



Explanatory Documentation to revision to the annual earnings forecast for the fiscal year ending March 2023

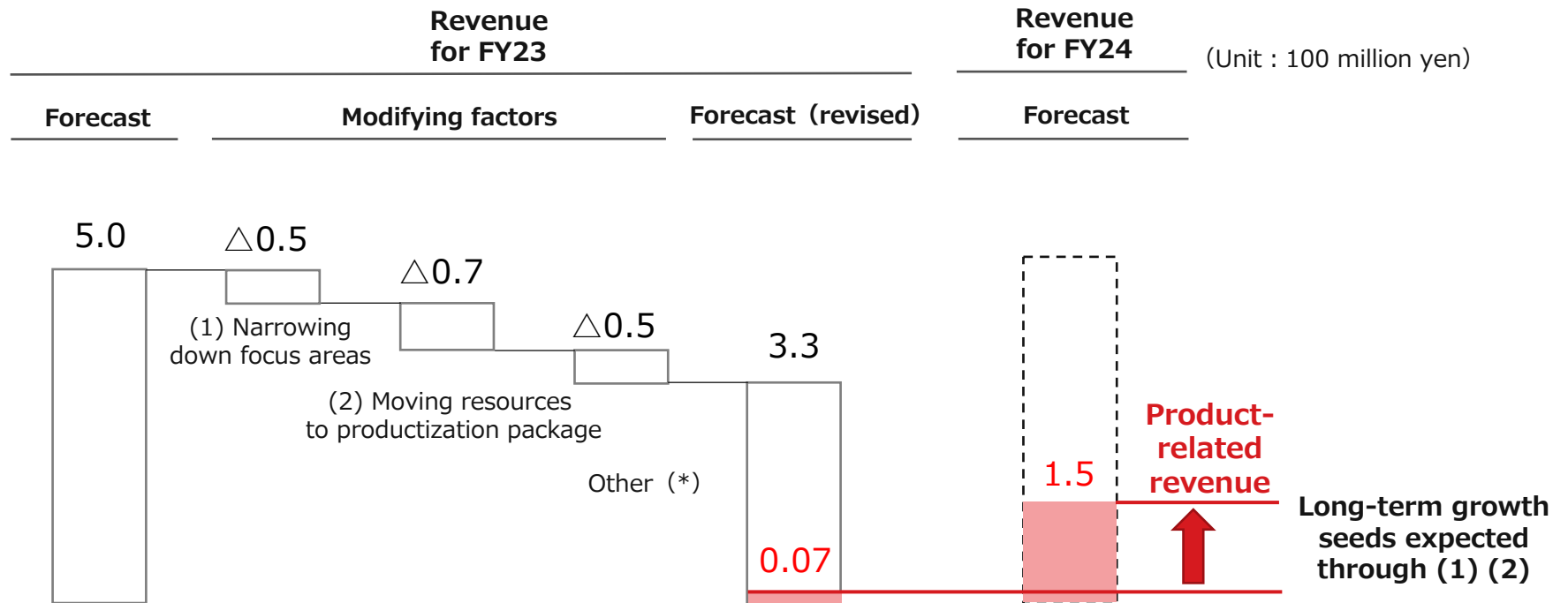
April 28, 2023

Eyes to the all machines

Revision to the annual earnings forecast for the fiscal year ending March 2023 (1/2)



- Progress has been made in customer commercialization, which is the turning point from the preparation phase to the harvesting phase of the business, and the number of customer commercialization, which is an indicator of this progress, has achieved the plan (4 cases)
- As a result, Kudan has placed more emphasis on expanding revenue associated with customer commercialization (product-related revenue), and in order to further advance this, (1) narrowed its focus to robotics and mapping applications, which has high potential for commercialization, and (2) developed and started providing a productization package (mobile mapping kit) that will serve as priming for further customer commercialization
- In the 3Q-4Q, the shift of resources for (1) and (2) above was carried out significantly and earlier than planned, resulting in a decrease in revenue for the full year (from 500 million yen to 330 million yen), mainly due to a reduction in some customer projects in non-focus areas and those in the development phase that are far from commercialization
- On the other hand, product-related revenue accelerated by (1) and (2) are expected to expand by 20 times in the next fiscal year (FY24) compared to the current fiscal year (from 7 million yen to 150 million yen). Kudan aims for startup and business transformation ahead of schedule



Revision to the annual earnings forecast for the fiscal year ending March 2023 (2/2)



- Costs have increased mainly due to foreign currency appreciation and inflation in the U.S. and Europe + 50 million yen and development of productization package +20 million yen, although cost synergies from the technology integration with Artisense have been achieved as anticipated
- Revised operating profit due to the above revenue and cost factors, and revised ordinary profit and profit attributable to owners of the parent due to other factors such as foreign exchange gains 146 million yen

