



Supplementary Documentation to the financial report for the third quarter of the fiscal year ending March 2022











February 14, 2022

Eyes to the all machines

Further progress in projects for customers' commercialization

- Continued to make progress in the development for customers' commercialization from the previous quarter, including steady progress in a commercialization project toward FY23

Examples of projects that have made particular progress

	Company	Algorithm	Progress	Timing
Autonomous driving / ADAS	 TOP5 automotive OEM	 Lidar	Completed technical evaluations on both private property and public roads and proved the effectiveness of Kudan Lidar SLAM. Real-time SLAM execution environment has been created on the customer side.	Mid-term
	 Major automotive Tier1	 Visual	For automotive. Started verification for commercial implementation in parking assist and other applications.	
Robotics	 Major semiconductor	 Visual	Completed initial version of Kudan Visual SLAM, which is optimized and accelerated for specific processors	
AR/VR	 Major telecommunication	 Visual	Completed large-scale development related to cloud implementation. Various functions are in place for large-scale deployment.	
Mapping	 Mapping provider	 Lidar	Completed integration testing and other major integration items with our engineers' on-site support	Short-term

Further expansion of sales channels and business opportunities through collaboration with partner companies and the government

- Ouster, a Lidar sensor OEM partner, has expanded its business in Japan and announced the closer collaboration with Kudan. We will promote joint demonstrations at exhibitions and joint projects in the future.
- Demonstrated KdLidar-embedded robot at CES2022 with Hesai Technology, a Chinese Lidar sensor OEM. Obtained technical feedback on KdLidar and discussed business opportunities with about 50 companies
- Expand sales channels by strengthening cooperation with sales agents and technical trading companies that handle KdLidar
- Artisense was selected for a German government-supported program to support overseas expansion. Artisense visited Singapore to discuss business opportunities with various companies and is currently having specific discussions for several projects.

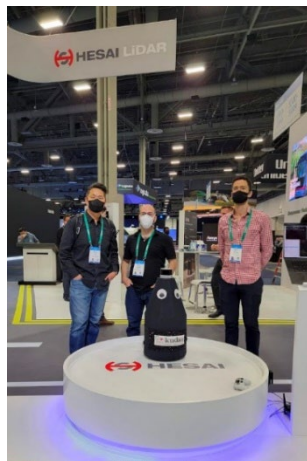
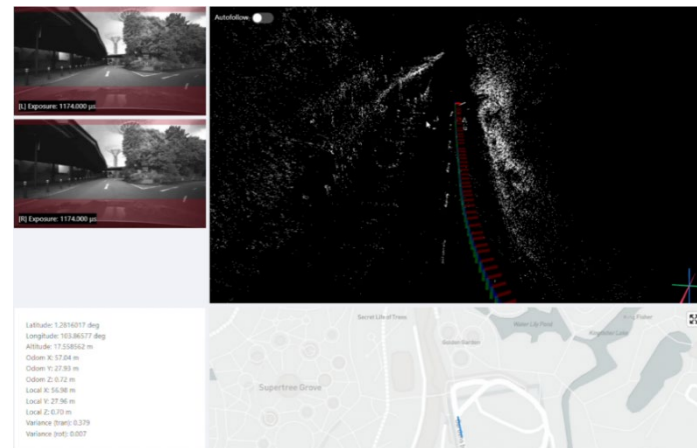


Exhibit at CES2022

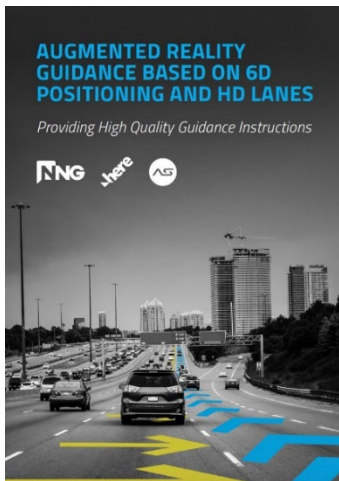


Demo video in Singapore

<https://www.youtube.com/watch?v=bXIBOqdQTnk>

Progress of technology development projects and related projects necessary in order to realize the metaverse

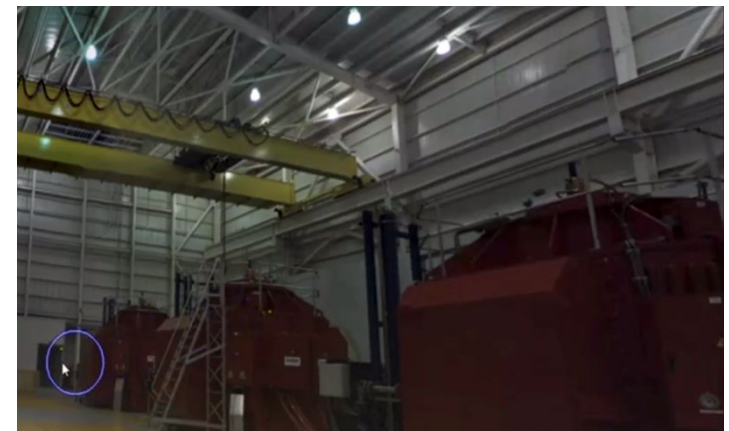
- With HERE Technologies, the world's leading provider of HD maps, and NNG, Europe's Tier 1 automotive supplier, we co-authored a white paper on AR navigation for automotive in order to realize the metaverse. This white paper was referenced in an article by NDS, an international standards organization for automotive navigation systems and map data, as an essential technology for the realization of future HD maps and navigation systems
- A solution to map and scan indoor and outdoor structures and build 3D data is very important for the realization of the metaverse, and several customers' projects to provide this solution using SLAM are in progress



Co-authored white paper on AR navigation with HERE and NNG



Kudan Lidar SLAM enables the accurate construction of 3D information that is the basis for the metaverse, the digital twin of space



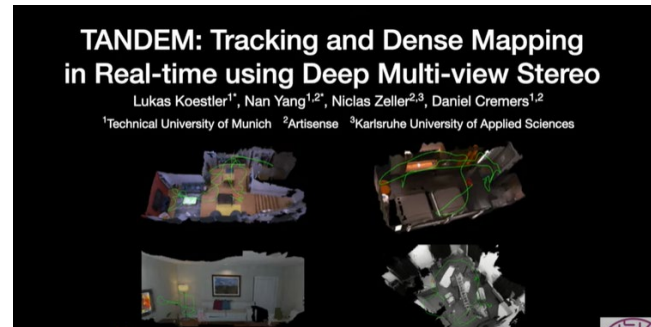
An indoor mapping solution one of our customers is developing will allow us to see the condition and structure of the equipment in 3D space without having to go to the site

Penetration of our technology through collaboration with governments and academic societies, especially in Europe

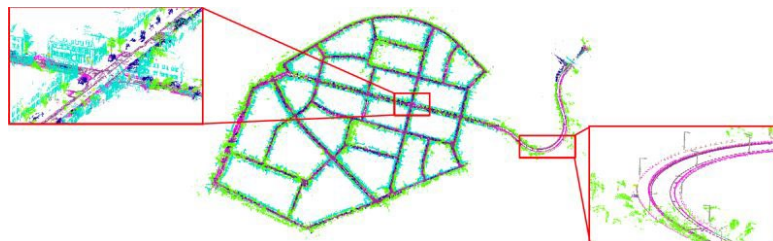
- Artisense was selected from hundreds of applications to be one of 16 recipients of ELISE (European Network of AI Excellence Centres), an EU-funded project to support excellent research on machine learning and AI in Europe
- Professor Daniel Cremers, CSO of Arisense, co-authored a paper on highly accurate tracking and 3D map construction using a monocular camera, and the demo video won the Best Demo Award at an international conference
- The paper on large-scale 3D map construction has been accepted by ICRA, the world's largest international conference in the field of AI and robotics



Selected for ELISE




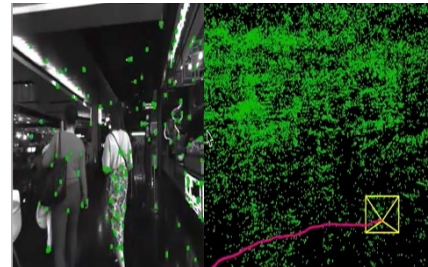










Demo video that won the Best Demo Award at an international conference
<https://www.youtube.com/watch?v=L4C8Q6Gv1w>



Paper accepted by ICRA

- For each algorithm, we have efficiently acquired and progressed projects by focusing on development items that are in high demand in the targeted areas and are more likely to gain competitive advantage

Algorithm	Development Item	Project progress (examples)	
 Visual SLAM	<ul style="list-style-type: none"> Improved processing speed and reduced load for specific processors Improved stability in environments including changing landscapes and obstacles 	<ul style="list-style-type: none">  Major semiconductor manufacture : Robotics  Autonomous mobile robot OEM : Robotics 	
 Visual SLAM	<ul style="list-style-type: none"> Improved stability of localization in response to changes in the outdoor landscape Improved stability for autonomous valet parking areas in multi-story parking garages 	<ul style="list-style-type: none">  Major Japanese telecommunication company: AR  Automotive OEM : ADAS (Driver assistance) 	
 Lidar SLAM	<ul style="list-style-type: none"> Improved performance on IMU integration SLAM using multiple Lidars simultaneously 	<ul style="list-style-type: none">  Mapping solution: Mapping in non-GPS environments  Autonomous mobile robot OEM : Robotics 	

Performance overview



- Progress as expected toward the forecasted revenue of 300-350 million yen (as the same in past years, the tendency of 4Q focused delivery to customers and related revenue booking continues)
- For the accounting impact of the acquisition of Artisense, please refer to page 8.

(Unit : million yen)

	Performance for 3Q of FY21	Performance for 3Q of FY22	Forecast for FY22	Change (from the performance for 3Q of FY21)	Performance For FY21 (Reference)
Net Sales	49	181	300 ~350	270.1%	127
Operating Profit	△349	△330	—	—	△451
Ordinary Profit (incl. "share of loss of entities accounted for using equity method")	△378 (△73)	△698 (△403)	—	—	△1,575 (△1,232)
Profit Attributable to Owners of Parent	△378	△2,219 (incl. impairment losses of △1,472)	—	—	△1,608

Accounting impacts of the acquisition of Artisense in Dec 2021: No cash payment or change of shareholders' equity at acquisition

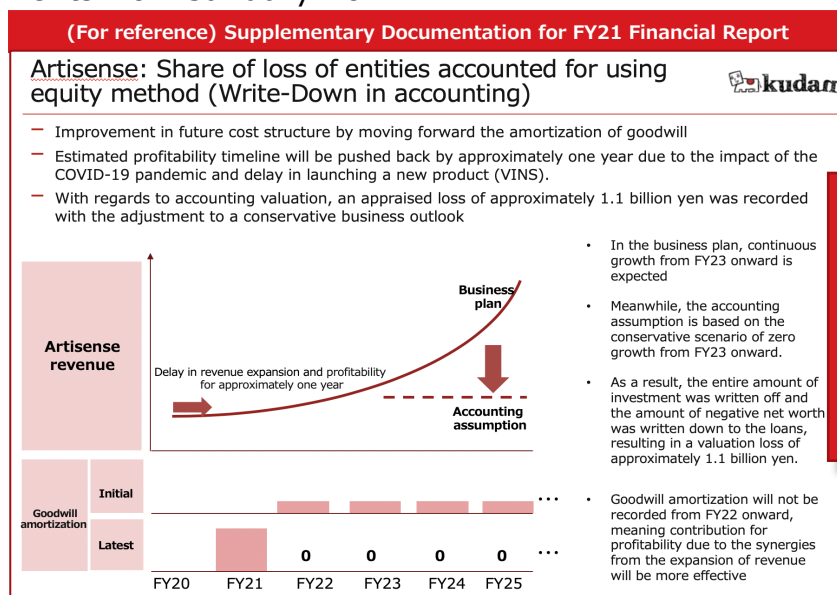


(Valuation of additionally acquired shares)

- The full amount of impairment was recorded based on the conservative business outlook same as FY21 (moving forward the future goodwill amortization expenses)
- Due to the acquisition of additional shares in exchange for the issuance of new shares of Kudan, an increase in shareholders' equity and a decrease due to impairment occurred simultaneously, and there are no change in shareholders' equity as a result of this transaction
- As a result, although we have recorded a lump-sum expense for R&D investment in the current fiscal year, we were able to reduce future cost burdens while achieving full management integration. The contribution to profitability when revenue expand in the future will be more effective.

