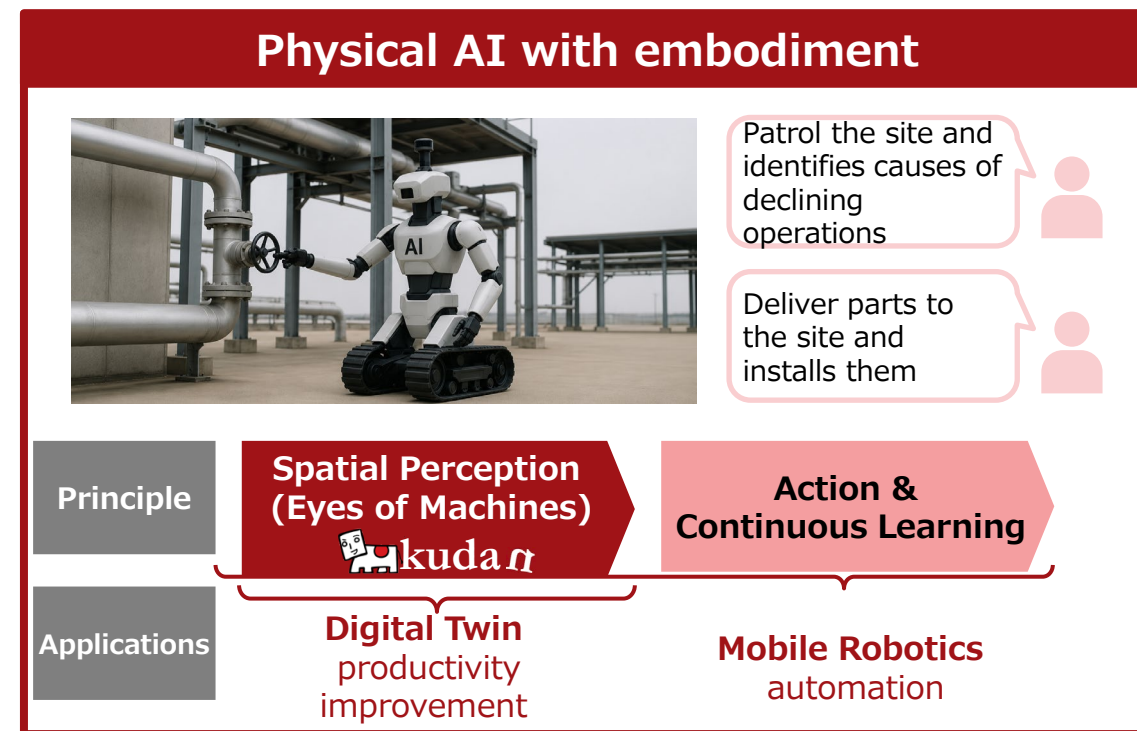
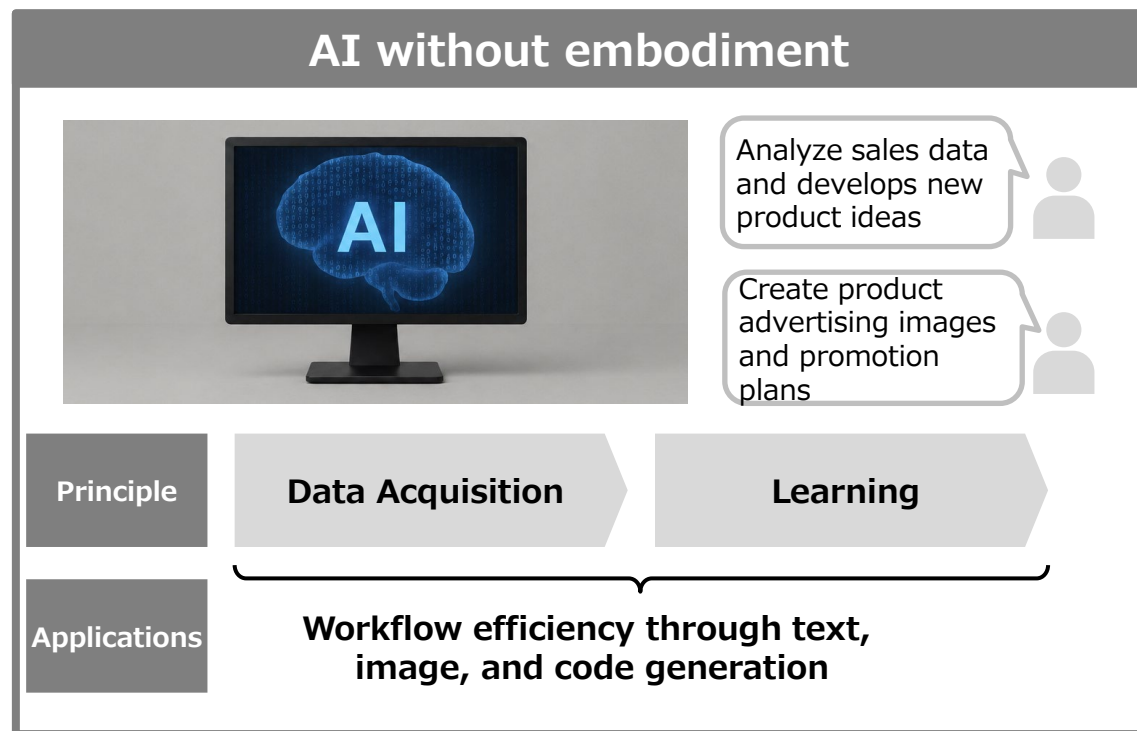


