



Explanatory Documentation on Financing

December 18, 2023

Eyes to the all machines

Overview of the financing (1/2)

- Financing of 1.9 billion yen through share acquisition rights to **expand product-related revenue and the solutions business**, which will be a pillar of future revenue growth

Progress to date

Use of funds for growth

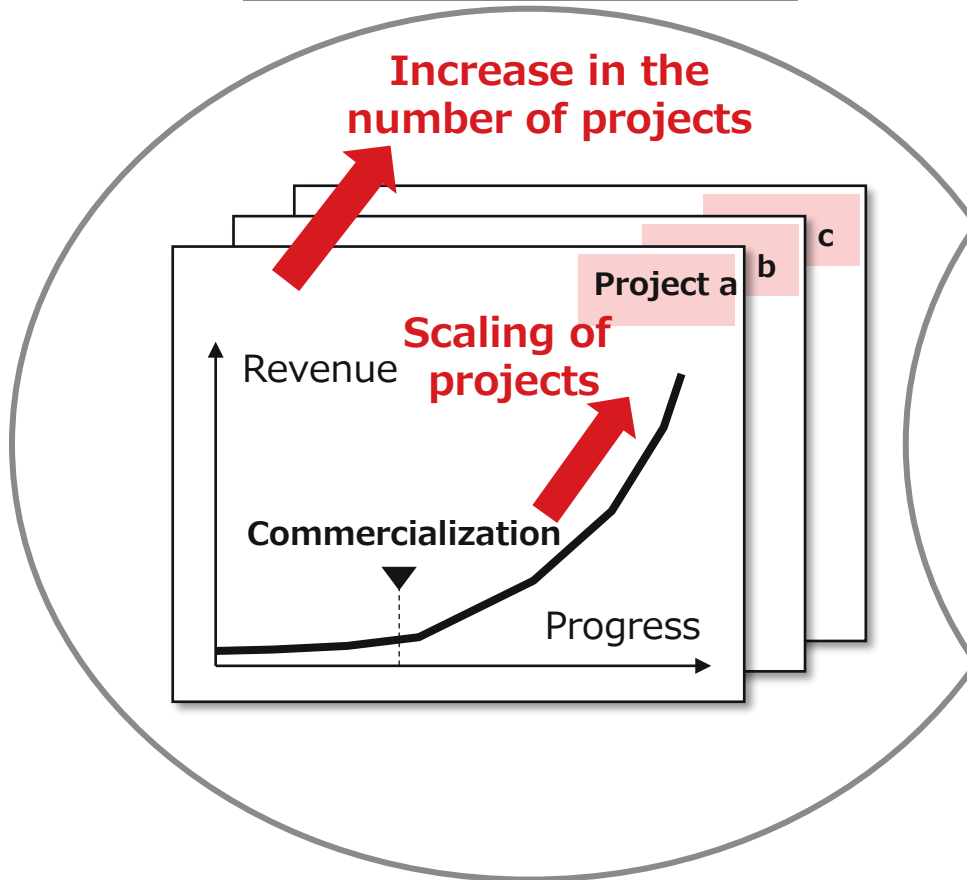
A Expand product-related revenue	<ul style="list-style-type: none">• Achievement of customer commercialization, accumulation of projects and upward revision (previous fiscal year)• Product license MOU with Whale Dynamic (300-400 million yen)• The launch of product-related revenue, Upward revision possibility (300 million yen this fiscal year)*¹	<ul style="list-style-type: none">• Expand revenue by strengthening alliance with Whale Dynamic• Continued expansion of customer commercialization• Revenue growth in each project
B Expand solutions business	<ul style="list-style-type: none">• Build an ecosystem as a business foundation• Participation in government, public projects (Japan and Europe)• Launch of digital twin projects, mainly in Europe	<ul style="list-style-type: none">• Large scale digital twin projects in Europe and global expansion• Development of solution business in the robotics area

*1: Revised product-related revenue forecast for this fiscal year from 150 million at the beginning of the fiscal year to approx. 300 million yen. The revenue forecast hasn't been revised as of today as other factors are under review.

