+150% growth**
- Countries: **Expand to 10 countries**
- Industry expansion: **Real Estate, Telecommunications, Public Sector**

- **Achieve recurring revenue through actual operations**

- **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

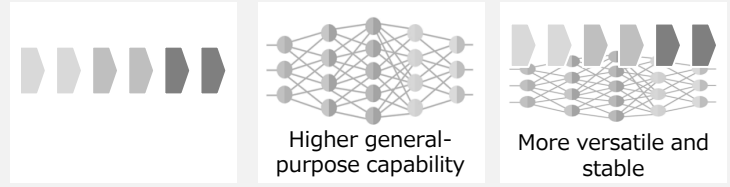
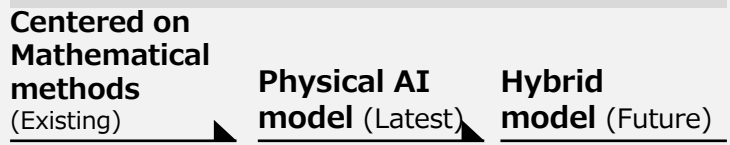
## Applied to DX across diverse industries (selected)

<b>Facility Management</b>		<ul style="list-style-type: none"> <li>Promoting DX in areas previously difficult, enabling automation, operational efficiency, and remote work</li> </ul>
<b>Infra Structure Maintenance</b>		<ul style="list-style-type: none"> <li>Growing demand to address labor shortages and aging infrastructure in developed countries</li> </ul>
<b>Smart City and Disaster Response</b>		<ul style="list-style-type: none"> <li>Enhancing disaster simulation and prevention design to protect lives and support recovery</li> </ul>

# 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



- Physical AI model implementation for mobile robotics is highly advanced<sup>1</sup>, strengthening our leading position in the market
- Also leading in future hybridization



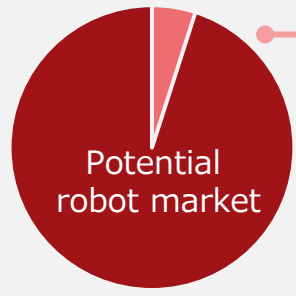
	FY2026 Results	FY2027 Plan
Technical Advancement	<ul style="list-style-type: none"> <li>• Expanded from core SW to a technology suite, <b>beginning to provide core technology for autonomous mobility for robotics (mathematical approach)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Beginning to provide perception-data-driven core technology (physical AI model)</b> (world-leading for mobile robotics)</li> </ul>
Customer Project Phase Progress	<ul style="list-style-type: none"> <li>• <b>Leading the development of an autonomous mobility SW platform in a government project</b></li> <li>• <b>Advancing business partnerships across construction industry</b> to drive practical application of mobile robots</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue scale expansion: <b>+100% growth</b></li> <li>• <b>Continued growth and expansion of large-scale projects expected</b> (government projects and others)</li> </ul>
Strengthening of Competitive Advantage	<ul style="list-style-type: none"> <li>• High-precision, high-speed, stable <b>proprietary algorithms (SLAM etc.)</b> and optimal integration <b>with complementary technologies</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Expanding utilization for Digital Twin in coordination with data technology for physical AI,</b> (expanding competitive advantage for physical AI)</li> </ul> <p style="text-align: right;"><b>In coordination with Data Technology for physical AI</b></p>

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**



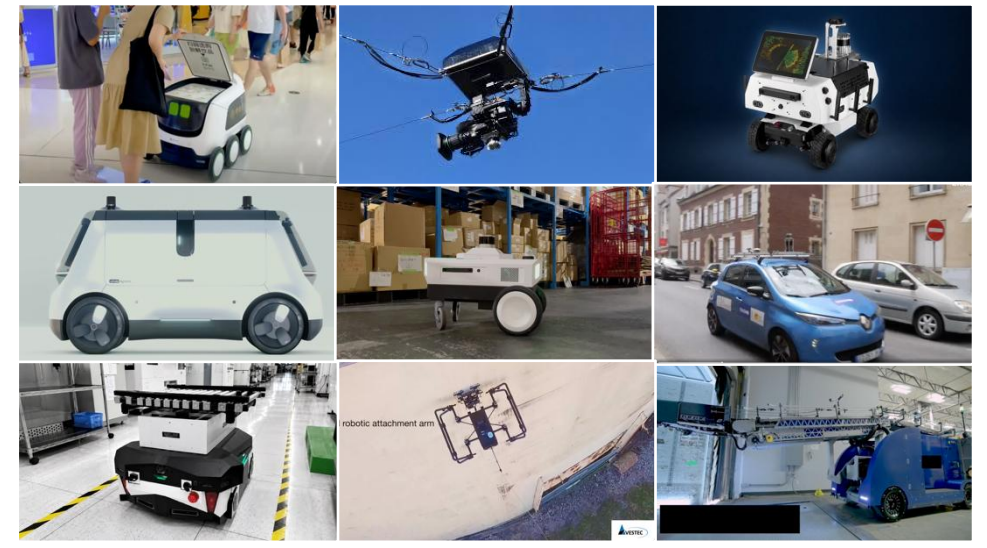
Only 3–5% of robot market has practical application with conventional technologies

2D Recognition    Infrastructure    GPS Positioning

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

<p><b>Environment changes</b></p> <p><b>Many moving objects/people</b></p>	<p><b>Mixed indoor/outdoor</b></p> <p><b>Low-feature environments</b></p>	<p><b>Complex 3D structures</b></p> <p><b>Open indoor spaces</b></p>
--	---	--

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<sup>1</sup> 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<sup>2</sup>, whose members include major construction companies.
- By establishing broadly applicable autonomous robot mobility technology, we aim to expand into a wider range of industries<sup>3</sup> in the future.