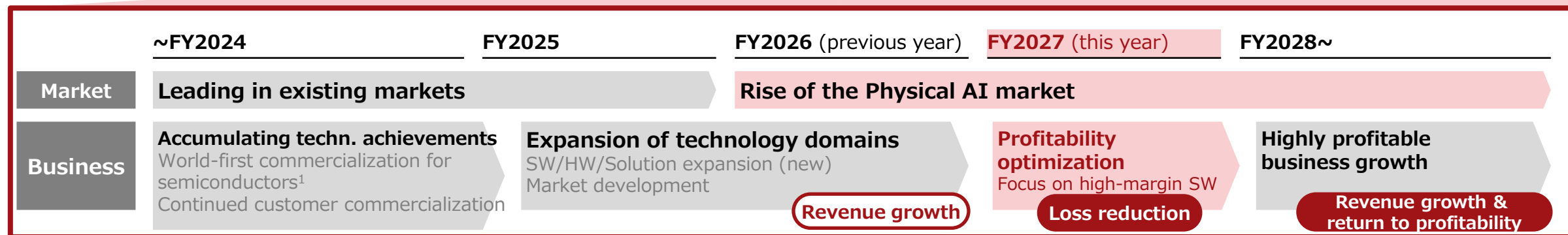
Supplementary Document to the financial report for the first quarter of the fiscal year ending March 2027