(Inclusion of Artisense's profit/loss in consolidated financial statements)

- Along with the acquisition, the impairment of the loan from Kudan, the inclusion of Artisense's profit and loss for the period July-December 2021 including the purchase of Artisense employee stock options, was recorded under "share of loss of entities accounted for using equity method". There will be no this expense item recorded in the future.
- Initially, Artisense was expected to become a wholly owned subsidiary in October 2021 in accounting, but this was determined to be in December 2021. All revenue and expenses of Artisense starts to be recorded in Kudan's consolidated financial statements from January 2022.



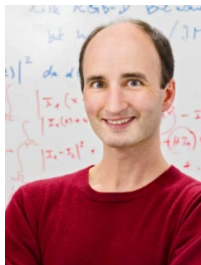
Delays in the past business plan due to the impact of the COVID-19 pandemic, etc. will not hinder mid- to long-term growth potential, but the conservative accounting treatment is maintained for this acquisition as it is immediately after the FY21 financial reporting

Mid- to long-term corporate value of Artisense

- Regardless of the accounting valuation, the acquisition's objectives of "secure world-class experts, including a leading authority" and "secure complementary next-generation technologies" have been achieved as expected
- In addition, Artisense has achieved accumulation of multiple customer and partner projects, mainly in Europe, including a large-scale project supported by the EU government
- Due to the business progress up to date and favorable market conditions, the mid- to long-term growth potential and intrinsic corporate value remain unchanged. With the full integration of the management, we will strengthen our position, which is already the world's largest firm in the field of Artificial Perception and SLAM, and further increase our competitive advantage and growth potential in mid- to long-term.

Main objectives of the acquisition

Secure world-class experts



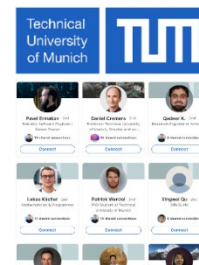
- Professor Daniel Cremers, a world-class authority in AI and autonomous driving research
- Professor Cremers' team of around 20 technical experts

Secure next-generation technologies



- Direct SLAM, which is closer to human perception
- Integration of deep learning and SLAM required for practical use in final products

Results



- Successful retention of existing personnel
- Achieved continuous acquisition of engineers from the top talent pool at the Technical University of Munich (TUM)
- Successful commercialization and market launch of next generation technology (Arisense VINS)
- Multiple PoC projects have demonstrated technology effectiveness in the market

Steady business progress beyond initial expectations

- Obtained multiple customer projects and partners across industry, academia and government
- Progress of projects for customers' commercialization and establishment of position in the industry

Examples of Artisense's projects

- With the world's highest level of technology, Artisense has continued to acquire numerous projects and partnerships on a global scale

SIEMENS

BOMBARDIER

DB

ECARX



RENAULT
Passion for life

NNG

here



NVIDIA

**GERMAN
ACCELERATOR**



Autonomous electric truck OEM



Outdoor delivery robot for a general electronics manufacturer



Autonomous delivery robot OEM



Tier 1 automotive supplier



Mobile mapping system



Automotive autonomous valet parking



Indoor factory robot



Autonomous mobile robot

BOMBARDIER : Canadian industrial transportation equipment OEM, mainly aircraft, and sales of \$6.5 billion (2020)

DB (Deutsche Bahn) : Germany's largest railroad company, and sales ~€40 billion (2020)

ECARX : Chinese autonomous intelligent solutions provider, which received investment from Baidu and Geely and has signed a partnership agreement with Volvo.

NNG: Hungary's Tier 1 automotive supplier. More than 30 automotive brands have adopted its solution, and seven of the top 10 OEMs have adopted it.

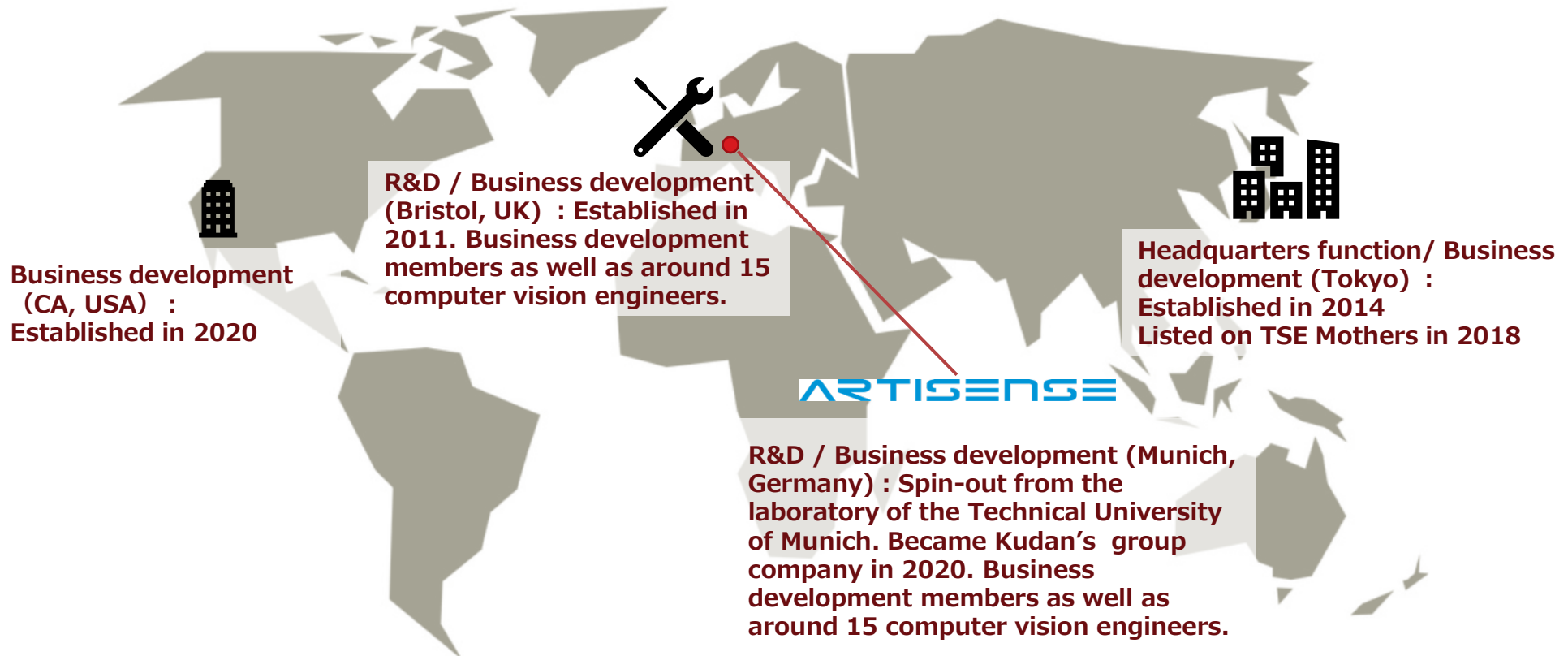
HERE: The world's leading HD map provider from the Netherlands. Provide map information for 200 countries/regions around the world, and has an 80% share of the European and U.S. car navigation map markets.

Appendix

Company Overview

Company overview

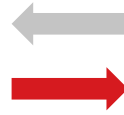
- **Kudan is a research and development company that provides AP (Artificial Perception) algorithms and embedded elemental technologies**, specializing in SLAM as the core, which give vision to computers and robots
- Established in the UK in 2011, and with a R&D team of about 30 people in the UK and Germany, Kudan has developed partnerships and customer projects with top global companies. Promoting business for social implementation of AP technology in all next-generation industries including AR, robotics, and autonomous driving



AP will be the basis for broad range of industries alongside AI

- The artificial perception technology provided by Kudan (providing machines with “eyes”) both complements and operates in unison with artificial intelligence (providing machines with “brains”) to allow a range of machinery (robots and computers) to move and function autonomously

Artificial Perception



Artificial Intelligence

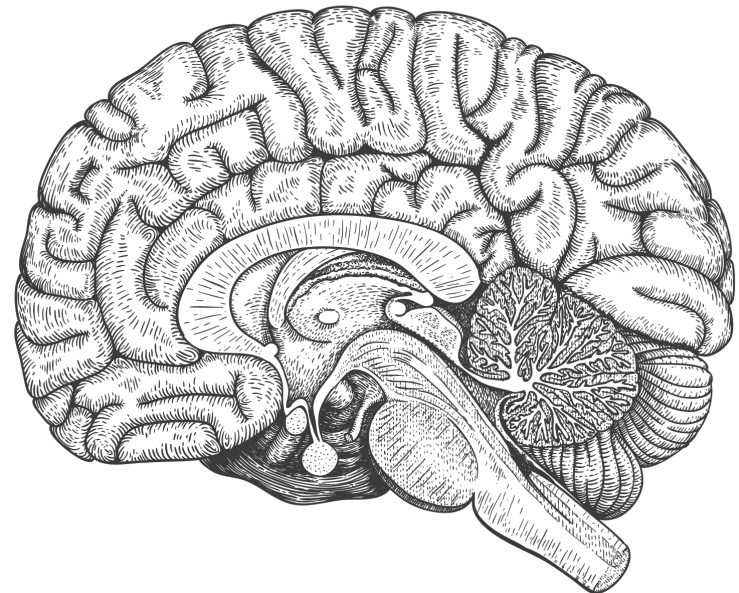
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**The “eyes” of machines,
allowing them to perceive and
understand their environment**



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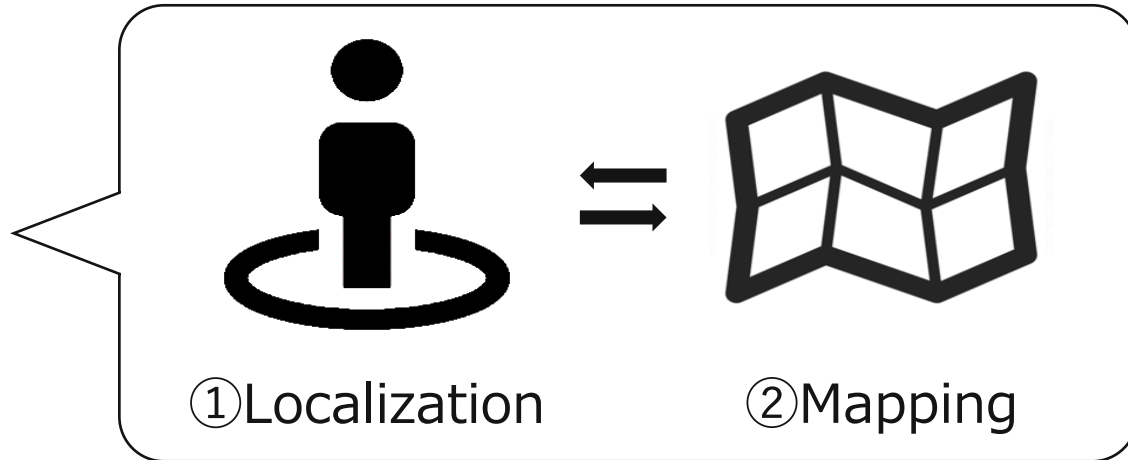
**The “brains” of machines,
allowing them to make
appropriate decisions**



