

November 16, 2023

Company Name	Kudan Inc.	
Representative	CEO	Daiu Ko
	(Securities code: 4425 TSE Growth)	
Inquiries	CFO	Kohei Nakayama
	(Tel. 03-4405-1325)	

**The transcript of the question and answer in the financial report presentation meeting for institutional investors and analysts is now available online**

Kudan Inc. (henceforth in this document as “Kudan”) held the financial report presentation for institutional investors and analysts on November 15, 2023. In order to disclose information to investors in a timely manner, the English-translated transcript of the question and answer session is available in this release.

**【FY2023 (full-year) financial report presentation meeting for institutional investors and analysts】**

1. Date: Wednesday, November 15, 2023
2. Speakers: Daiu Ko, CEO  
Kohei Nakayama, CFO  
Tian Hao, COO

▼▼Financial report presentation video can be viewed from below (Japanese only)▼▼

<https://youtu.be/vu1XrfvYkNs>

▼▼Financial report presentation transcript can be viewed from below (English)▼▼

<https://contents.xj-storage.jp/xcontents/AS02977/042e5a2d/8025/46bd/aa6b/820195021d54/140120231113588848.pdf>

▼▼Supplementary documentation to the financial report for FY2023 can be viewed from below (English)▼▼

<https://contents.xj-storage.jp/xcontents/AS02977/3ef933d2/15d1/44ce/aee2/41fc4d563b43/140120231113588845.pdf>

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**【List of questions and answers】**

**1. How do you plan to expand Kudan's algorithms, productization packages, and solutions business?**

I have explained the three categories as algorithms, productization packages and solutions, but we view algorithms as the main pillar of revenue in the medium to long term. Kudan expects all three

to grow as a whole, but basically converge more and more around algorithms. As for non-algorithms, solutions, for example, increase the value of using algorithms, but their own profitability varies from project to project, so they are only complementary to algorithms in terms of profit.

Productization packages have a different time horizon and are viewed as a multi-year priming process. This will show the market how to use Kudan technology. Therefore, we intend to grow the business so that other businesses are linked around this.

**2. How will the growing global demand for digital twin and spatial DX impact your business in the future?**

I have explained that global demand for digital twin and spatial DX is expanding significantly, and basically, we believe that these demands will contribute directly and significantly to our sales growth. Even in the short term, demand for our digital asset infrastructure solutions business is increasing considerably in Japan and Europe.

We expect to start up firmly now and generate tens of millions of yen in sales in the current fiscal year, and we are aiming for a full-fledged launch of the business and hundreds of millions of yen in the next fiscal year. In the medium to long term, we see the potential for the digital asset infrastructure business alone to become a large business worth billions of yen in a few years.

**3. What are your funding plan for the future, considering the investment in Whale Dynamic?**

As the business is progressing well, as we have explained, we will continuously consider raising funds at the right time so that we can maximize shareholder value in line with the business growth.

**4. How much do you expect for customer commercialization this fiscal year at this point?**

The number of customer commercialization is expected to be at or above the same level as in the previous year, although the importance of the number of commercialization has decreased considerably compared to the previous year.

As the business phase has changed, we are focusing on product-related sales as a KPI this year, in terms of how much of the commercialized products are directly linked to sales, rather than how much is commercialized as in the previous year.

As we are currently showing progress in this area that exceeds our initial forecasts, we believe that the business is progressing very well on a KPI basis.

**5. The amount of investment in WD and the projected license sales will be at approximately the same level. What is your view of the return on investment in this scheme, which could be seen from the outside as 'financing the license purchase price'?**

We'll not finance the license purchase amount, but the aim of the investment itself is to encourage the future expansion of licenses sales from Whale Dynamic, as mentioned in the explanatory material.

Whale Dynamic has practical implementation capabilities that have been honed in the Chinese market, which is an advanced market globally, and will promote regional expansion in order to increase demand. In terms of product development, we will support Whale Dynamic's business growth with the investment funds by helping to strengthen the development and sales structure necessary to enter the passenger car business which is 'mainstay' of autonomous driving. We are looking for a return on our investment, which will help Whale Dynamic to grow its business, and from there, by encouraging the spread of our products, our license sales will further accelerate.

We are now expanding the scope of collaboration so that we can strongly support the collaboration through this investment, and we will work together to expand the regional development to countries outside China, such as Europe and the Middle East, and we are also expanding the scope of collaboration from mapping and robots to passenger cars in the area of autonomous driving, this is our aim for the investment.

**6. Please tell us about your foreign exchange rate assumptions, as I would like to calculate what the foreign exchange gains from a weaker yen will be in the second half of the year.**

To explain the structure of foreign exchange gains, when the currencies of our overseas subsidiaries - the US dollar, the pound sterling and the euro - appreciate, foreign exchange gains are generated from the receivables and payables within the Group.

The impact of the US dollar is particularly large, so it is possible to estimate the movement of foreign exchange gains to some extent by looking at the fluctuations of the US dollar in particular.

**7. About recruitment trends. Is there an increase in recruitment, as new business seems to be increasing in Europe? What is your image of the number of consolidated employees at the end of March next year?**

As the original business is making considerable progress, it is of course necessary to strengthen the necessary structures for productization and solution projects, but the pace of increase is not expected to change significantly from the past, and is basically the same as in the past. Specifically, we expect a single-digit increase in the number of employees per year.

For example, in the solutions business, our business model is to use our core technologies and deploy them through our solutions partners, so even if the scale of the business increases considerably, please understand that we ourselves will not be expanding significantly.

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※If you have any inquiries regarding the contents of the financial report presentation, please feel free to contact us at Kudan's contact form below. Also, if you would like to have an interview with us, please let us know as well.

■ Company Details

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Representative: CEO Daiu Ko

■ For more details, please contact us from [here](#).