Kudan Inc. (TSE Growth: 4425)
August 13, 2026

Vision- Spatial Perception Platform for the Physical AI Era



Aiming for high profitability by providing core technology to Physical AI



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

Q1 Results Overview

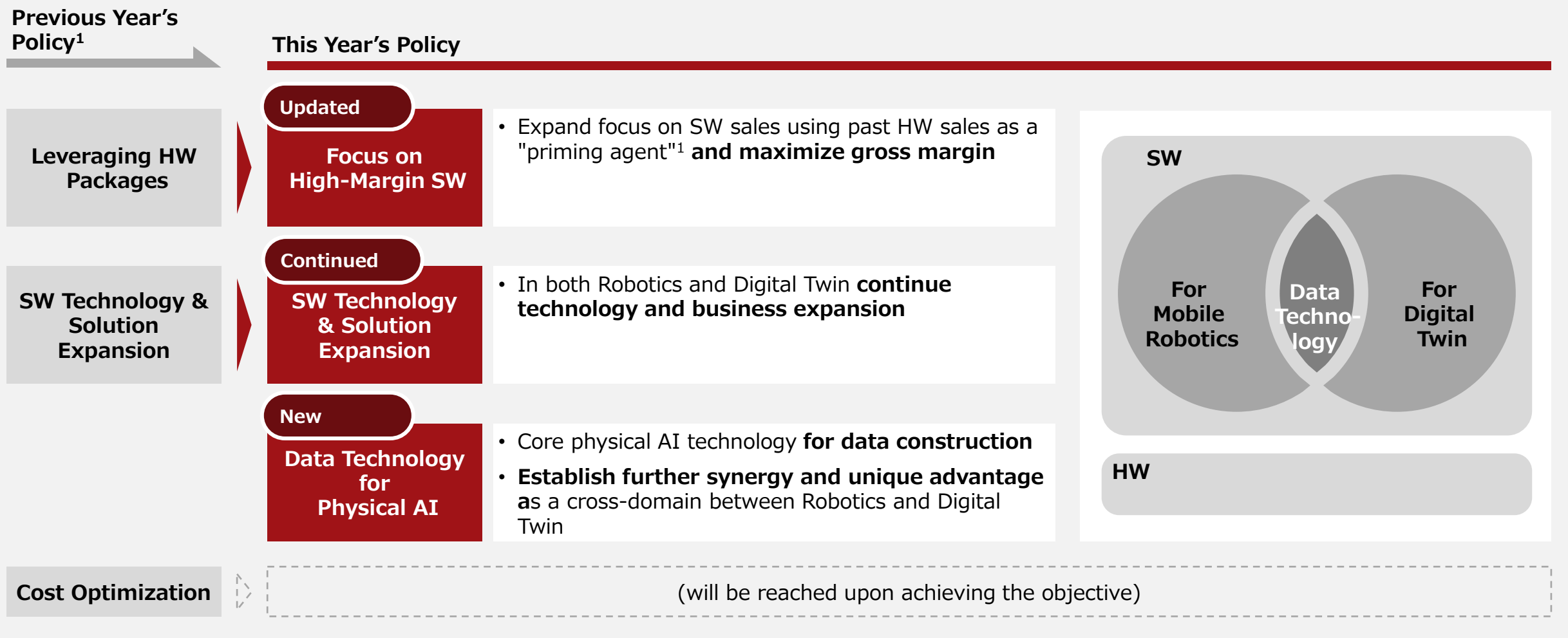
- Revenue decreased year-on-year, but **we remain on track toward the full-year forecast**
- Strategic shift from HW to high-margin SW¹ **increased gross profit by ¥62m year-on-year**
- Combined with fixed cost reductions² from the previous fiscal year, **operating loss narrowed by ¥97m**

[¥ million]	FY2026		FY2027		Key Differences from previous year
	1Q Results	FY Results	1Q Results	FY Results	
Revenue	168	1,197	112	1,030	• SW revenue growth (+36) • HW revenue decline (-93)
Operating Profit	(245)	(586)	(148)	(340)	• SW focus & margin gain¹ (+62) • Fixed cost reduction² (+52)
Ordinary Profit	(229)	(174)	(70)		• FX gain on intra-group receivables/payables (+62)
Profit	(230)	(188)	(71)		
Adjusted Operating Profit ³	(230)	(528)	(148)		

1. To maximize profitability through the long-term adoption of our core SW technology, we are shifting focus from earlier-stage, low-margin HW to high-margin SW, which significantly improved the SW share of gross profit this quarter (see pages 9-10 of this document)
2. Following R&D capability build-up in FY2025, we achieved our full-year cost optimization plan in FY2026 as part of a strategic structural shift (see page 8 of this document)
3. A profitability indicator calculated by adding recurring government R&D subsidy income to operating profit (loss) each period

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

Business Progress (1/2) — Digital Twin

- Centered on our solution (Kudan PRISM), **the shift from HW to high-margin SW is contributing to narrower losses**, with continued improvement expected this quarter
- Commercialization progress and geographic expansion are **driving continued growth in customer base and revenue**

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**



High-Margin SW

- Phase progression from "HW evaluation" to "SW solution deployment verification" is **driving a shift toward higher-margin SW**

Commercialization Progress

- **Technology adopted in Log build's construction solution "Log Walk"**¹
- **Commercialization of solutions for public infrastructure projects and others also expected this quarter**

Europe Public Sector Projects

- **Customer base expanding, centered on Europe**, through projects including nationwide infrastructure development for an Eastern European government agency², energy facility management for a German regional infrastructure operator³, and a major European facility management company⁴

Disaster Response

- Advancing field verification in partnership with Japanese government agencies and municipalities (disaster-prevention digital twin⁵)

Recurring revenue via high-margin SW & commercialization

Customer base expansion (+150% this quarter)

Geographic expansion in Europe (10 countries)

1. Using Kudan's SLAM and AI, construction sites captured on 360-degree camera are recorded as spatial data with position/viewpoint info for remote review, improving progress and quality management while reducing site visits (see past disclosures)