Overview of the financing (2/2)

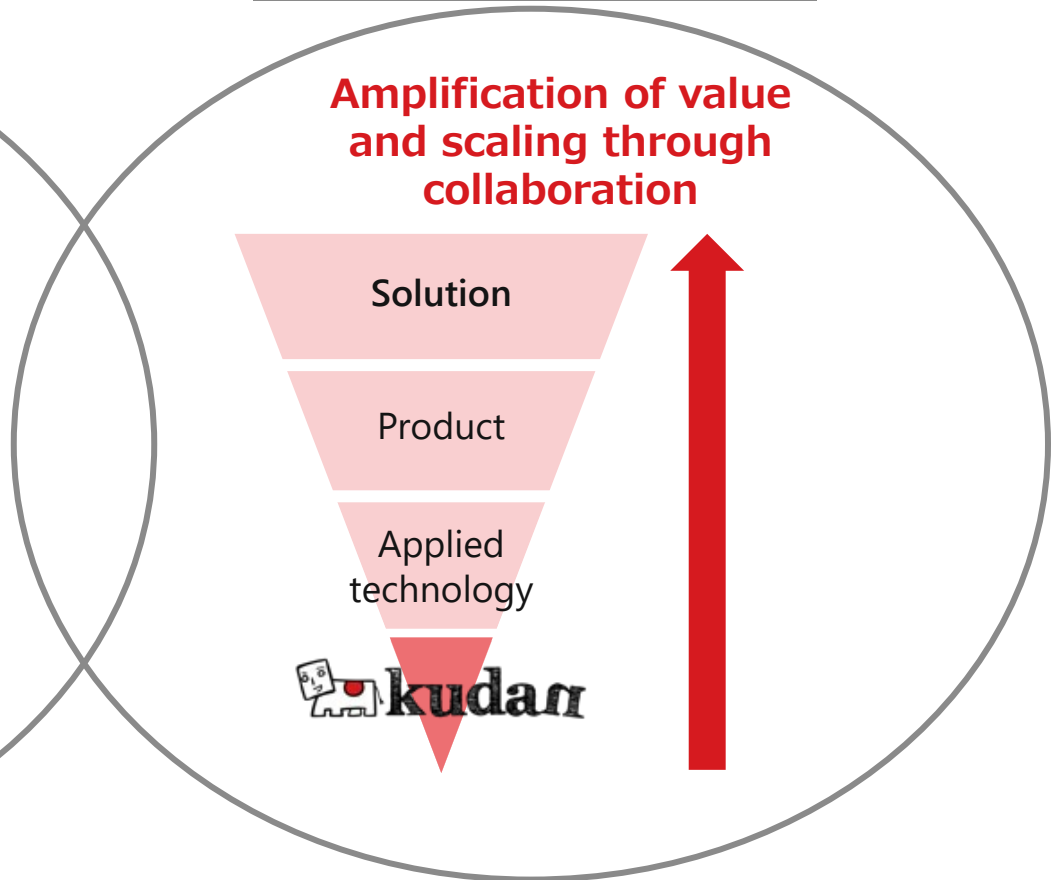
- Expect to achieve significant revenue growth by making solid progress to the harvest phase and by expanding the business to a larger scale through solutionization, and as a result, expect to achieve profitability

