Notification Concerning Initiatives and Future Plan Outlook for Digitalization of Major Electric Power Infrastructures in Europe
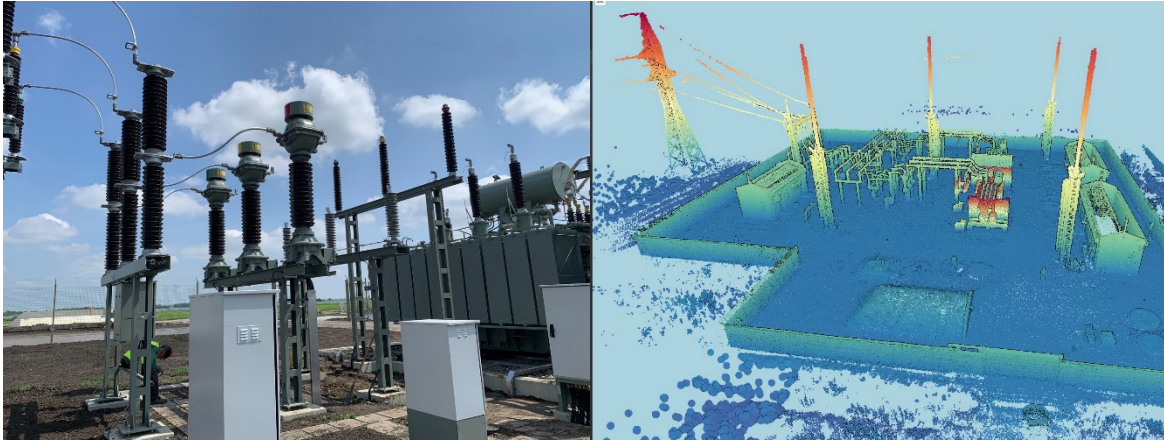
Kudan Inc. (headquarters in Shibuya-ku, Tokyo; CEO Daiu Ko, hereafter "Kudan") is pleased to announce the initiatives to date in the solutions business that Kudan has been developing in Europe, as well as the outlook for future business expansion plans as follows.

The solutions business is a business in which Kudan collaborates with system development companies, application development companies, hardware manufacturing companies, mapping service companies, and other partners to package and provide Kudan's artificial perception/SLAM algorithms into solution services that can be used by end customers.

In Europe, Kudan has established a collaborative partnership with STS Engineering and Construction Kft., a renewable energy engineering, procurement, and construction company headquartered in Hungary (Reference: Notification of Agreement on Strategic Partnership with STS Group to Jointly Expand Digital Asset Platform Solution Business towards European Municipality and Utility Infrastructure Sectors (November 14, 2023)), to provide solutions for digital twins in the mapping area (Digital Asset Management Solution, hereafter "DAMS"), and furthermore, Kudan has been discussing with several customers to start DAMS projects.

In the European market environment, the Council of the European Union and the European Council Meeting have strengthened the political policy of emphasis on renewable energy by raising the 2030 renewable energy ratio target to 42.5%. In response, plans for new large-scale renewable energy power plants, such as mega solar power plants, and capital investment in power grids are expanding across countries in Europe.

With this background, Kudan has been working with energy companies and facilities management companies to develop a plan to implement its DAMS for the DX of major power infrastructure, targeting power grids and substations.

DAMS is a one-stop digital solution that generates a digital twin of facilities, and based on the digital twin, realizes facilities management planning, asset data management, operation and maintenance, and project management. This solution significantly improves the efficiency, reduces costs, and adds value to facilities management operations as follows.

EFFICIENCY IMPROVEMENT AND COST REDUCTION:
・10x ~ 20x faster asset data collection and processing time
・30% ~ 50% less search time for asset data and avoid physical facility visit
・2x ~ 5x efficiency improvement for asset data utilization
・20% ~ 40% productivity increase of facilities management operation
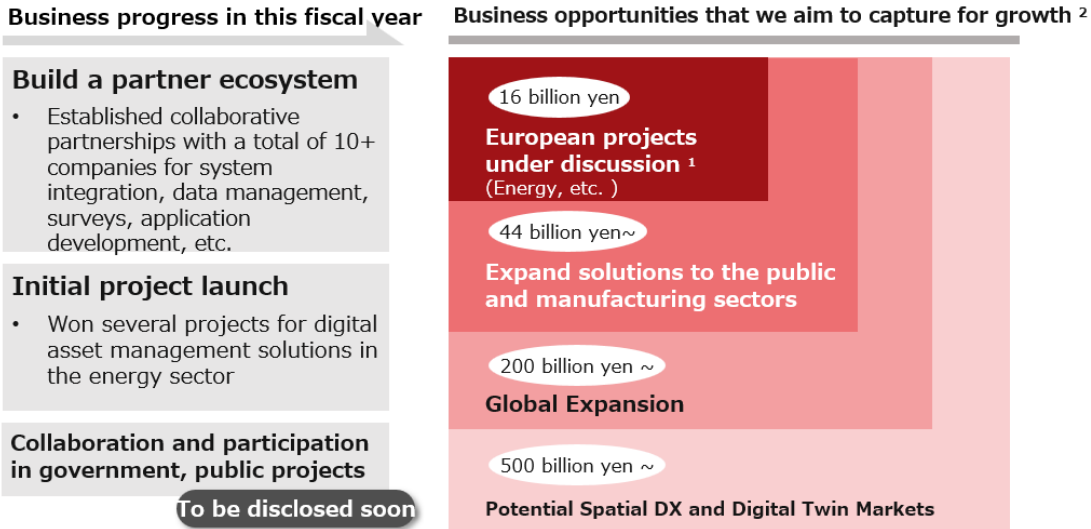
INNOVATION REALIZATION:
・Expand the type of assets that can be managed
・Generate new business through information sharing and interdivisional cooperation
・Decentralize the maintenance works and activities
・Enable Total Productive Maintenance (TPM)

With the backing from the digitalization strategies of European countries, Kudan and the following companies are currently working together to formulate plans and close contracts for the DX by DAMS implementation by 2026, targeting approximately 2,000 km of power grid, approximately 200 substations, and many other facilities.

・E.ON SE (One of the world's leading energy companies headquartered in Germany)
・MAVIR Ltd. (Hungarian state-owned company and part of the MVM group, Europe's major energy company)
・SolServices Ltd. (Part of Polat holding, a major real estate company headquartered in Turkey)
・Other world leading companies in facilities management, etc.

In addition, the demand for DX for facilities management is growing in the public and manufacturing sectors, and Kudan will work with European governments to expand its business to meet this demand.

・Public sectors: Public buildings, transportation-related facilities, roads, green spaces/parks, airports/harbors, etc.
・Manufacturing sectors: Manufacturing facilities, Energy facilities, , Building facilities, etc.

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.

(Future outlook)
This announcement will only have a minor effect on the company's current fiscal performance and the effect on the company's next fiscal performance and onward is currently under review. In the event that any issue arises that needs to be made public, swift notification will be carried out.

About Kudan Inc.
Kudan is a deep tech research and development company specializing in algorithms for artificial perception (AP). As a technology that complements artificial intelligence (AI), AP advances machines toward autonomous functioning. Currently, Kudan is using its high-level technical innovation to drive business development based on its own milestone models specializing in deep tech which will impact a wide range of industries.
For more information, please refer to Kudan's website (https://www.kudan.io/).

■Company overview

Name: Kudan Inc.

Securities code: 4425 (TSE Growth)

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■Contact Information

For more details, please contact us from here.