2. Development of a nationwide digital twin DX platform for energy infrastructure

3. Energy infrastructure facility management DX covering a network of several thousand km and tens of thousands of facilities, planned across multiple projects

4. Plans to expand solution deployment to major logistics facilities, healthcare-related facilities, financial facilities, real estate, and more

5. Building digital twins of regions and evacuation facilities; planned to assess and analyze damage during disasters

Business Progress (2/2) — Mobile Robotics

- Through our foundational technology for autonomous robot mobility, advanced since last fiscal year, **we are continuously scaling up revenue and project size**
- We have significantly expanded industry-academia-government partnerships globally, **building a business foundation for technology adoption**

Evolution of the autonomous mobility platform for robots

Centered on Mathematical methods
(Existing)

Physical AI model (Latest)

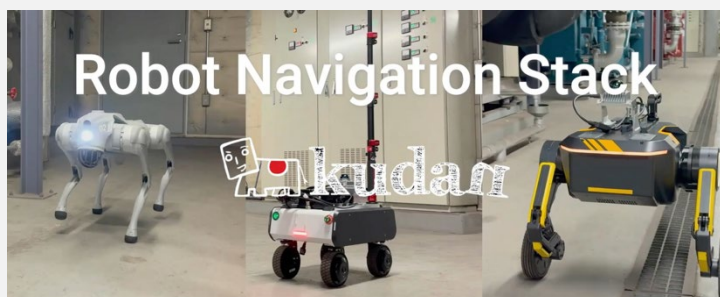
Hybrid model (Future)



Higher general-purpose capability

More versatile and stable

- Physical AI model implementation for mobile robotics is highly advanced¹, strengthening our leading position in the market
- Also leading in future hybridization




Japan:
Government Project

- **Advancing existing project (R&D Project of the Enhanced Infrastructures for Post 5G Information and Communication Systems: Building a Software Development Platform for Robotics**
- Progressing across the construction industry (in partnership with the Construction RX Consortium)² to establish general-purpose mobile robot technology, with plans to also provide it to a future co-creation platform marketplace

 
Global:
Industry-Academia-Government

- **Expected project growth this FY through expansion of industry-academia-government partnership networks and projects**
- Participation in MIRMI³, Germany's largest industry-academia partnership project
- Began collaboration with the German Mechanical Engineering Industry Association⁴ (VDMA) and Bavaria's state innovation agency⁵ (Bayern Innovativ)
- Expanded collaboration with Innovate UK⁶

Joint development and business expansion within the industry ecosystem

Technology adoption through reference-building and standardization involvement

Expansion in number of projects this FY (+250%)

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

2. See page 13 of this document

3. An industry-academia-government partnership hub and project for AI robotics led by the Technical University of Munich

4. Promoting technology provision through the AI/robotics working group of Europe's largest mechanical and industrial engineering network

5. Creating business opportunities through intra-state industry-academia-government partnerships and international expansion via the Enterprise Europe Network

6. Secured support for joint R&D and international commercialization with a focus on deep tech and AI

Appendix

Cost Structure Improvement

- After the FY2025 development scale-up, **Kudan achieved its cost optimization plan¹ 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 Costs² (Annualized³) [Million yen]

FY2025

FY2026

FY2027

Initial

Initial

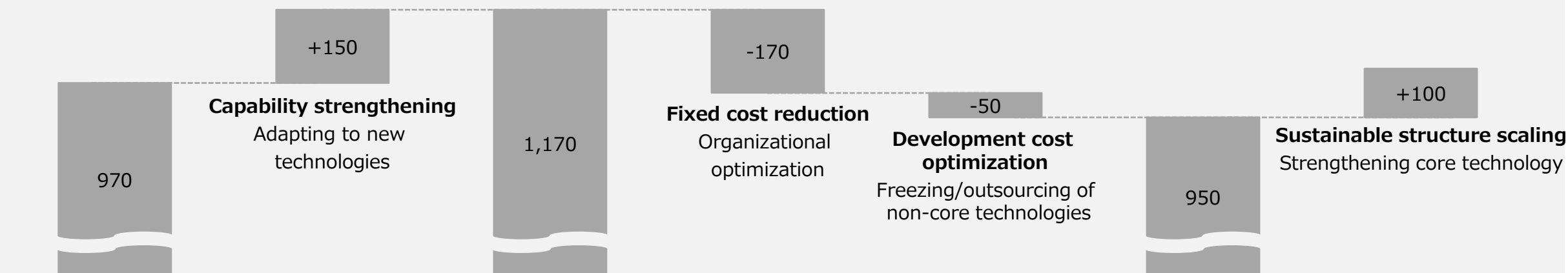
Initial

Structural transformation accompanying strategy implementation (transitional phase)