A Expand product-related revenue



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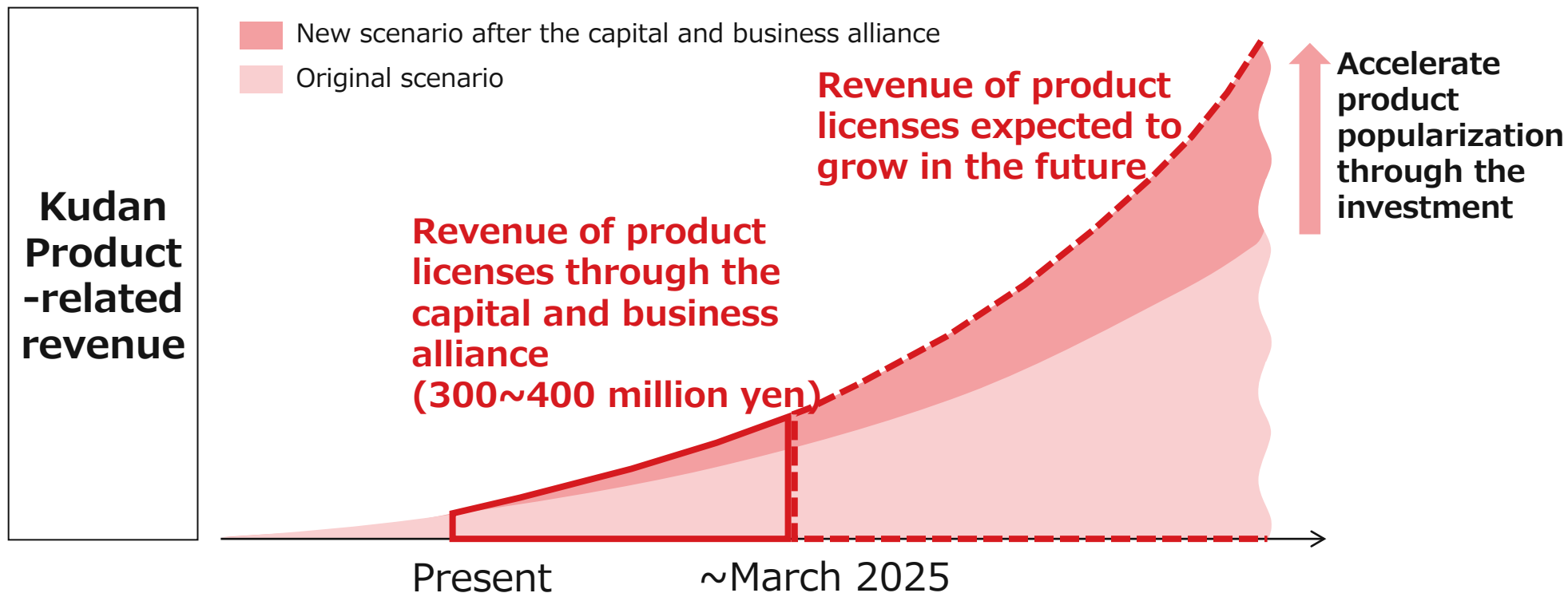
B Expand solutions business



Expand revenue by strengthening partnership with WD (1/2)



- Achieved customer commercialization with WD in the previous fiscal year and have already agreed product licenses totaling 300~400 million yen
- Kudan will invest 500 million yen in growth capital in order to further accelerate the popularization of WD's products and to increase and continue to expand future revenue



Expand revenue by strengthening partnership with WD (2/2)



- Kudan collaborates in sales, development and support in terms of business expansion along two axes: regions and products
- Product expansion to autonomous driving is an opportunity for Kudan to further expand its customer commercialization area and scale the business significantly

Collaboration with Kudan on Whale Dynamic's business development

Expansion of achievements in China

- As a core member company of “Baidu Apollo”, China's largest autonomous driving project, WD has been working on numerous demonstration projects in the public and private sectors
- WD is accumulating cutting-edge achievements in the Chinese market, which is one of the world's fastest growing markets for autonomous driving

Regional expansion to global

- As global market demand is also being stimulated, project acquisition is in progress, mainly in Europe and the Middle East
- Collaborate with Kudan to provide joint global marketing, project development and support