Revision Summary

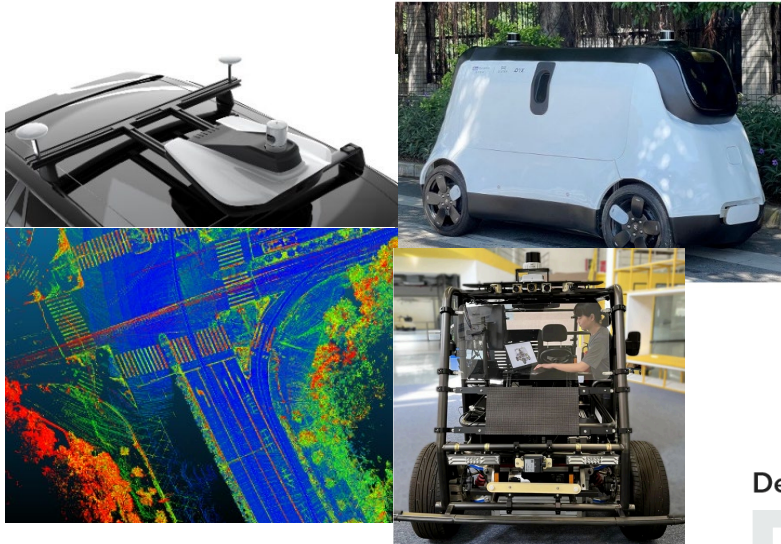
(Unit : million yen)

	Performance for FY 2021	Performance for FY 2022	Forecast for FY2023	Forecast for FY2023 (Revised)	Change
Net Sales (Prior to accounting standards change)	127	271 (296)	500	328	△34.4%
Operating Profit	△451	△433	△350	△603	—
Ordinary Profit (incl. "share of loss of entities accounted for using equity method")	△1,575 (△1,232)	△681 (△403)	△300	△399	—
Profit Attributable to Owners of Parent (incl. impairment losses)	△1,608	△2,237 (△1,474)	△315	△416	—

(Reference) Customer commercialization projects for the fiscal year ending March 2023



Whale Dynamic Autonomous driving/HD map



UCS Hand-held mapping device



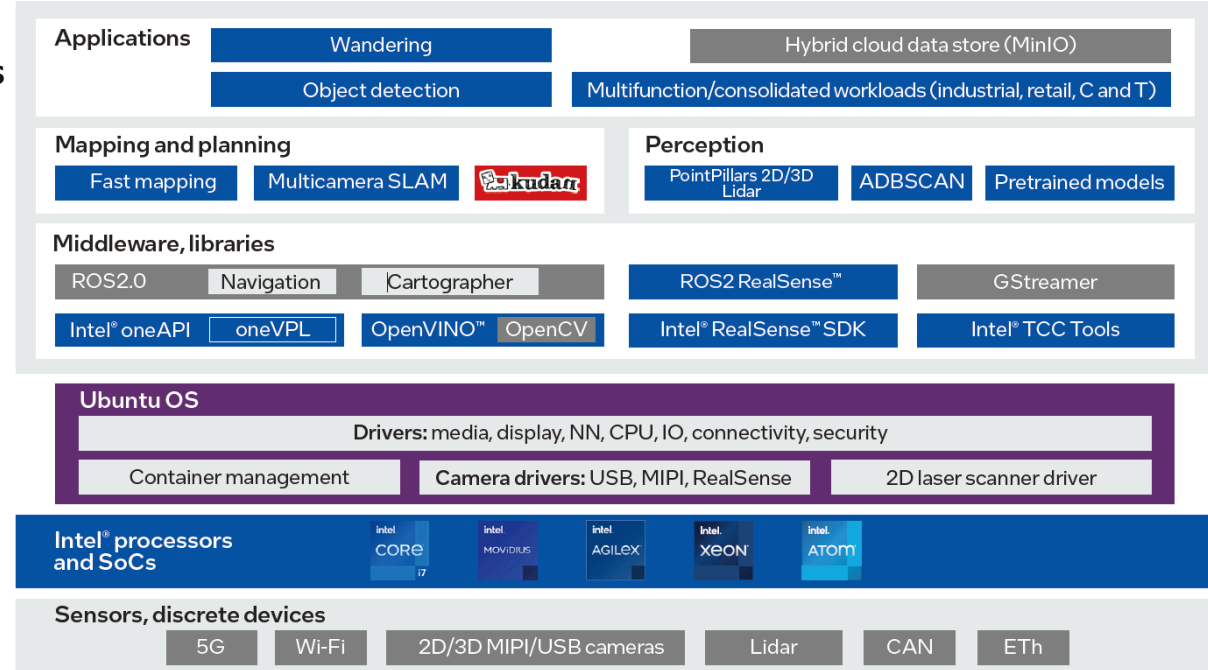
Move! AI Integrated solutions for autonomous mobile robots



Intel Robot development platform

Developer Tools

■ Intel® components ■ Open source or third-party components



- 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 April 28th, 2023, and may not be updated or changed to reflect future developments or changes in status.