Sustainable business investment

Expansion into new tech domains¹

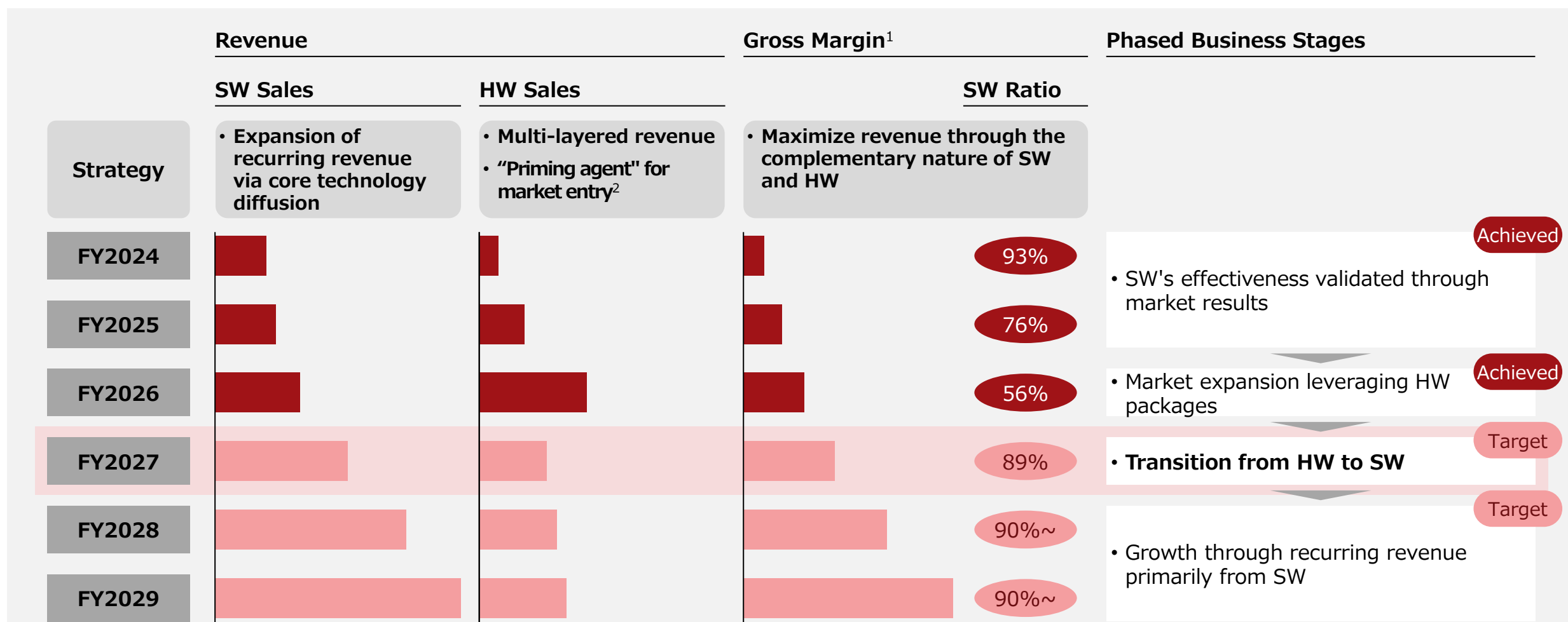
Optimization of recurring costs



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

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 margin¹ will significantly increase this year**