SLAM (Simultaneous Localization and Mapping) as the core of AP technology

- AP technology is a group of Deep Tech centered on SLAM (Simultaneous Localization and Mapping)

SLAM technology (Simultaneous Localization and Mapping)



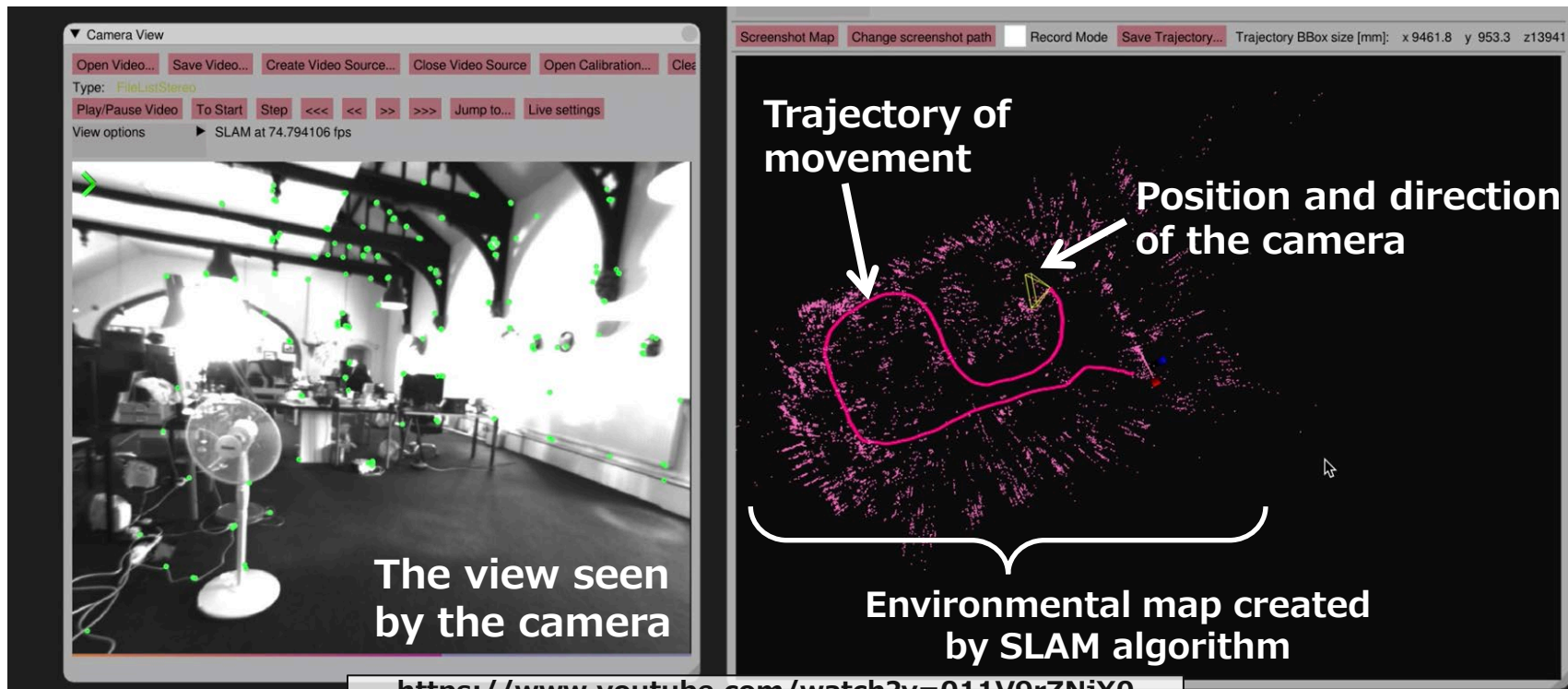
Re-localization technology

Tight-coupling technology

⋮

What is SLAM (Simultaneous Localization and Mapping)?

- Technology that simultaneously determines where we are (Localization) and what our surroundings look like (Mapping) based on input from sensors such as cameras and Lidars
- We can keep a track of how we move while creating a map in a new environment (tracking), and recognize where we are based on a map we created beforehand (re-localization)
- Unlike GPS and beacons, which use external radio waves to detect location, SLAM can recognize its own location as a stand-alone software and can be used in a wider range of environments, situations, and use cases



<https://www.youtube.com/watch?v=011V9rZNjX0>

Kudan is one of the world's largest SLAM development company groups



- Company solidification by securing a world-class technical team and the IP (Intellectual Property) of future technology. Achievement of a dominant position in the field
- Aim for successful breakthroughs via industry-leading technology commercialization
⇒ Accelerated integrations of each technology, such as SLAM and Deep Learning, Lidar SLAM and Visual SLAM, Direct SLAM and Indirect SLAM



Strength in turning technology into business, with leading, unique methods of implementing technology, and a global track record.

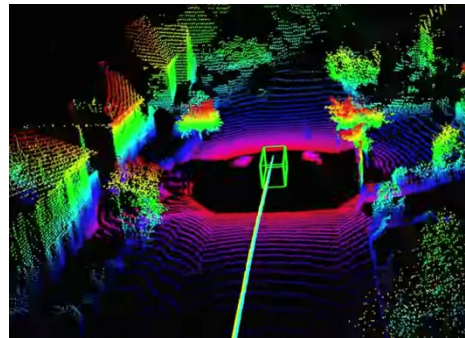
Indirect SLAM

- Camera image (visual) processing
- Capable of high-speed recognition
- High versatility



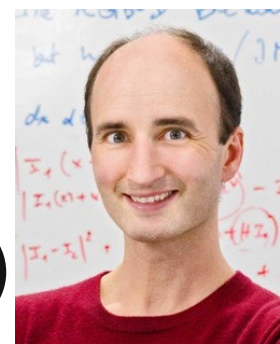
Lidar SLAM

- Lidar data processing
- Strong in recognizing fast movements
- High stability



ARTISENSE

Headed by a global leader in self-driving automotive research, Prof. Daniel Cremers, technical experts including Ph.Ds from TUM



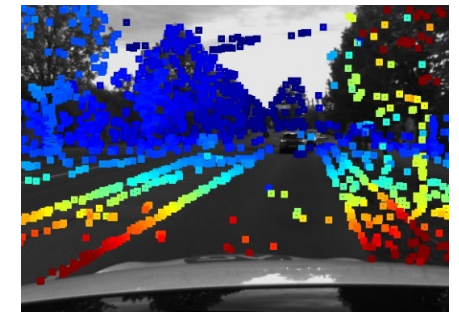
Prof. Daniel Cremers

Artisense founder and CSO

- Over 47,000 citations of his work in academic papers, h-index 101 (Nobel laureates average 45.1)
- 2016 Leibniz Prize Winner (Germany's most prestigious academic award)
- More than 10 years of joint research with European OEMs, including Daimler, in autonomous driving research

Direct SLAM

- Camera image (visual) processing
- Capable of detailed recognition
- High stability
- Integration with deep learning models



Unique algorithms refined to overcome the "hurdle to commercialization"
many customers who are developing on an OSS (open source) basis are sure to face

High performance in a variety of environments

High accuracy and high stability
Environmental robustness

Flexibility to adapt to various sensors and various operating environments according to usage and purpose



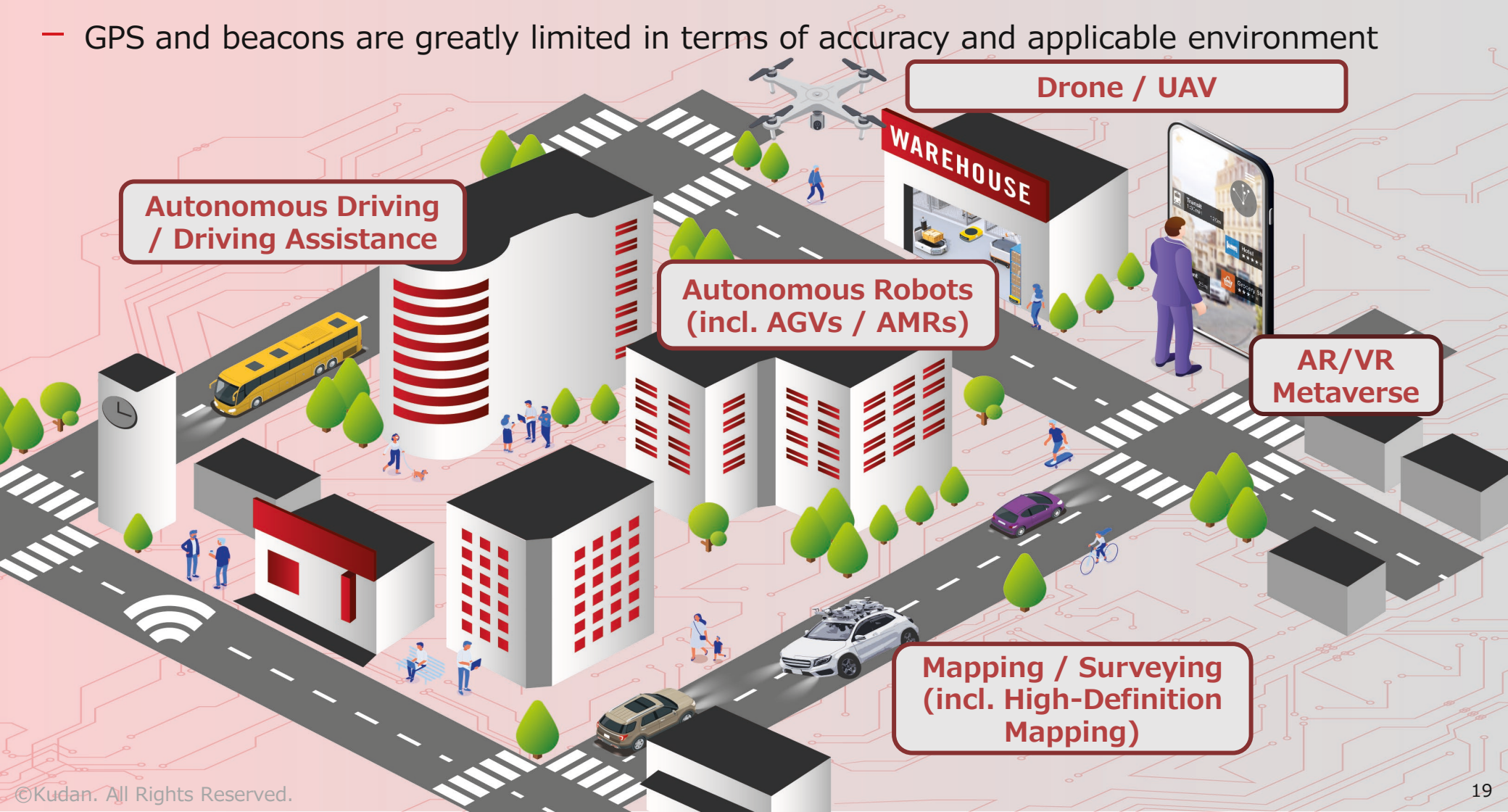
Commercial-grade SLAM

Provide essential functions for field operations such as map handling and map sharing to multiple devices

Updates with resources not found in OSS and strong technical support by a dedicated team