Product expansion to autonomous driving

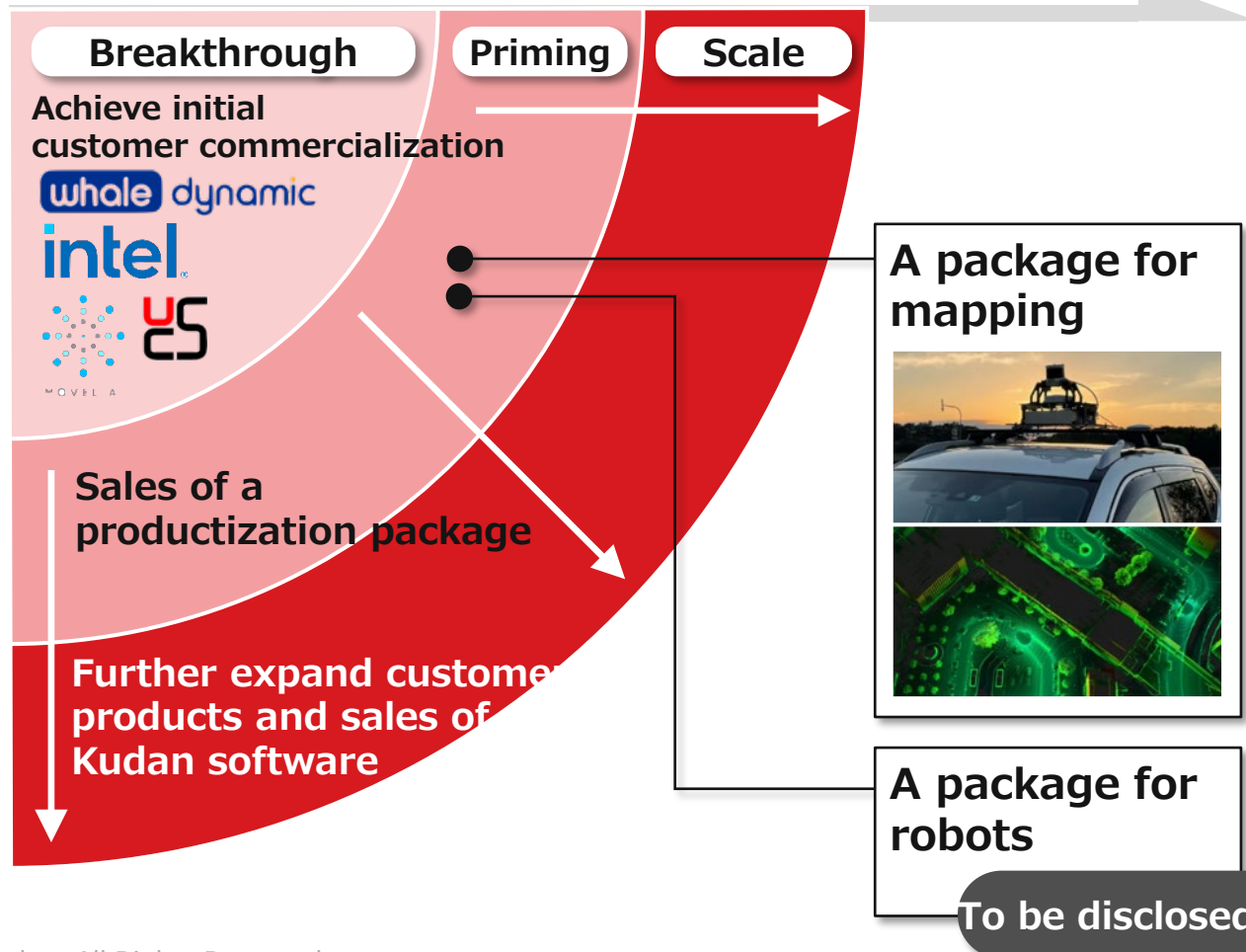
- Plan to expand product offerings from mapping (vehicle-mounted) and robot (autonomous mobile vehicle) to autonomous driving for passenger cars, and jointly develop applications for Kudan technology
- Promote joint development and customer project with both companies' ecosystem partners

Areas for accelerated collaboration in the future

Continued expansion of customer commercialization

- Plan to introduce "priming" productization packages for robots
- Progress has been made in customer commercialization since the previous fiscal year