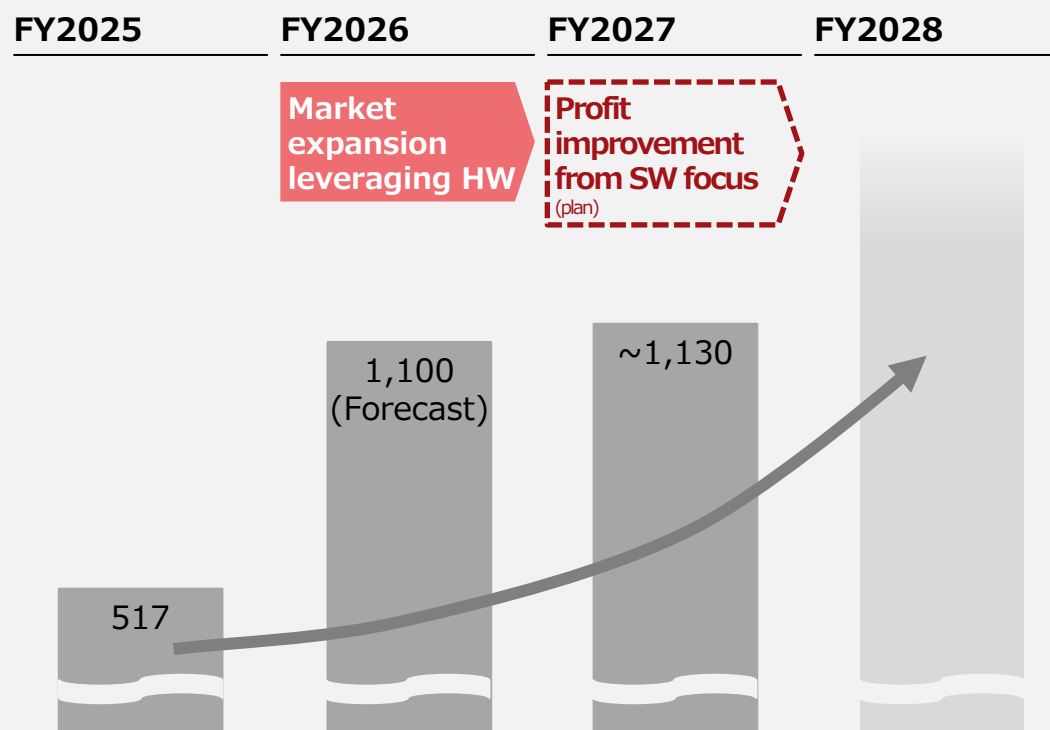
1. Gross margin calculated by deducting R&D-equivalent expenses from cost of revenue in the consolidated P/L (taking into account that government project costs are partly R&D in nature but, due to project specifics, are accounted for as cost of revenue)