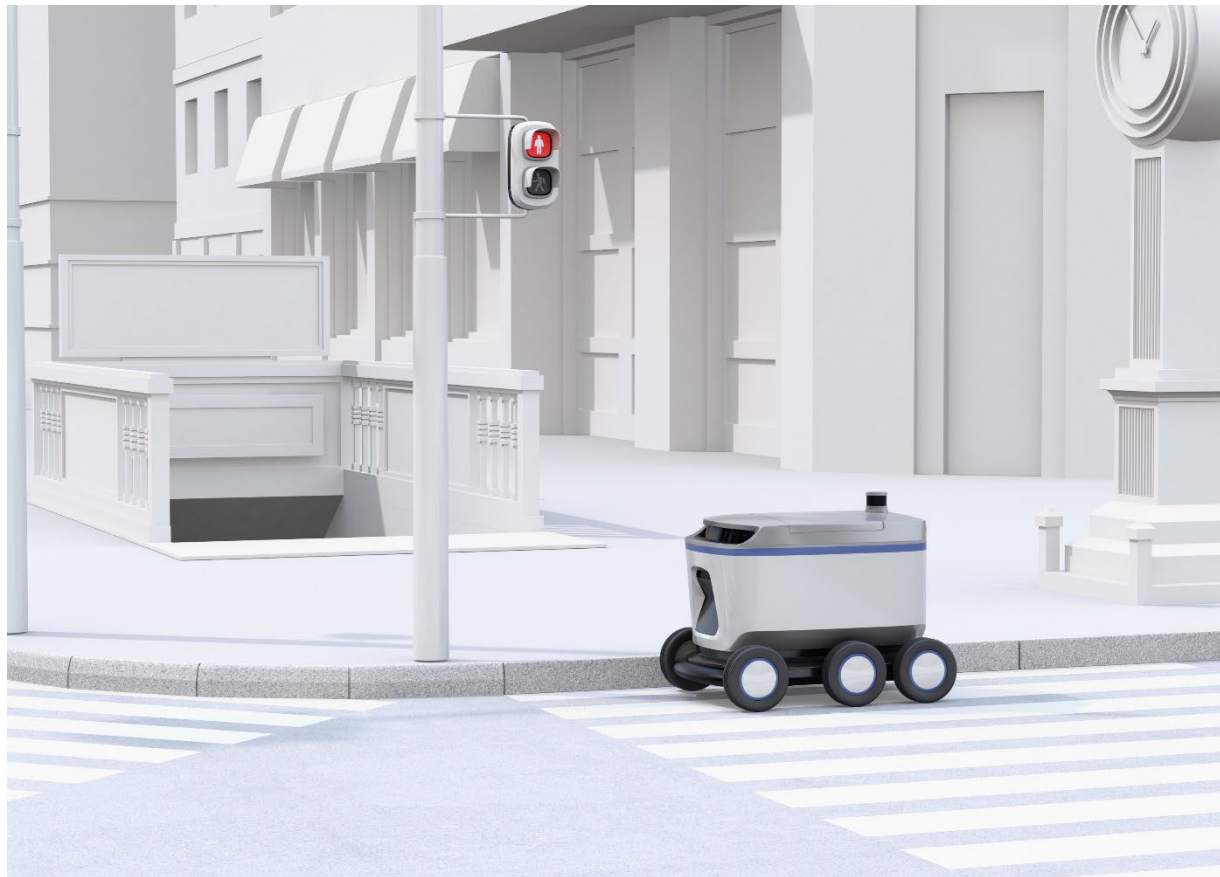
Broad range of SLAM application areas including AR, Robotics and Autonomous Driving

- Localization & Mapping technology centered SLAM is necessary in cases where moving machines and equipment need to change their subsequent movements and outputs depending on their positions and movements
- GPS and beacons are greatly limited in terms of accuracy and applicable environment



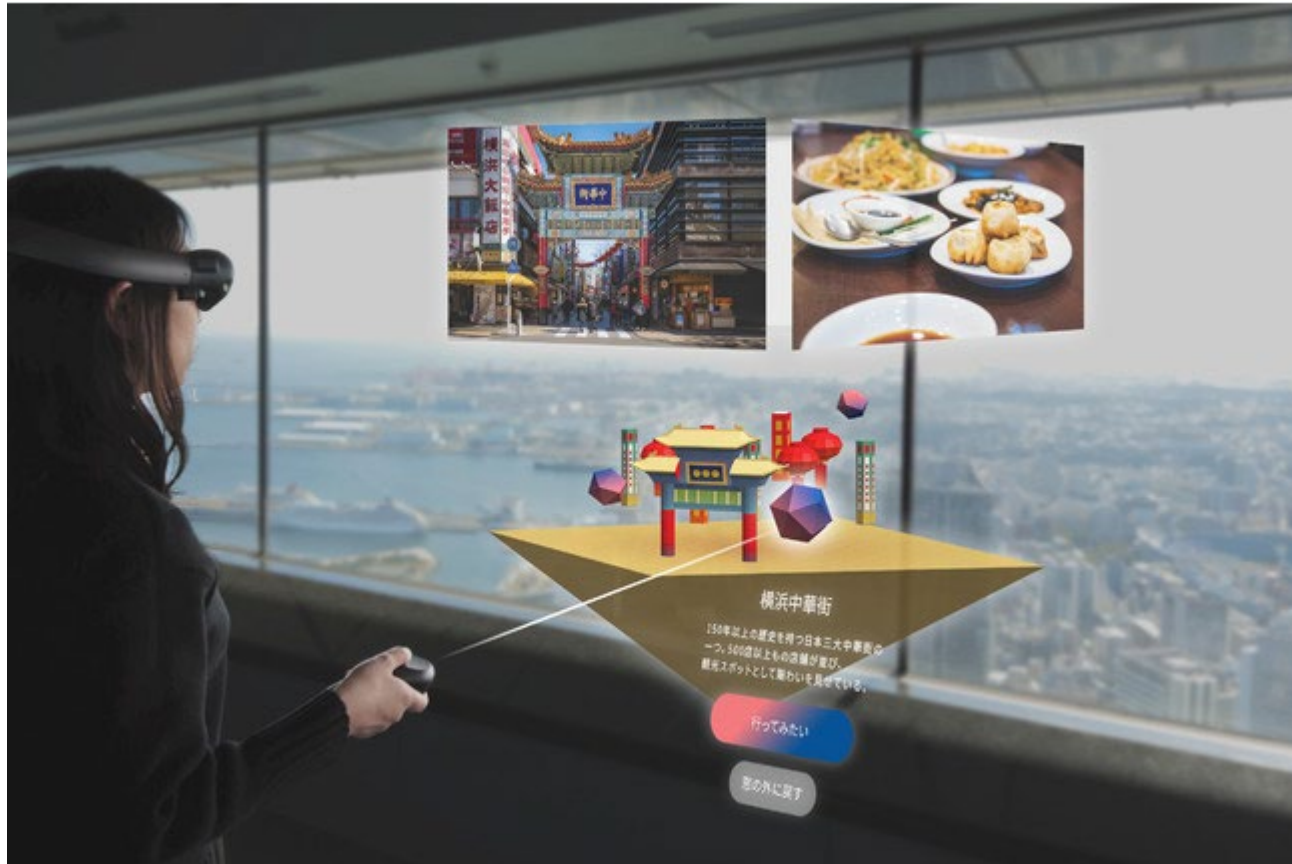
SLAM application (Project Highlights) : Autonomous mobile robots

- **Chinese autonomous delivery robot OEM** : Completed technology evaluation and is discussing for the product launch of our tech-equipped robot
- Several other projects including **South Korea's leading electronics company, Japanese leading auto parts supplier, etc**



SLAM application (Project Highlights) : Implementation in technology infrastructure (AR/General)

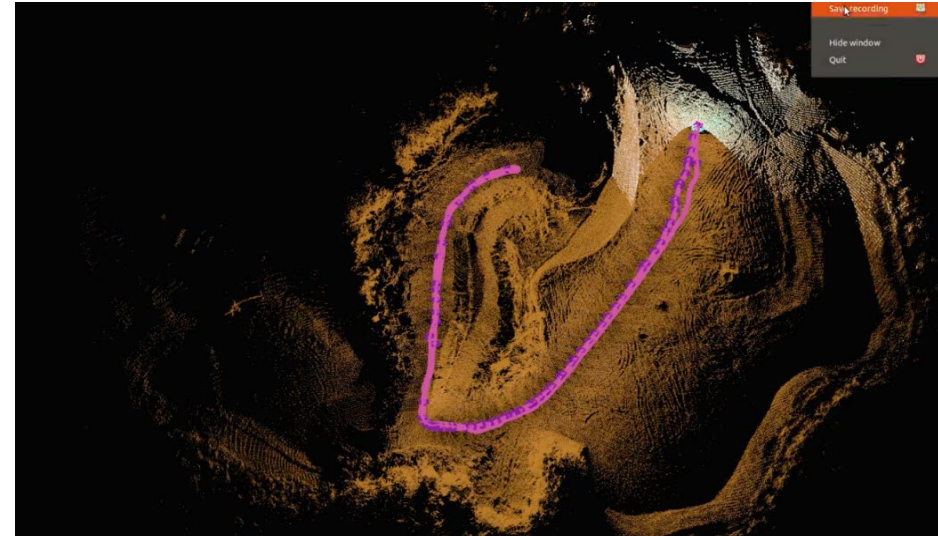
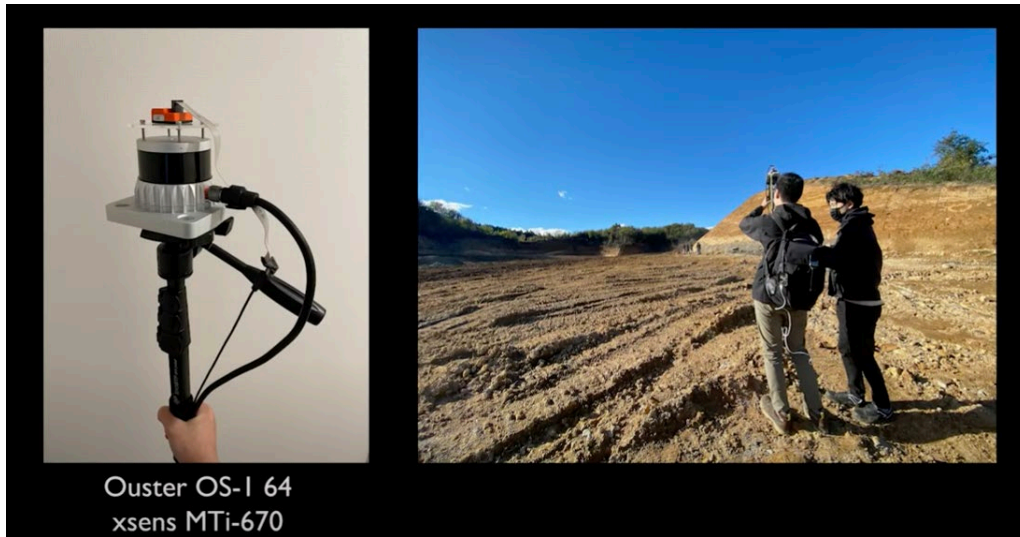
- **NTT DOCOMO** : Developing an AR cloud application and released publicly in April 2021
- Several other projects including **leading telecom companies** (three of the top seven global companies), **leading telecom equipment manufacturer** (top global company)



AR cloud with NTT DOCOMO

SLAM application (Project Highlights) : Next-generation map

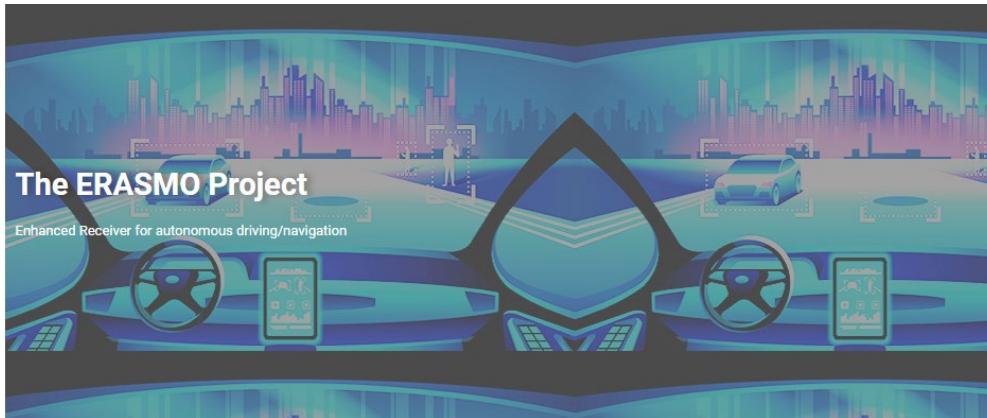
- **Atos** : Succeeded in technology validation of handheld mapping, and promote joint development for commercialization
- **US mapping solution provider** : Signed a commercial license agreement and is undergoing final development for commercialization



