April 28th, 2023


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| Company Name | Kudan Inc. | |
| Representative | CEO | Daiu Ko |
| | (Securities code: 4425 TSE Growth) | |
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## Notification of revision to the annual earnings forecast

Kudan Inc. (henceforth in this document as "Kudan") has revised its consolidated earnings forecast for the fiscal year ending March 2023 (April 1st, 2022 to March 31st, 2023) that was announced on May 13, 2022.

1. Revision to the consolidated earnings forecast for the fiscal year ending March 2023

(April 1st, 2022 – March 31st, 2023)

| | Net Sales | Operating profit | Ordinary Profit | Profit attributable to owners of parent | Basic earnings per share |
|---|---|---|---|---|---|
| Previously released forecast (A) | Million yen<br>500 | Million yen<br>△350 | Million yen<br>△300 | Million yen<br>△315 | yen<br>△39.95 |
| Revised forecast (B) | 328 | △603 | △399 | △416 | △49.70 |
| Discrepancy (B-A) | △172 | △253 | △99 | △101 | |
| Rate of change (%) | △34.4% | — | — | — | |
| Reference: Previous FY results (FY ending March 2022) | 271 | △433 | △681 | △2,237 | △283.74 |

2. Reason for the revision

Over the course of this fiscal year, customer commercialization, which is a turning point from the preparation phase to the harvest phase of the business, progressed and the planned number of four projects for customer commercialization were achieved as an indicator of our business progress. As a result, more emphasis was placed on expanding revenue associated with customer commercialization (product-related revenue), and in order to further advance this, (1) the focus was narrowed to robotics and mapping applications, which has high potential for commercialization, and (2) a productization package (mobile mapping kit) was developed and started to be provided, which will serve as a priming for further customer commercialization.

In the third and fourth quarters of the current fiscal year, the shift of resources in

accordance with (1) and (2) was carried out significantly and earlier than planned, resulting in a reduction in some customer projects outside the focus areas and in the development phase that are far from commercialization, which was the main reason for the decline in revenue for the full year. The specific breakdown is: -50 million yen due to (1), -70 million yen due to (2), -20 million yen due to delays in procedures to confirm delivery of overseas projects (ERASMO) to the next fiscal year, and -30 million yen due to delays in other customer projects to the next financial year, project freezes and delays due to economic downturn, etc.
On the other hand, product-related revenue accelerated by (1) and (2) are expected to expand by 20 times (from 7 million yen to 150 million yen) in the next fiscal year ending March 2024, with the aim of expanding the product-related revenue and progressing the business transformation ahead of schedule.
Costs have increased from the initial forecast, mainly due to foreign currency appreciation and inflation in Europe and the USA +50 million yen and the development of productization package +20 million yen, although cost synergies from the envisaged technology integration with Artisense Corporation (headquarters in California, USA) was achieved.
Also, foreign exchange gains 146 million yen have resulted from fluctuations in the exchange rates of Pound, Euro and the Dollar.
As a result of the above factors, the annual earnings forecasts have been revised as described above.

For details on the revision of this annual earnings forecast, please refer to the "Explanatory documentation on the revision of the annual earnings forecast for the fiscal year ending March 2023" published today.
The impact on results of the recording of non-operating income and extraordinary loss, as described in the "Notification concerning the recordings of non-operating income and extraordinary loss" released today, has been reflected in the revision of this annual earnings forecast.

*The forecasts and other forward-looking statements presented in this document are based on information currently available to Kudan and certain assumptions that Kudan deems to be reasonable. Kudan provides no assurance that the forecasts or other forward-looking statements will be achieved, and the actual business results may vary considerably from the forecasts due to a wide variety of factors.