November 17, 2026

Company name	Kudan Inc.	
Representative	CEO	Daiu Ko
	(Securities code: 4425, TSE Growth)	
Inquiries	Head of Administration	Yutaka Oshima
	(TEL: 03-6892-7333)	

Q&A Transcript from the Financial Report Presentation Meeting for Institutional Investors and Analysts Now Available (Q2 of the Fiscal Year Ending March 2027)

Kudan Inc. ("Kudan") held a financial results briefing for institutional investors and analysts on November 13, 2026. The English-translated transcript of the question-and-answer session is available in this release.
We also invite you to review the presentation video and the presentation script.

【FY2027 Q2 financial report presentation meeting for institutional investors and analysts】

1. Date: Friday, November 13, 2026
2. Speakers: Daiu Ko, CEO
   Yutaka Oshima, Head of Administration

【List of questions and answers】

1. What is the revenue ratio between digital twin and robotics?

As a premise, the digital twin and robotics businesses are in different situations. Digital twin is ahead in commercialization and has growth momentum. Robotics, on the other hand, is research-and-development oriented and centered on large-scale development projects; the scale varies from project to project, and results fluctuate significantly by quarter and by fiscal year. Given also that the two overlap in some areas, we do not disclose a detailed ratio.
That said, as a rough guide, digital twin currently accounts for roughly one-half to two-thirds.

2. Why is revenue weighted toward the second half?

Some of our customers have March fiscal year-ends, and the delivery or revenue recognition of large software projects that run through the full year often falls at the end of the fiscal year as a result.
In addition, for hardware as well, orders may be concentrated at the end of the fiscal year due to customers' budget cycles. Although we revised our results forecast last fiscal year due to upside in hardware sales, this was attributable to such second-half weighting, and this fiscal year's forecast also reflects the same trend.

3. Please explain the revenue structure of digital twin. Does revenue increase with the number of facilities, or with the number of users within a customer?

Digital twin revenue basically increases in line with the number of facilities, the area covered by the digital twin, and the size of the area. In other words, it is structured as the number of projects × the scale of each project, so we believe it is a structure that can be expected to scale upward: as the technology spreads, both the number of customers and the revenue per customer increase.

4. Could you explain in more detail the cause of the large foreign exchange loss this fiscal year? Also, what measures are you considering against exchange rate fluctuations?

The Group makes loans from the parent company to overseas subsidiaries. Most of the foreign exchange loss in the current period and the foreign exchange gain in the previous period arose because these loan balances fluctuate due to the effect of exchange rates.
These foreign exchange gains and losses affect net assets, but the same exchange rate movements cause the foreign currency translation adjustment in net assets to increase or decrease in the opposite direction. As a result, the effect of exchange rates on net assets as a whole is almost nil.
Accordingly, we consider that foreign exchange gains and losses arising from transactions between group companies are not of a nature to be hedged, and we do not plan any special measures.

5. Why did software sales increase in the current period?

Software sales cover two areas, robotics and digital twin, and both grew in a well-balanced manner. In addition, large projects on the robotics side contributed.

6. Do you expect medium- to long-term revenue to be realized through an increase in the number of projects, or to grow at an accelerating pace through the spread of licenses and the like? Please share the Company's view. Also, please indicate the level of operating margin at a mature stage.

We have determined that it is not yet the stage to state a specific margin figure.
That said, as we answered in another question, we expect medium- to long-term revenue to expand in a non-linear, upward-sloping manner in the form of the number of projects × the scale of each project, and we expect the business to have high gross margins at the mature stage.

7. What revenue do you expect after the NEDO project ends? Also, do you expect the U.K. government project and the collaboration with the Norwegian government agency (IFE) to generate revenue or subsidy income?

The NEDO project is expected to run for three years and to continue through the fiscal year ending March 2028. As for developments thereafter, investment in Physical AI is progressing actively not only in Japan but worldwide, and for the government projects announced this time as well, we expect continued implementation rather than one-off engagements. The accounting treatment may be either revenue or subsidy income depending on the nature of each project; as for the specific treatment of these two projects, we intend to disclose details appropriately at a suitable time in the future.
Also, as an important point, the robotics business is at the research and development stage, and Physical AI in particular is difficult to develop and requires a considerable period of time, but it is also an area with large commercial potential. Rather than government projects becoming the core of the business, our basic policy is to handle government projects in the short term, use them as an entry point, and then expand and grow through private-sector commercial projects. We are not building our business on government projects alone even now, and we continue to nurture private-sector commercial projects.

8. Does the "achievement of profitability" from next fiscal year onward mean an operating profit that excludes subsidies? When do you expect to turn profitable? Also, what revenue composition do you envisage once profitability is achieved?

Profitability is premised on an operating profit basis. We have not yet disclosed the specific timing of profitability, and we intend to disclose it appropriately in the future.
In the earnings presentation, we disclose revenue per unit of operating expenses, excluding subsidies, and we have been making consistent progress toward the break-even level. As for the revenue contributing to profitability, as also answered in another question, we envisage

initial deployment revenue from software, revenue generated by continuing deployments, and license revenue.

9. Of the operating expenses of ¥1.37 billion expected for the current fiscal year (fiscal year ending March 2027), how much is expected for cost of sales and for selling, general and administrative expenses (SG&A), respectively? Also, you said that the increase in operating expenses for next fiscal year (fiscal year ending March 2028) will be "limited"; how large an increase do you expect?

Of the ¥1.37 billion in operating expenses expected for this fiscal year, we expect cost of sales of ¥530 million and SG&A of ¥840 million.

As for the increase in operating expenses next fiscal year, from the fiscal year ended March 2023 through the current fiscal year ending March 2027, excluding the one-time increases in operating expenses accompanying the review of the business portfolio in the fiscal years ended March 2025 and March 2026, operating expenses have increased gradually each year, and we do not expect a sharp increase next fiscal year either. Given the increase in net sales over this period, revenue per unit of operating expenses has improved, and we expect to further improve profitability.

※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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■For more details, please contact us from here.