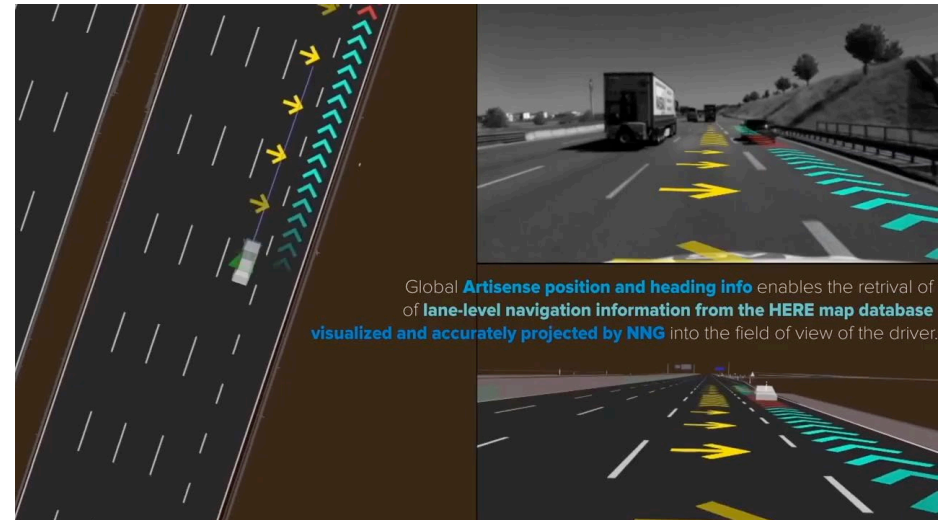
“Construction DX” (= i-Construction* project) with Atos

*i-Construction is an initiative by the Ministry of Land, Infrastructure, Transport and Tourism to improve the productivity of the entire construction production system and make construction sites more appealing.

- **“ERASMO”, a multi-year autonomous driving research project funded by an EU research institute** : Participation on this project with other EU companies including Renault and the development of an on-board positioning device enabling fully autonomous driving is in progress (<https://erasmo-gnss.eu/>)
- Not only autonomous driving, but also a wide variety of applications such as driving support and traffic management including **AR navigation development with HERE / NNG**
- Several other projects including **two of the top three global automotive OEMs** and **four major sensor companies**



ERASMO project



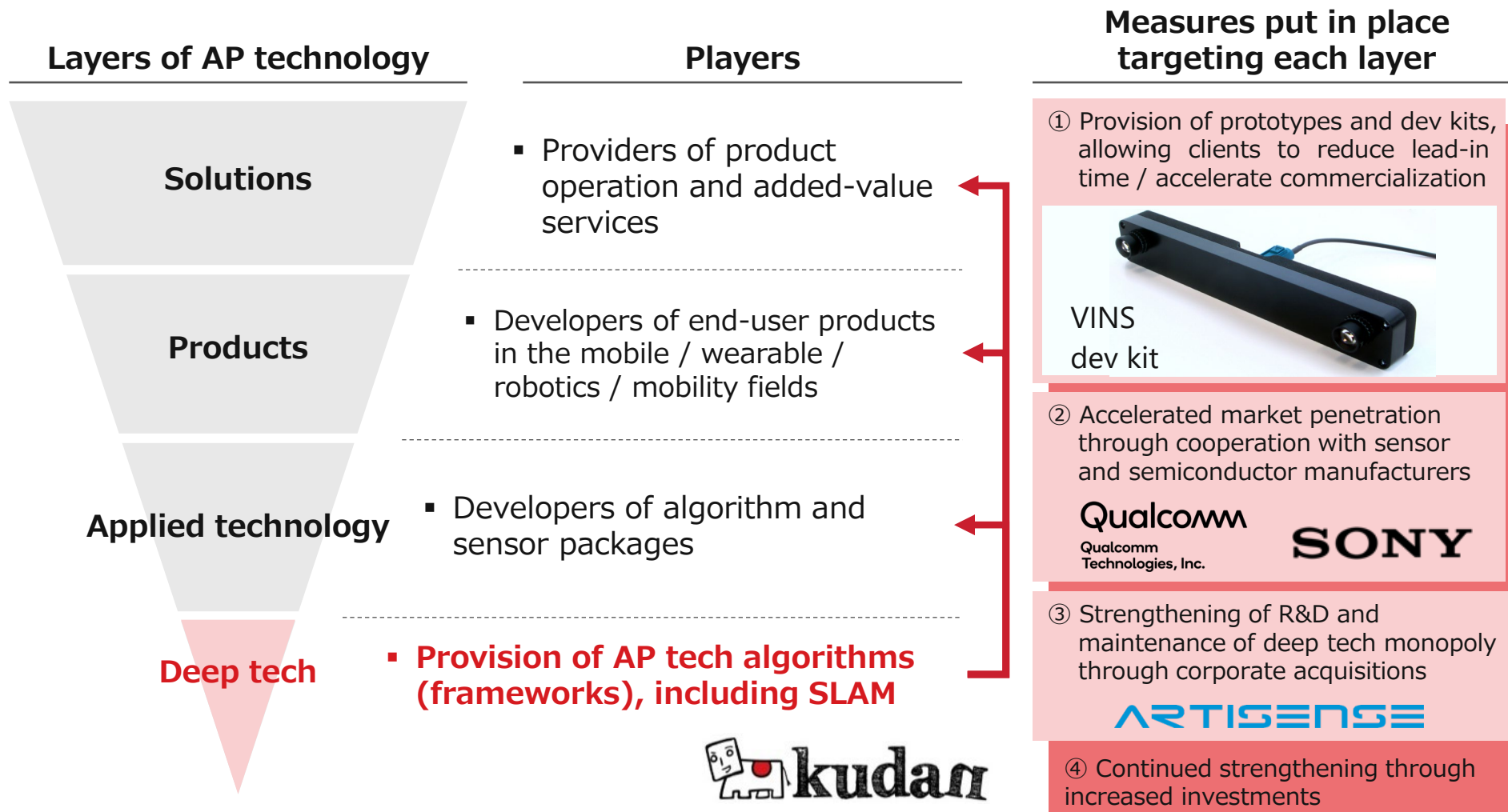
AR navigation with HERE / NNG

Business Strategy

Leader in the Deep Tech layer with strategic positioning

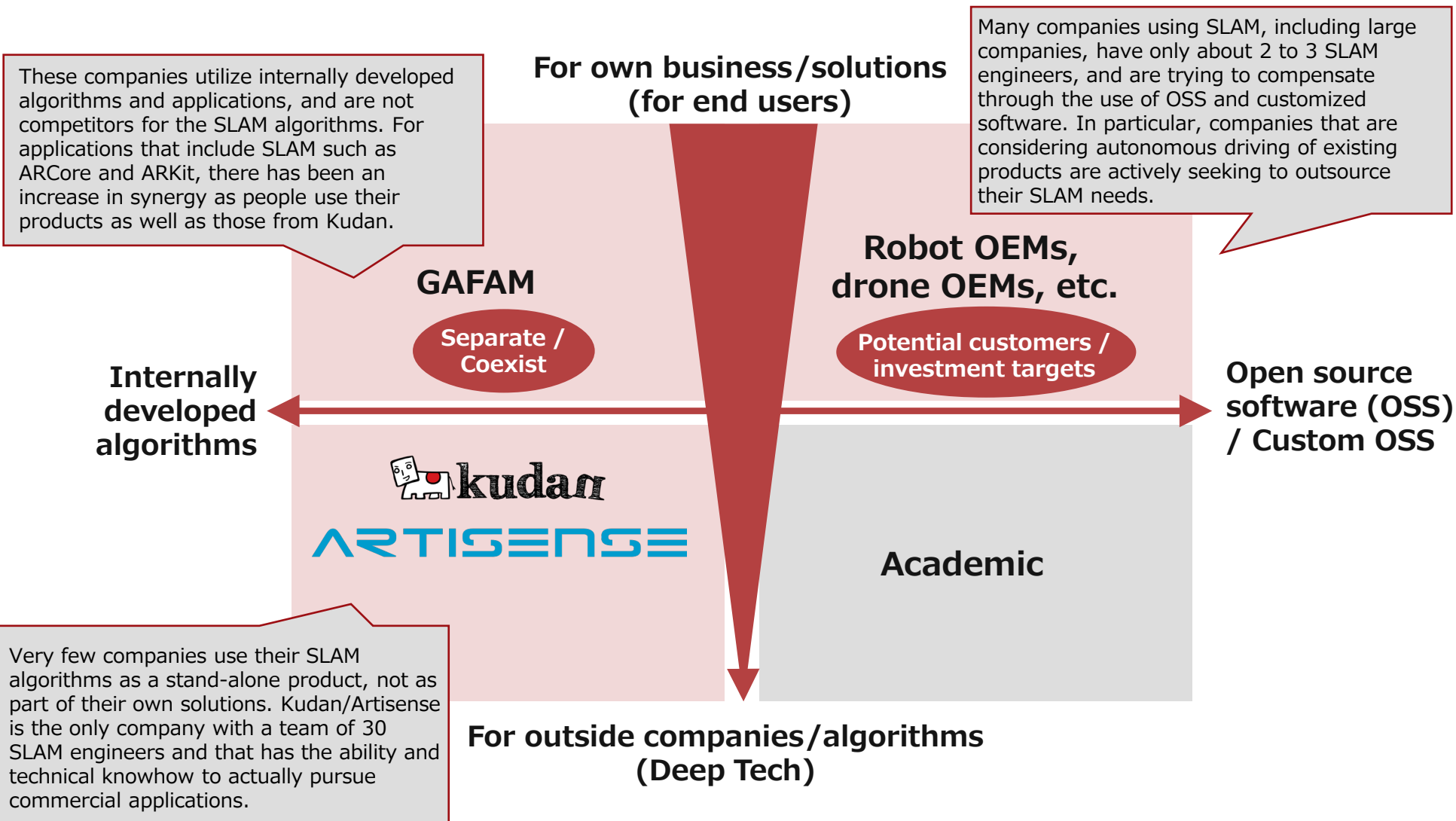


- While maintaining a fundamental focus on the establishment and maintenance of leading position on the low-volatility deep tech layer, measures are being implemented to accelerate the creation and cultivation of markets for Kudan's products in the higher layers of the AP technology pyramid

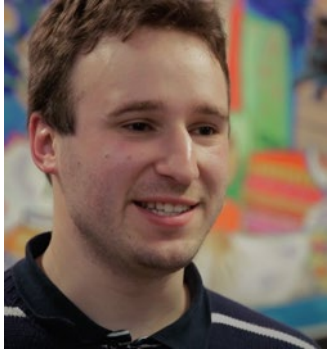


Expansion of potential customers or investment targets through strategic positioning

Kudan/Artisense enjoys an exclusive position in the area of commercial SLAM algorithms while avoiding direct competition with GAFAM, and many companies that use SLAM technology are also potential customers or investment targets.