## Kudan's Role and Future Expectations

- Recognized for its proven track record, Kudan is advancing the initiative as a core leader<sup>1</sup>
- 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

**AIロボットによる社会課題への対応**

- 日本における構造的・慢性的な人手不足は、地域の生活必需サービス等で顕著に。深刻な供給制約社会の到来が見込まれることから、**ロボット導入が不可避**。
- サービス分野等のロボット導入が困難だった市場（少量多品種市場）においては、**①多様な動作の実現、②人と接する複雑な環境への対応**が不可欠。
- そのためには、ロボットの**開発の柔軟性と判断・動作の自律性**を革新させる取組が必要。

**現状課題**

- 開発制約**: ロボットのハード・ソフトが一体化しており、開発の柔軟性が低い
- 技術制約**: 周囲の環境等に合わせた自律的に判断・動作を行うことが困難

**克服方法**

- ロボットのハード・ソフトの切り分け・分割化による汎用性・拡張性の革新
- 高度なAIの融合による自律性・拡張性・操作性の革新

**必要な取組**

- ロボットのオープン開発環境の構築及び生成AIの基盤モデルの開発

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



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

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**

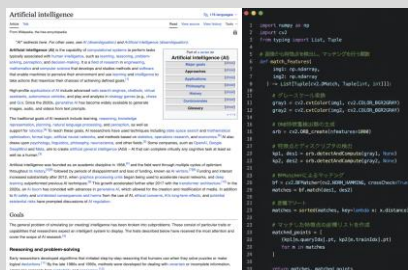
## AI without embodiment

In digital space:  
"thinking intelligence"



Type of intelligence

Handled digitally:  
text, images, code



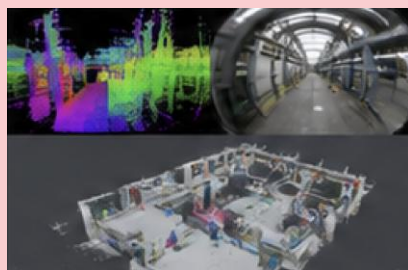
Required data

## Physical AI with embodiment

In physical space:  
"acting intelligence"



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**

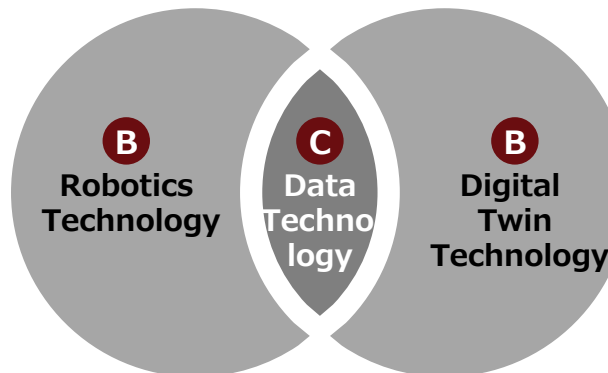
Automated data acquisition via autonomous robot mobility

**Data quality assurance**

Quality validation by fusing simulation environment (Digital Twin) with verification model (robot)

**Data augmentation**

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<sup>1</sup>

1. Grand View Research, Markets and Markets, 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



# Risk Information

# Key Risks and Countermeasures

- We have identified the following risks that could materially affect our growth strategy, along with the corresponding countermeasures
- For details, please refer to the “Business Risks” section of the Annual Securities Report for the fiscal year ended March 2026

#	Key Risk	Overview	Countermeasures
1	<b>Market Trends</b>	Possibility that growth of the spatial perception market is slower than expected.	Diversify business opportunities by expanding across industries, regions, and customer segments.
2	<b>Technology &amp; Competition</b>	Possibility that technological advantage declines due to alternative technologies or new competitors.	Continue R&D, monitor technology trends, and leverage M&A, partnerships, and investments.
3	<b>Intellectual Property</b>	Possibility of infringing on third-party intellectual property.	Manage IP risk in coordination with legal and audit functions.
4	<b>Organizational Structure</b>	Possibility that management and execution capacity cannot keep pace, given the company's small size.	Strengthen headcount and internal management systems.
5	<b>Human Resources</b>	Possibility of difficulty recruiting, developing, and retaining talented staff.	Promote global recruitment, talent development, and flexible working arrangements.
6	<b>Monetization</b>	Possibility that delays in customer commercialization and adoption slow progress toward recurring revenue.	Drive real-world deployment across both digital twin and robotics applications.
7	<b>Revenue Volatility</b>	Possibility that delays in project progress shift the timing of revenue recognition.	Increase business development and technical support staff to manage project progress.
8	<b>Overseas Business</b>	Possibility of losses arising from regulations, business practices, or economic conditions in other countries.	Conduct upfront research, strengthen management talent, and work with local experts.
9	<b>Foreign Exchange</b>	Possibility that currency fluctuations affect financial results.	Monitor FX trends and consider hedging as needed.
10	<b>Information Management</b>	Risk of leakage of confidential or personal information.	Establish and operate information security policies.
11	<b>Disasters &amp; Epidemics</b>	Possibility that business operations are suspended due to a disaster or similar event.	Ensure business continuity through a remote-work framework.
12	<b>Limited Operating History</b>	Limited track record provides a limited basis for assessing performance.	Strengthen information provided through IR activities and timely disclosure.
13	<b>Dividend Policy</b>	Possibility that the company continues to pay no dividend.	Consider dividends based on growth-investment needs and financial position.

## 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.

All projections for the future included in this document are based upon information available at the present time and may not be updated or changed to reflect future developments or changes in status.

Information about companies other than Kudan and information prepared by third parties contained in this document has been quoted from public sources. Kudan has not independently verified the accuracy or appropriateness of such data and indicators and assumes no responsibility for them.