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

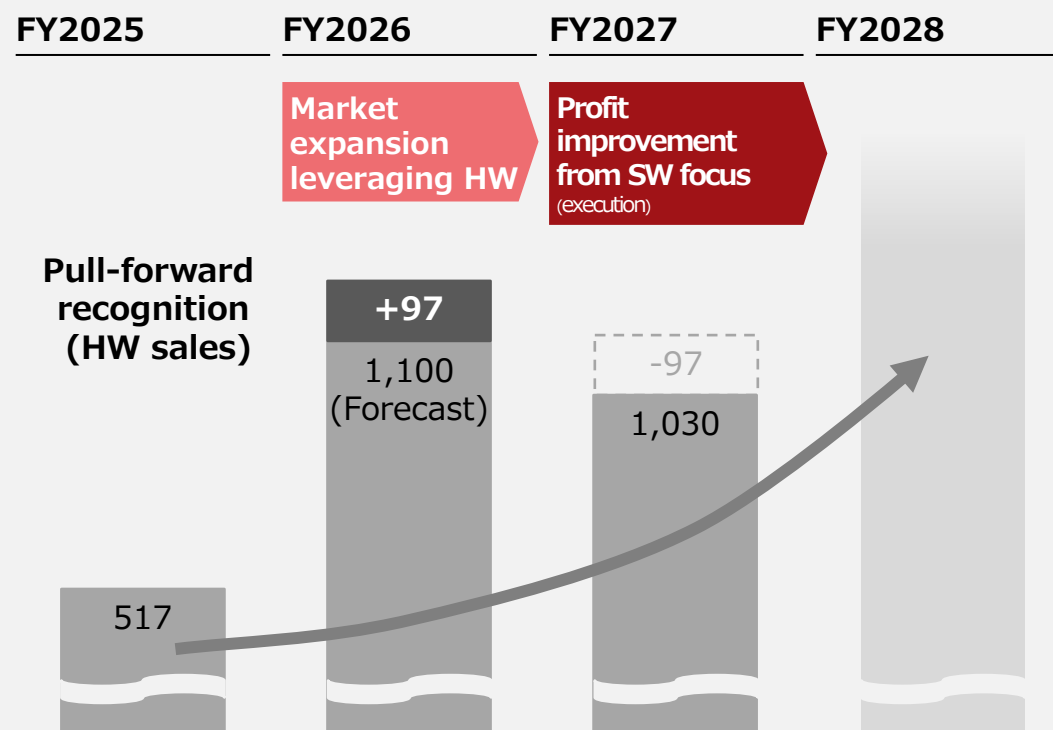
Focus on High-Margin SW

- 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**

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



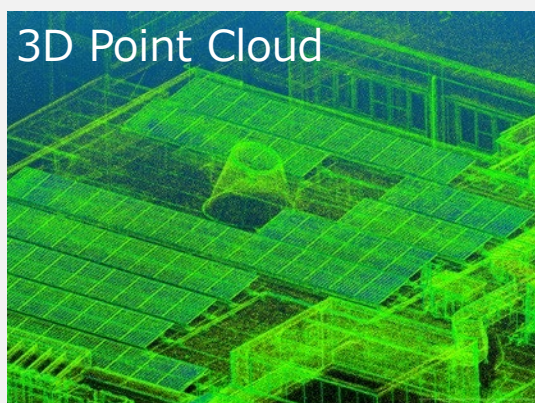
1. Reviewed contracts for related projects under the new policy, optimizing sales plans for the previous and this year

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)

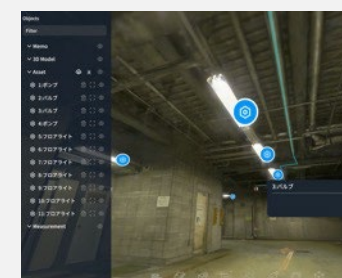
Kudan PRISM's Innovative Approach



- 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

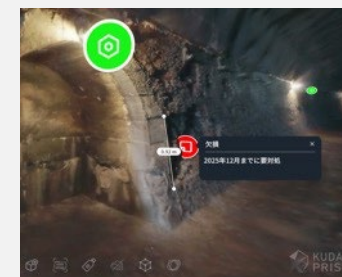
Applied to DX across diverse industries (selected)

Facility Management



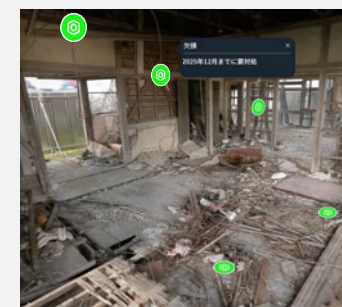
- Promoting DX in areas previously difficult, enabling automation, operational efficiency, and remote work

Infra Structure Maintenance



- Growing demand to address labor shortages and aging infrastructure in developed countries

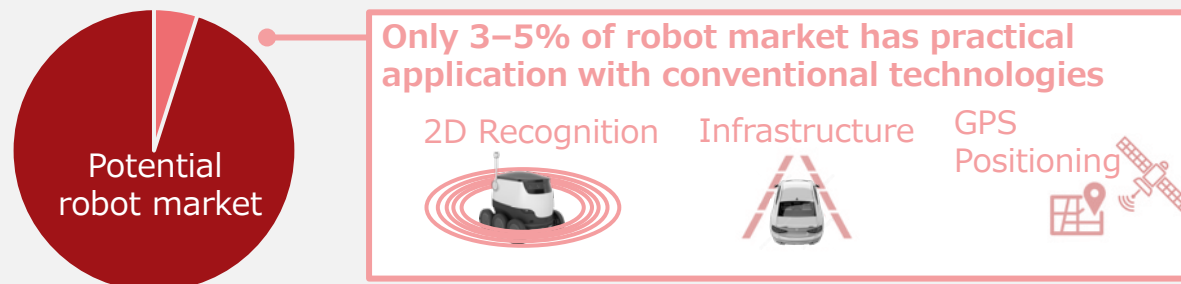
Smart City and Disaster Response



- Enhancing disaster simulation and prevention design to protect lives and support recovery

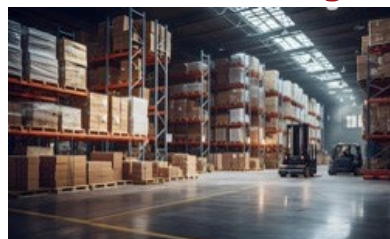
Mobile Robotics (Market Background)