Introduction of "priming" productization packages

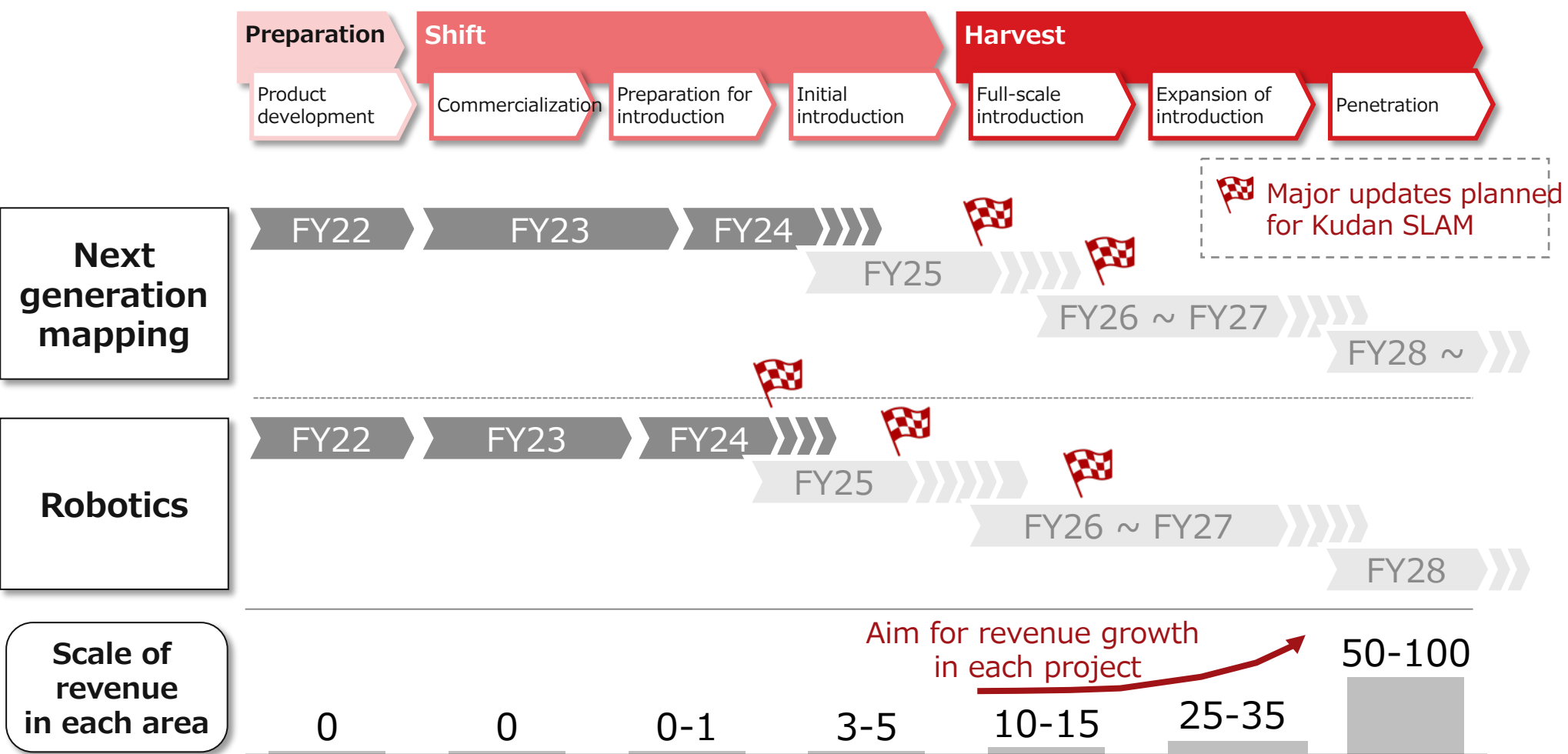


Accumulation of customer commercialization

- Mapping device (Dates Metron)
- Robot parts (North America) To be disclosed soon
- Mobile Robot (China) To be disclosed soon
- Drone (Japan) To be disclosed soon
- Mobile robot (Europe) To be disclosed soon
- ...

Revenue growth in each project

- Many updates to Kudan SLAM features are planned to drive the progress phase of customer products
- Strengthen technical support system to support full-scale introduction of products



※The penetration phase is set at 100

Large scale digital twin projects (solution business) in Europe (1/2)

– Start solution business of digital twin utilizing productization packages for mapping

Growing demand for DX for municipalities and public infrastructure

Public infrastructure survey and maintenance



Building Survey



Green Cadastre

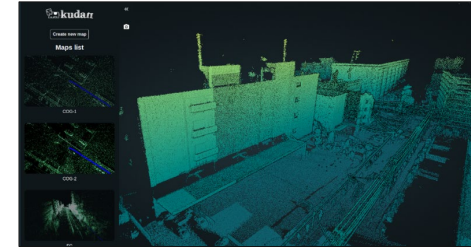


Provide integrated solutions from digitization to database management

Mapping equipment / scanning



3D digitization by point cloud



Information assignment / Database management



Expected Impact

- Data collection efficiency: 10~20x
- Data use efficiency: 2~5x
- Realization of innovation
 - Expand assets that can be managed
 - New business through information sharing
 - Work decentralization, etc.

Large scale digital twin projects (solution business) in Europe (2/2)



- Solution business launched in Japan and Europe to meet the demand for digitization promoted by the government
- In Europe, where progress is favorable and prospects for large-scale projects are increasing, Kudan will strengthen its structure and aim to increase sales

Business progress in this fiscal year

Build a partner ecosystem

- Established collaborative partnerships with a total of 10+ companies for system integration, data management, surveys, application development, etc.

Initial project launch

- Won several projects for digital asset management solutions in the energy sector

Collaboration and participation in government, public projects

To be disclosed soon

Business opportunities that we aim to capture for growth ²

16 billion yen

European projects under discussion ¹
(Energy, etc.)