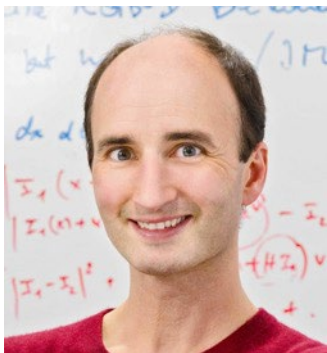


Research & Development



Kudan founder & CTO John Williams

- Implemented SLAM technology for smartphones ahead of Apple / Google



Artisense founder & CSO Professor Daniel Cremers

- The most influential SLAM/robotics expert in the world
(The head professor at the Technical University of Munich, about 47,000 citations of his work in academic papers, h-index 101)

Other management members (previous employments)



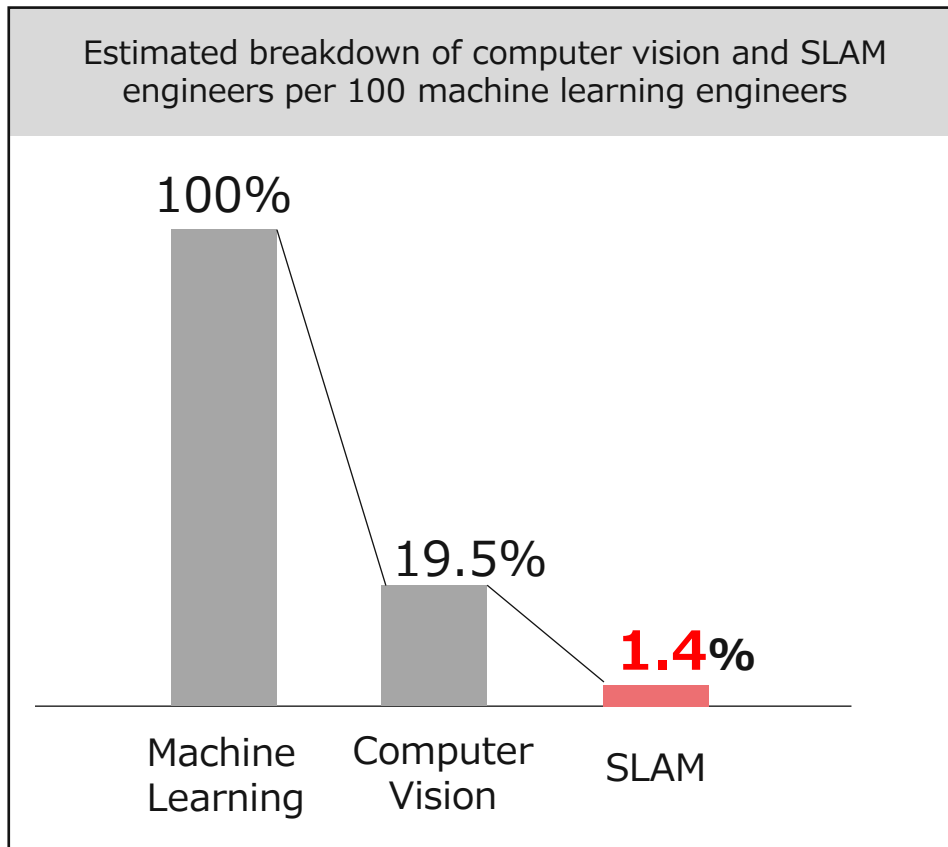
Acquired world-class technical team to support R&D



Researchers and engineers specializing in SLAM technology are extremely rare, even in the field of computer vision. Despite this, Kudan and Artisense employ many world-class professionals with PhDs in the field. The partnership with industry leaders such as Professor Daniel Cremers and the Technical University of Munich will ensure continued access and expand further to top talent and cutting-edge research.



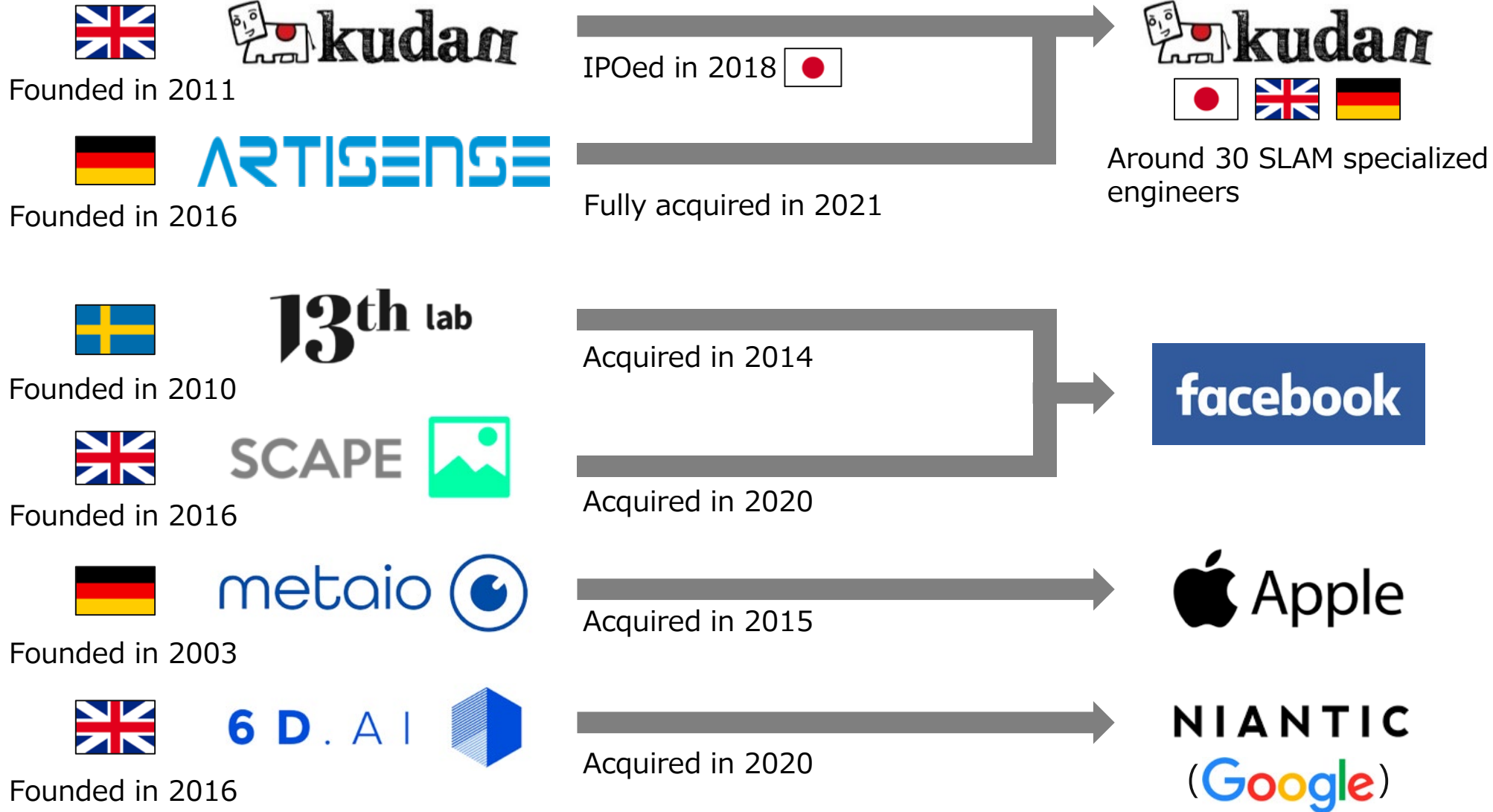
There is Professor Cremers, a founder & CSO at Artisense



Other companies trying to organize SLAM engineer teams of the same level and scale will require large investments in both recruitment and labor costs

*Based on a LinkedIn search

Related technologies are acquired in the world, only a few independent SLAM development companies left



While the increase of acquisitions of the related technologies, Kudan and Artisense leads the market in track record and awareness



- More limited numbers of SLAM-focus / SLAM-feature software companies due to acquisitions by larger technology companies
- Kudan and Artisense have been in a leading position in terms of breadth of offering, track record and awareness in the market

SLAM-focus / SLAM-feature software player



- Offers Indirect & Direct Visual SLAM and Lidar-SLAM
- Flexible sensor options
- Track records in various applications such as AR, robotics and autonomous driving

SLAMCORE

- Only Indirect Visual SLAM
- Optimized for limited camera models



- Focus on very specific medical application



- Only Indirect Visual SLAM
- Recent focus on AR cloud

outsight

- Only Lidar-SLAM
- Optimize for their own hardware kit

Development projects and partnership with global leading players have been increasing



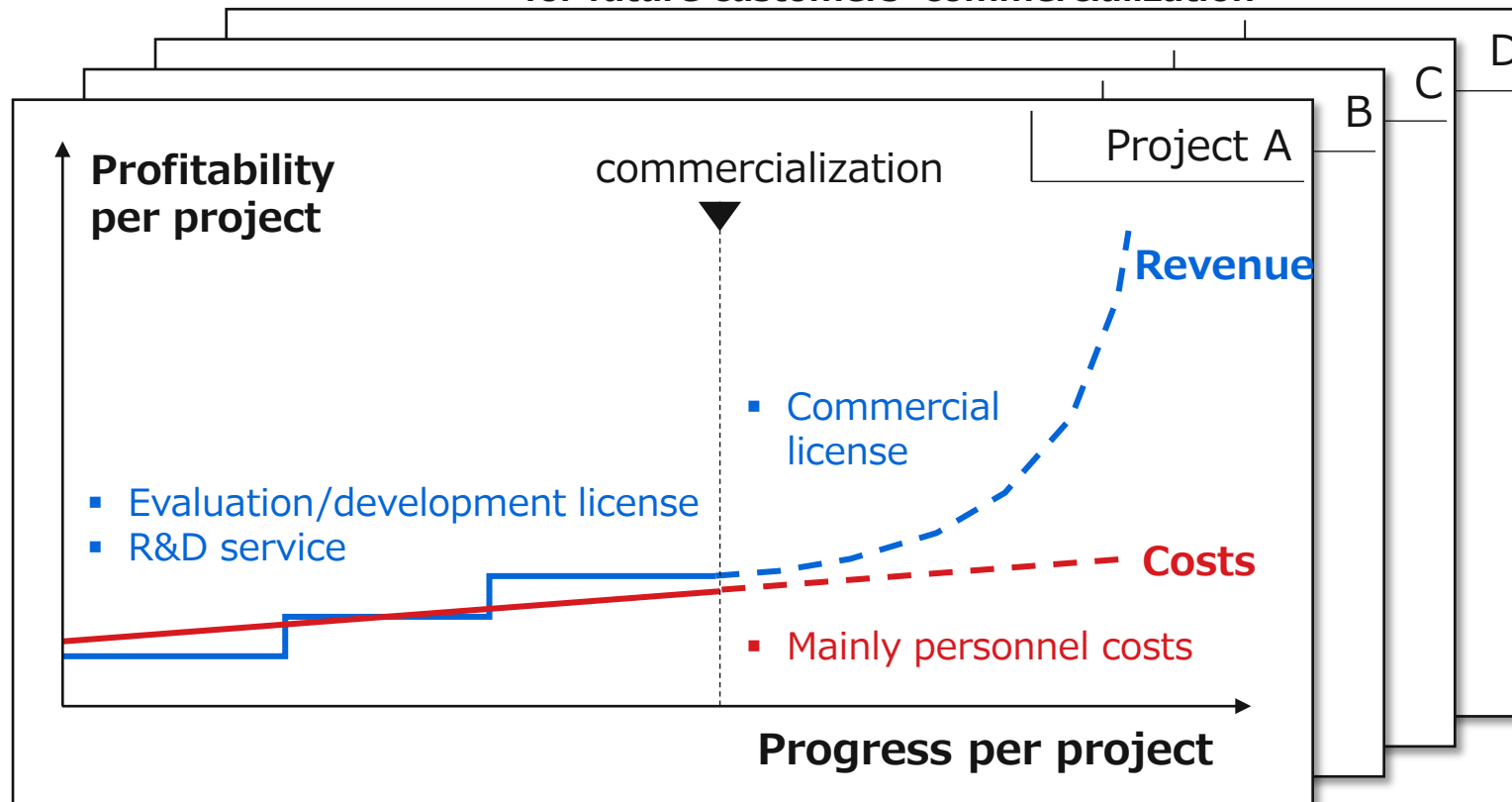
	Timing	Main target applications and project overview	
FY20	May.	Robotics) Partnership with Thales group for next-gen tracking system development	
	Aug.	Robotics) Alliance with SEAOS for warehouse automation with Autonomous robots with capital tie-up	
		Mobility) Signed with Japan Unisys to collaborate as Business Scaling Partner	
	Sep.	Mobility) Partnership with Macnica to develop new value-added solutions for mobility business	
		Robotics, Mapping) Partnership with Ouster	
	Nov.	AR) Develop RGB-D SLAM on smartphones with ToF sensor with Sony Semiconductor Solutions	
	Dec.	AR/VR, Mobility) Partnership with Fixstars to offer accelerated high-performing SLAM	
	Jan.	Robotics, Mapping) Partnership with Cepton on Lidar-SLAM and joint exhibition demo	
Robotics, Mapping) Partnership with Velodyne on Lidar-SLAM			
FY21	May	Robotics) Launch SLAM library for Qualcomm® Robotics RB3 Platform with their technical support	
		Robotics) Joint development of 3D SLAM demo application with Analog Devices	
	Jul.	Robotics) Launch SLAM library for Qualcomm® Robotics RB5 Platform with their technical support	
	Nov.	Robotics) Partnership with Vecow to jointly offer integrated solution for autonomous mobile robots	
		AR, Mobility) Artisense released Automotive AR navigation demo with HERE technologies and NNG	
	Dec.	General) Achieved 40% image process acceleration with Synopsys ARC EV processor IP on Kudan SLAM	
	Feb.	Mobility) Provide Lidar SLAM to IIT Bombay autonomous vehicle project team	
	Mar.	General) Joined NVIDIA Inception Partner Network	
FY22	Apr.	AR) Released utilization of Kudan SLAM in NTT docomo's developing AR cloud	
	May.	Robotics) Partnership with robotics developer UGO to integrate Kudan SLAM into robotics and joint sales	
	July.	Mapping) Signed a Developing License General Agreement with BIMEXPERTS and develop joint solutions	
	Aug.	Robotics) Partnership with ADLINK, development of AMR, integration of Kudan SLAM into robotics, joint sales	
		General) Joined Texas Instrument's partnership network in robotics	
		General) Become official SLAM partner with Ouster, a leading Lidar provider, and start offering tools on Website	
	Oct.	Autonomous Driving) Participation with Renault and other companies in ERASMO, an autonomous driving project by an EU research institute	