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



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



Many moving objects/people



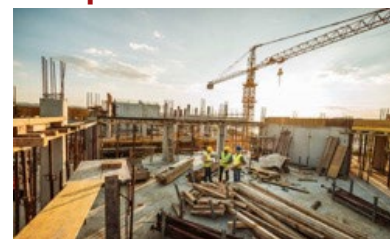
Mixed indoor/outdoor



Low-feature environments



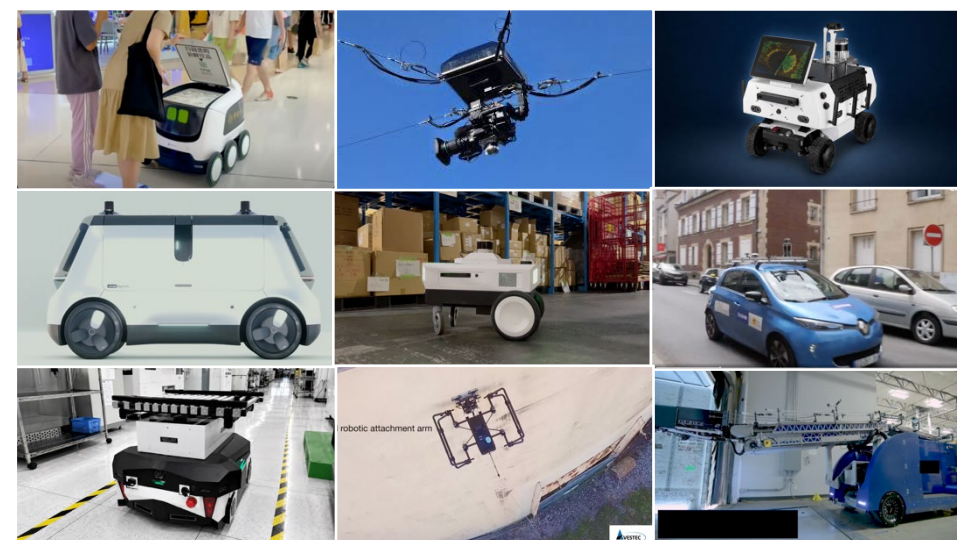
Complex 3D structures



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

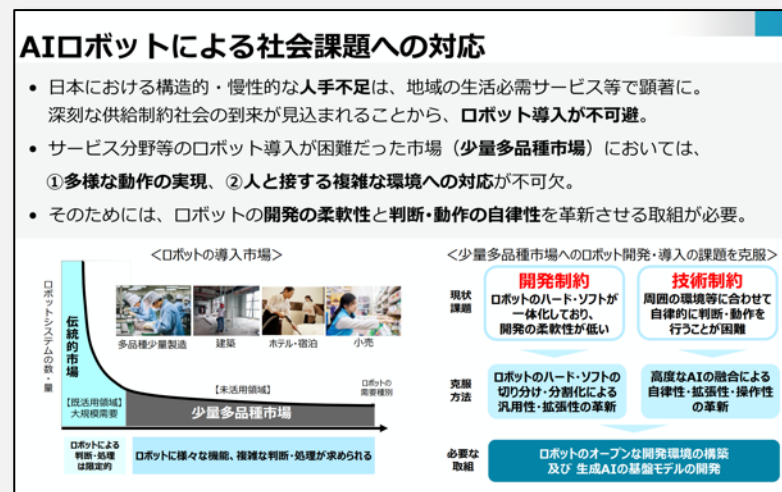
Mobile Robotics (Government Project Details)

- As development leader¹ 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

Excerpt from METI Materials



Project Overview

- Starting with deployment for construction sites, the initiative is being promoted across the industry in collaboration with the Construction RX Consortium², whose members include major construction companies.
- By establishing broadly applicable autonomous robot mobility technology, we aim to expand into a wider range of industries³ in the future.

Kudan's Role and Future Expectations

- Recognized for its proven track record, Kudan is advancing the initiative as a core leader¹
- Accelerating the social implementation and adoption of its technology
- Maintaining close collaboration with the government on Physical AI and robotics initiatives.

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
- Strengthening collaboration in AI and semiconductors — key growth investment areas under the new Takaichi administration

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

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.