44 billion yen~

Expand solutions to the public and manufacturing sectors

200 billion yen ~

Global Expansion

500 billion yen ~

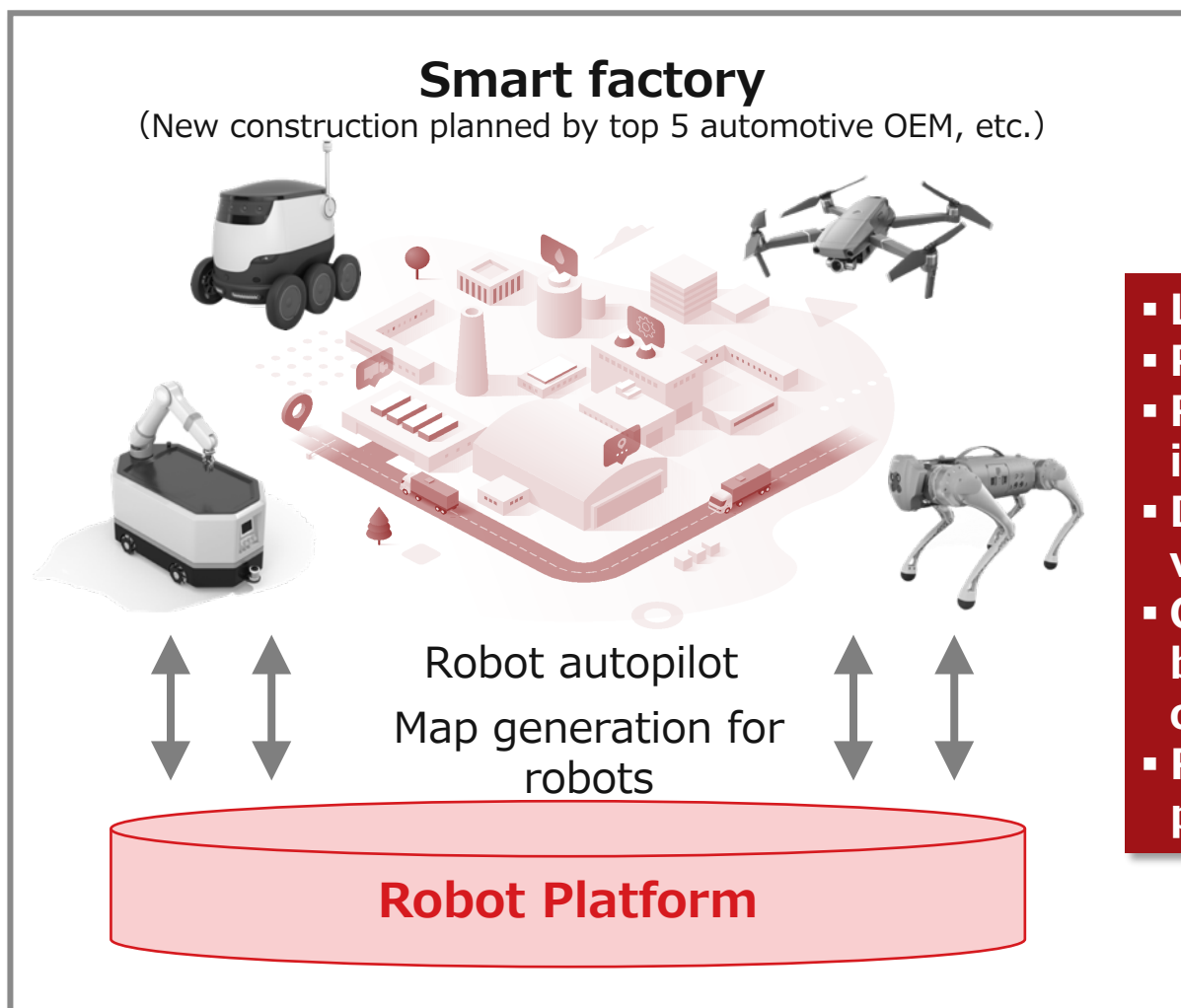
Potential Spatial DX and Digital Twin Markets

¹ Revenue opportunities that are currently being planned with customers and expected within 3 years

² This is the estimated amount for the entire market, and Kudan may receive a part of the order. Estimated by the company based on market opportunities in each country, etc.