Growth Potential

Revenue model and future growth potential

- Almost all of customers' projects are in the evaluation or development phase, and Kudan is in the preparation phase, focusing on acquiring and continuing **projects that are expected to achieve commercialization and expand the scale of sales in the future** (Business phase in the red due to upfront investment in R&D costs, mainly engineering personnel costs)
- Although stable growth can be expected in revenue based on the progress of development milestones from evaluation/development licenses and customer development support, the most important goal is **to contribute to all next-generation industries and to achieve a significant increase in revenue through commercial license profit** with the implementation of Kudan's Artificial Perception technology.

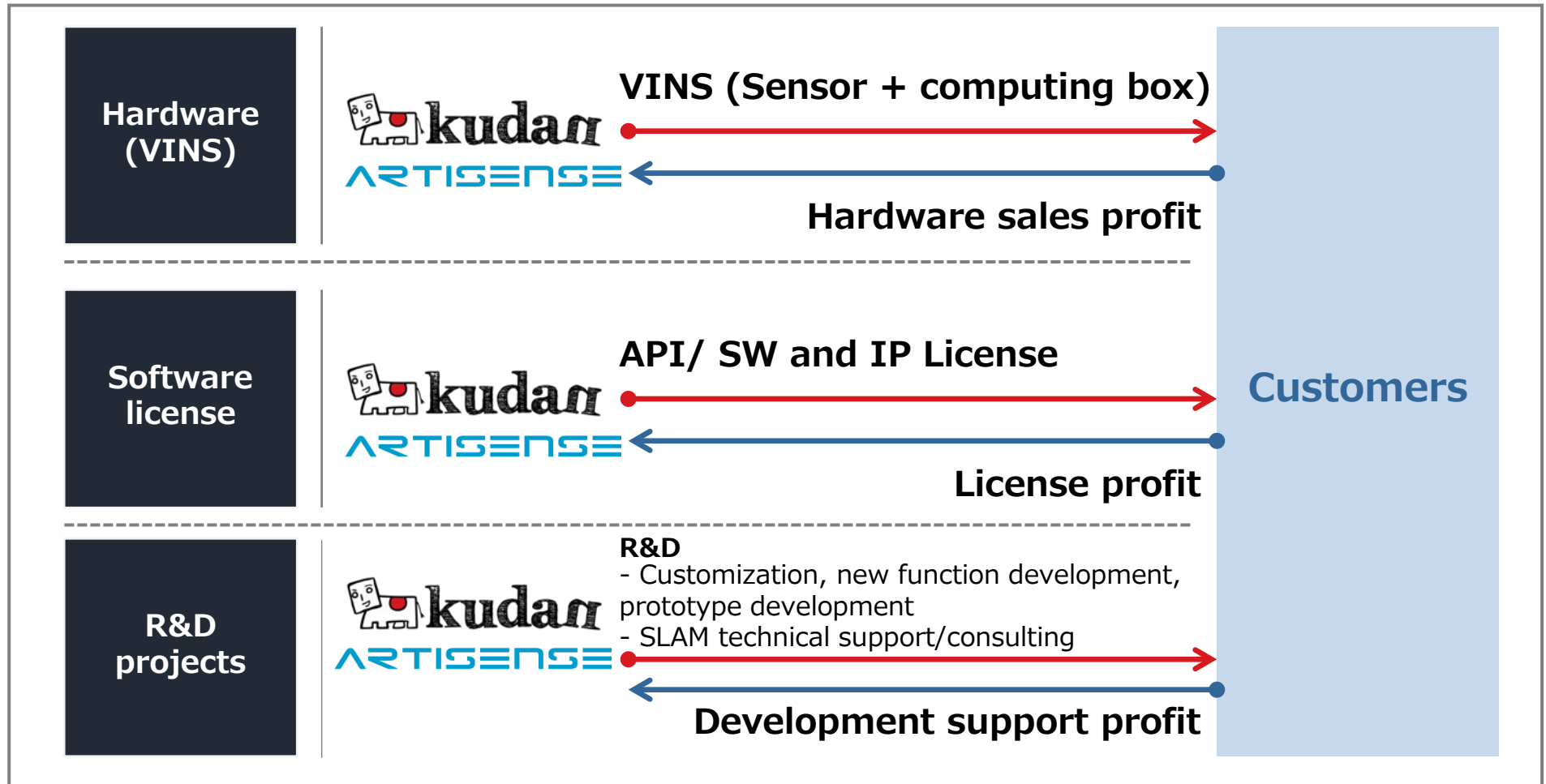
"Quality of project portfolio" is the most important factor for future customers' commercialization



(Reference) Revenue model (Evaluation/Development phase)



- After commercialization of customer-developed projects, expand license profit through pay-as-you-go billing based on the number of products sold, data volume ,etc. according to the customer's business model (Shift to a stock revenue model)
- In the "evaluation and development" phase, which is prior to the commercialization of customers ' products, we gain revenue mainly from license profit and development support profit based on the development volume and development period.



Accumulation of projects toward customers' commercialization

















- From the end of June 2020, before Artisense became a group company, to the end of September 2021, the total number of projects that have passed performance verification and are on track for customers' commercialization has increased from 15 to 44
- Of these projects, four projects have a high certainty of commercialization (three projects are expected to be productized in FY22/FY23, and one project is expected to be productized in FY24). In addition, there are nearly 20 projects in the pipeline for which the certainty of commercialization is expected to increase.

Certainty	Characteristics of projects	Number of projects		commercialization schedule	
		Jun. 2020	Sep. 2021		
High	<ul style="list-style-type: none"> Clearly defined functions and performance required for commercialization, and there is sufficient potential for Kudan SLAM to meet them 	1	4	3 FY2022 - FY2023 1 FY2024	AR/VR Robotics Mapping
Medium	<ul style="list-style-type: none"> Evaluation and development projects that have already passed performance verification Limited risk to commercialization (competition, performance, price, etc.) Specific timeline for commercialization is clear 	5	17		
	Low	<ul style="list-style-type: none"> Evaluation and development projects that have already passed performance verification Specific timeline for commercialization is unclear 	9	23	

※1 Due to the progress of the business towards customers' commercialization, the key management indicator was changed from "cumulative number of projects" to "number of projects on track for customers' commercialization".

※2 The number, nature and timing of potential commercialization projects for mid- to long term will be updated as appropriate.

Highlights of projects accumulated for customers' commercialization

Market	Company	Algorithm	Overview
Autonomous driving	 TOP5 automotive OEM	 Lidar	Use of KdLidar in the project on urban operation and sensor cost reduction in the field of autonomous driving
	 Major engineering	 Visual	Conducted evaluation and development of the use of ArtiSLAM for vehicle positioning in autonomous truck operation in factories and plants
ADAS	 Major automotive Tier1	 Visual	In progress of evaluation and development of driver assistance functions using KdVisual with cameras installed in commercial vehicles
AR/VR	 Major medical device OEM	 Visual	In progress of final evaluation and the integration of KdVisual into medical AR headset
	 Major telecommunication	 Visual	Conducted the development to create a solution platform using AR in various locations
Robotics	 Major telecommunication	 Visual	In progress of developing a platform that embeds KdVisual and cooperative use of various robots
	 Autonomous delivery robot OEM	 Visual	In progress of final evaluation of ArtiSLAM implementation, including integration, for positioning of outdoor delivery robots
Mapping	 Mapping provider	 Lidar	In progress of KdLidar being integrated into a solution that enables mapping in non-GPS environments

Factors behind the increase in projects for customers' commercialization



(R&D) Adaptation to market needs by adding functions, improving performance, and expanding technology lineup

- Enhanced wheel odometry in KdVisual and improved accuracy in KdLidar enable us to respond to customers' projects with more specific commercialization timeline
- The launch of Artisense SLAM enable us to acquire more projects, especially in outdoor robotics
- In robotics, easier integration through ROS (Robot Operating System) allows for a wider range of projects

(Business Development) Enhance sales channels and technology lineup by expanding partners and strengthening relationships

- Enhance channels to expand projects that fit Kudan/Artisense SLAM through partnerships with sensor OEMs, processor OEMs and technology trading companies
- Develop solutions combining SLAM and other technologies through partnerships and collaborations with engineering companies (e.g: Develop a package that includes not only SLAM functions but also robot hardware and software)