Launch of solution business in the robotics area

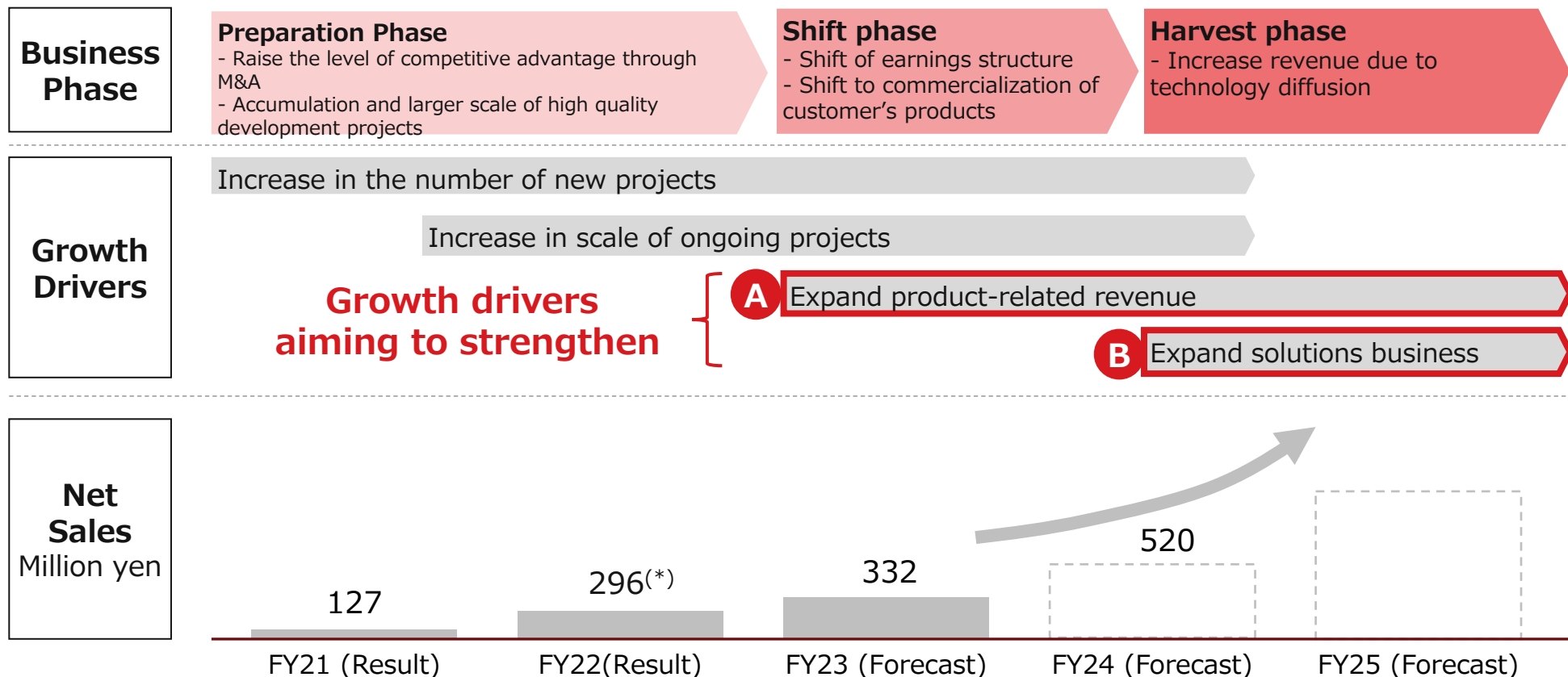
- Increasing demand for solutions for smart factories
- Aim to provide solutions in both mapping and robotics



- Labor-saving, unmanned
- Productivity improvement
- Reduction of capital investment
- Dramatic increase in variety of products
- Collaborative work between robots and operators (Co-botics)
- Reduced lead time for production preparation

Shift to the harvest phase

- Maintain the policy of achieving earnings growth from FY2024 onward by transforming the earnings structure toward turning profitable and shifting to a revenue model by customer commercialization
- Aim to shift to the harvest phase by strengthening growth drivers from "project-level monetization" to "business-level monetization"
- Aim for revenue in more than 100 million yen per project by expansion of product sales after customer commercialization, and 500 million to 1 billion yen per project when the solutions business is expanded to a larger scale



Financing overview

Share issuance summary	Method of issuance	Third-party allocation of share acquisition rights
	Estimated amount ^{※1}	Approximately 1.9 billion yen
	Number of potential shares	1,600,000shares
	Dilution rate ^{※2}	18.48%
	Exercise period	Three years
Exercise price	Initial exercise price	1,183円 Closing price on the trading day prior to the resolution date of the issuance
	Revision of exercise price	Revised to 94% of the closing price on the trading day prior to each exercise request made by the allotted party
	Maximum exercise price	N/A
	Minimum exercise price	60% of the closing price on the trading day prior to the resolution date of the issuance
Other	Voluntary claim	The issuing company can acquire share acquisition rights at 100% of the issuance price upon two weeks' prior notice after one year from the date of issuance
	Request for acquisition	The holders of share acquisition rights may demand that the issuing company acquire their share acquisition rights at 100% of the issue price if any of the following events occurs ①If the stock price falls below the minimum exercise price after one year of issuance ②At the expiration of the exercise period
	Restriction on transfer	Restricted for transfer
	Suspension of exercise clause	Exercise can be suspended at Kudan's discretion