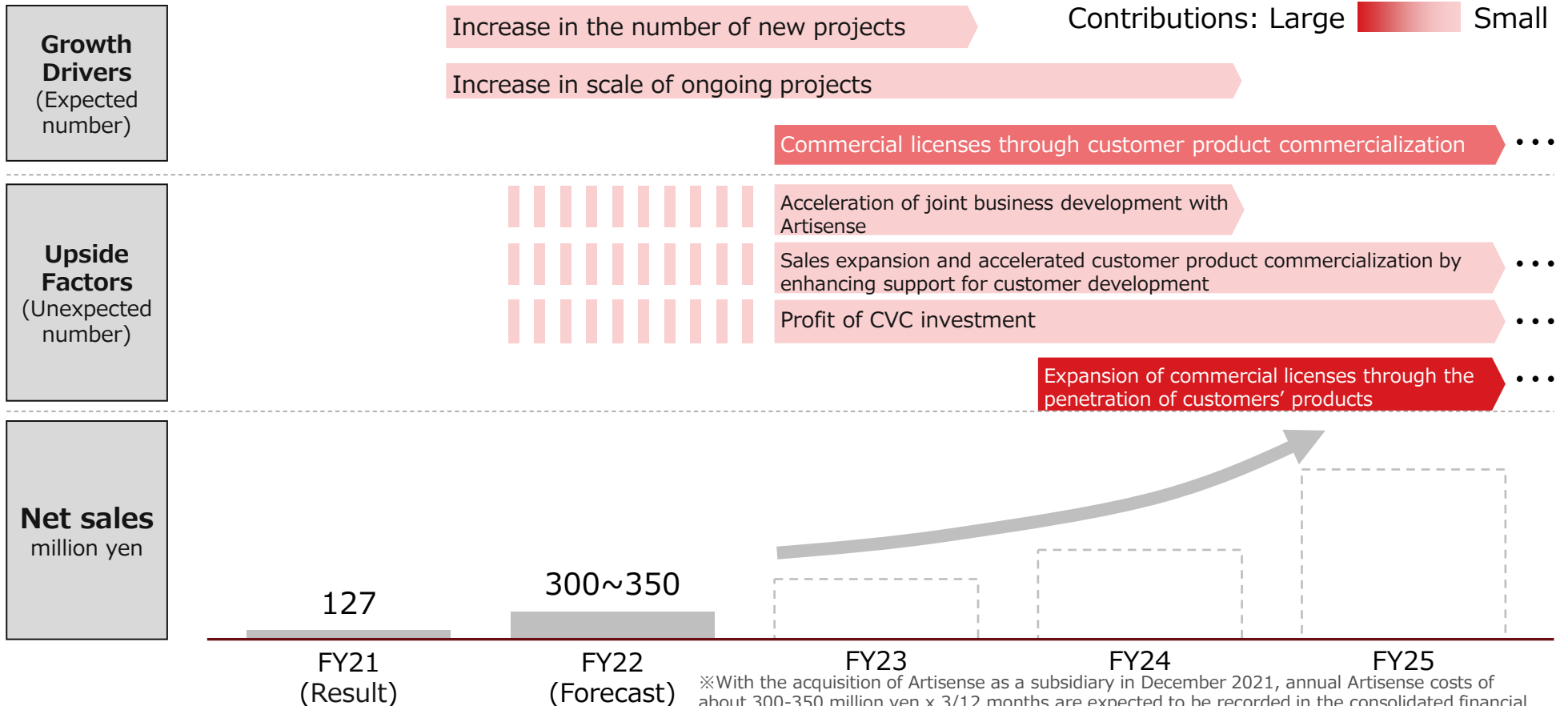
(Market environment) Increasing market needs in both Visual SLAM and Lidar SLAM

- Increasing the number of projects for development of autonomous mobile robots for industrial use, and accelerated adoption of Visual SLAM by OEMs developing autonomous delivery robots using conventional technologies such as magnetic tape and 2D-Lidar SLAM
- The 3D-Lidar market is maturing, driven by price reductions, and as a result, the need for 3D-Lidar SLAM solutions is increasing

Performance forecast for FY22 and future growth potential (short-term)



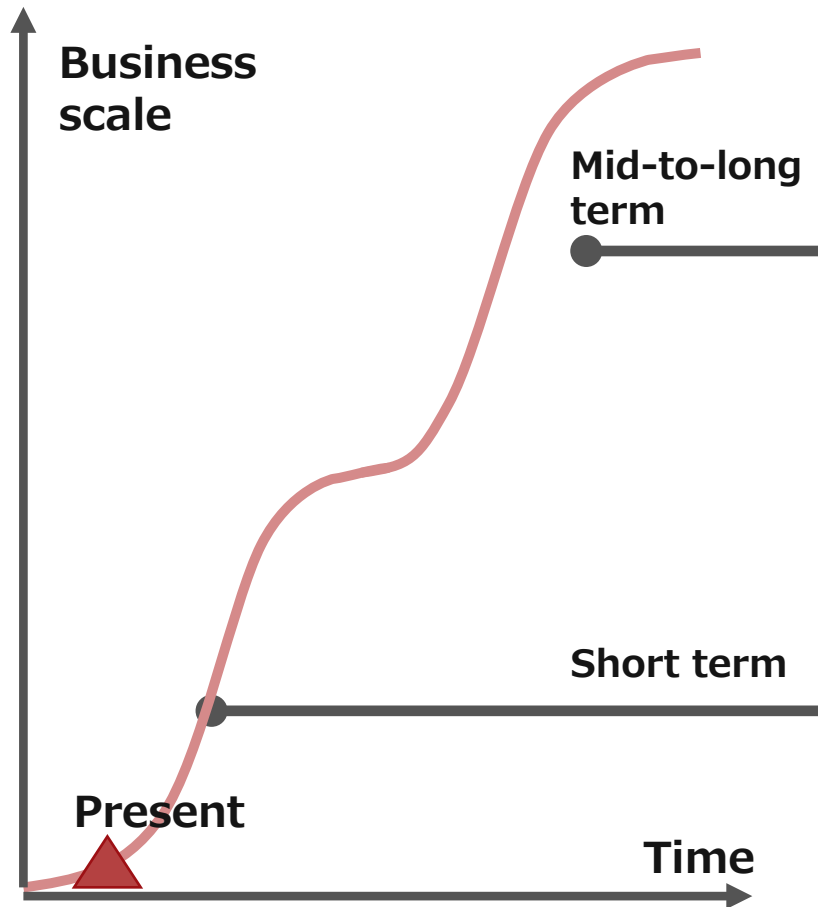
- In FY22, the current recovery trend will continue, mainly due to the expansion of projects toward commercialization with customers
- For FY22, only revenues are disclosed in the range due the continued uncertainty of the impact of Covid-19 and other factors
- Depending on the commercialization of customers' products, Kudan aims to generate several million yen to several tens of millions of yen per project at the start of commercialization, and then to generate revenue in the hundreds of millions of yen per project as product sales expand



※With the acquisition of Artisense as a subsidiary in December 2021, annual Artisense costs of about 300-350 million yen x 3/12 months are expected to be recorded in the consolidated financial statements in FY22.

Mid- to long-term R&D investment for discontinuous growth

- In addition to developing its Deep Tech efforts, the company will invest in additional technological innovations for discontinuous growth over the mid to long term
- Due to the nature of an algorithm-layered Deep Tech company, the majority of R&D investment is in personnel costs, and the scale of additional investment in the future is expected to be about several additional engineers per year



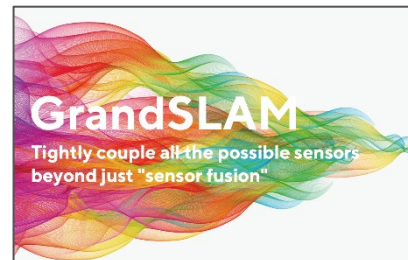
Dramatic growth via mid-to-long term technological innovation

Event-based camera SLAM
(Applied technology for next-generation cameras that imitate the visual nerve and retinal structure of living organisms. Further breakthrough technology for autonomous driving and robotics because it is ultra-high speed but stable even in dark place.)

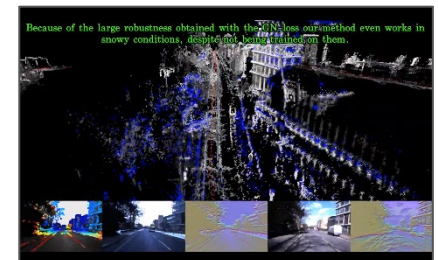


Growth by capturing and strengthening the base upon areas where the demand is evident

GrandSLAM
(Tight coupling of major sensors)

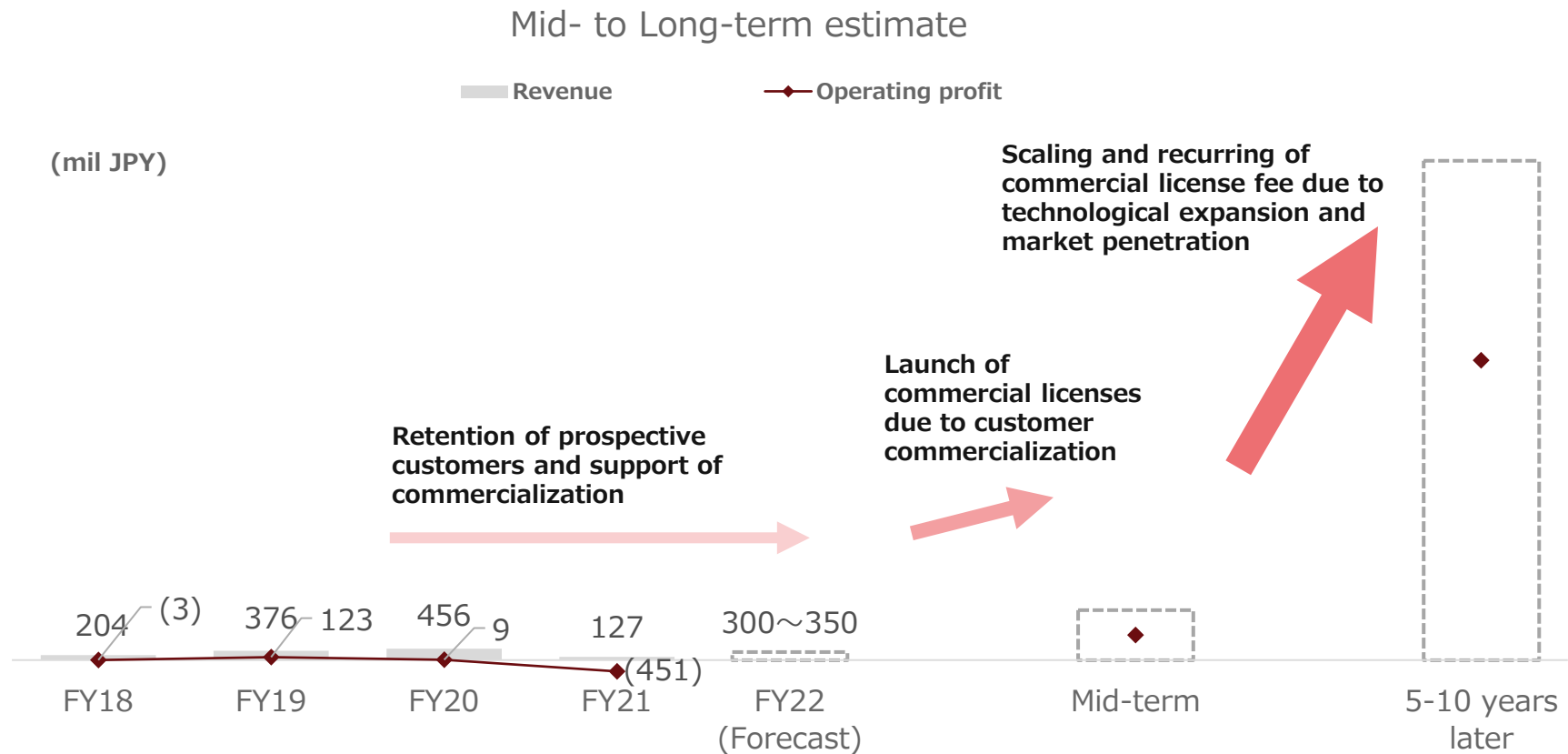


GN-Net/Super-point
(Combining SLAM with deep learning)



Future growth potential (Mid- to Long-term)

- Stable commercialization from the cumulative customer projects creates technological penetration to the market, leading to recurring revenue from commercial licenses and significant growth in profit



- 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 to Kudan as of February 14th, 2022, and may not be updated or changed to reflect future developments or changes in status.