※1 Amount assuming all share acquisition rights are exercised at the initial exercise price

※2 Percentage of total number of voting rights 86,564 (total number of shares issued 8,671,267) as of September 30, 2023

Appendix : Reference material

whale dynamic

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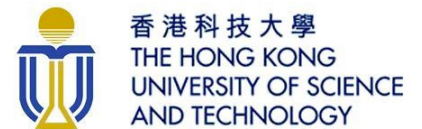


- Leverages proprietary LV4-5 technologies for a wide range of product offerings including autonomous mobile robots and autonomous driving
- Not only targets the rapidly evolving Chinese market, but also expands its business extensively into the global market

Founder & CEO
(David Chang)

- Led the development in “Apollo”, the country's largest autonomous driving project by Chinese IT giant, Baidu, as a senior product manager. M.S., University of Cambridge, U.K.

**Clients/
Partners**



Global expansion

- The only company in the world to be a member of both “Apollo” and “Autoware”, the globally recognized open-source ecosystem for autonomous driving

- Product commercialization by WD utilizing Kudan technology was realized in July 2022, and product introduction is in progress

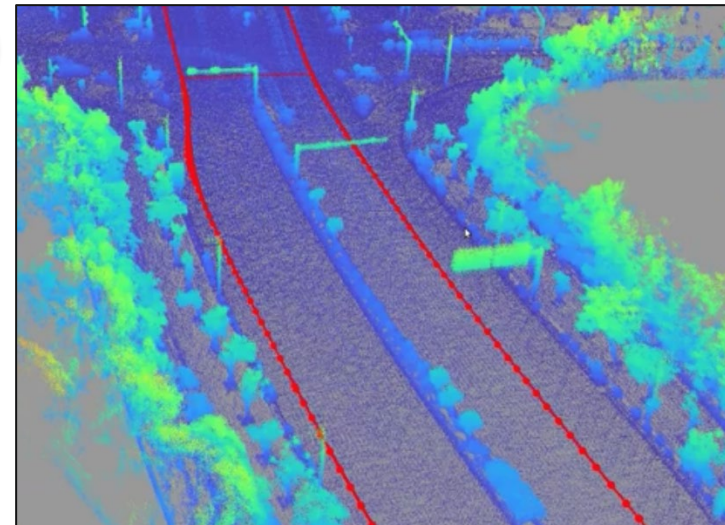
whale dynamic

- Provides mapping for public roads (vehicle-mounted) and robot (autonomous mobile vehicle) *



kudan

- Provide SLAM technology for localization and high-precision mapping
- Achieve higher performance with proprietary technology related to the integration of Lidar SLAM and Visual SLAM



[*] [URL for the demo video of technologies related to mapping \(vehicle-mount\) and robots \(autonomous vehicles\)](#)

Growing market demand on a global scale, for digital twin and spatial DX promotion in mapping application

~10T Yen

Industry 4.0

- The “Digital Twin,” one of the core technologies of the “Industry 4.0” has evolved.
- Major manufacturing companies such as Deutsche Bahn, Siemens, Mercedes, Bosch, etc. announced their multi-billion euro digital twin implementation plans one after another

7.7T Yen

The comprehensive national development plan for digital lifelines

- A large-scale public-private sector project led by the Ministry of Economy, Trade and Industry (METI) to promote the automation and digitization of social infrastructure from FY2024
- Promote the implementation of spatial DX technologies including 3D map, data connection infrastructure, infrastructure management DX, autonomous driving support infrastructure

~20 T Yen

Digital Compass 2030

- The EU government will take the lead in promoting the development of Europe's digital infrastructure by 2030, utilizing AI, IoT, and other technologies

100T Yen

Digital China

- A government-led project to promote the digitization of the entire social economy, including 3D map creation and spatial digitization toward 2035
- Collaborating with many domestic companies such as Baidu and Beijing Automotive Group, as well as overseas companies such as Audi

XX Trillion Yen

Budget by each governmental policy

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- 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 December 18, 2023.