MAMEZO DIGITAL HOLDINGS

Presentation Material for the Six Months Ended September 30, 2024

MAMEZO DIGITAL HOLDINGS CO.,LTD.

Security Code : 202A
November 12, 2024

目次

01 Company Profile

02 Results for 2Q FY2025/3 (From April 1, 2024 to September 30, 2024) and Full Year Forecast

03 Performance and Status of Each Service Area

04 Strategies for Each Service Area

05 Appendix

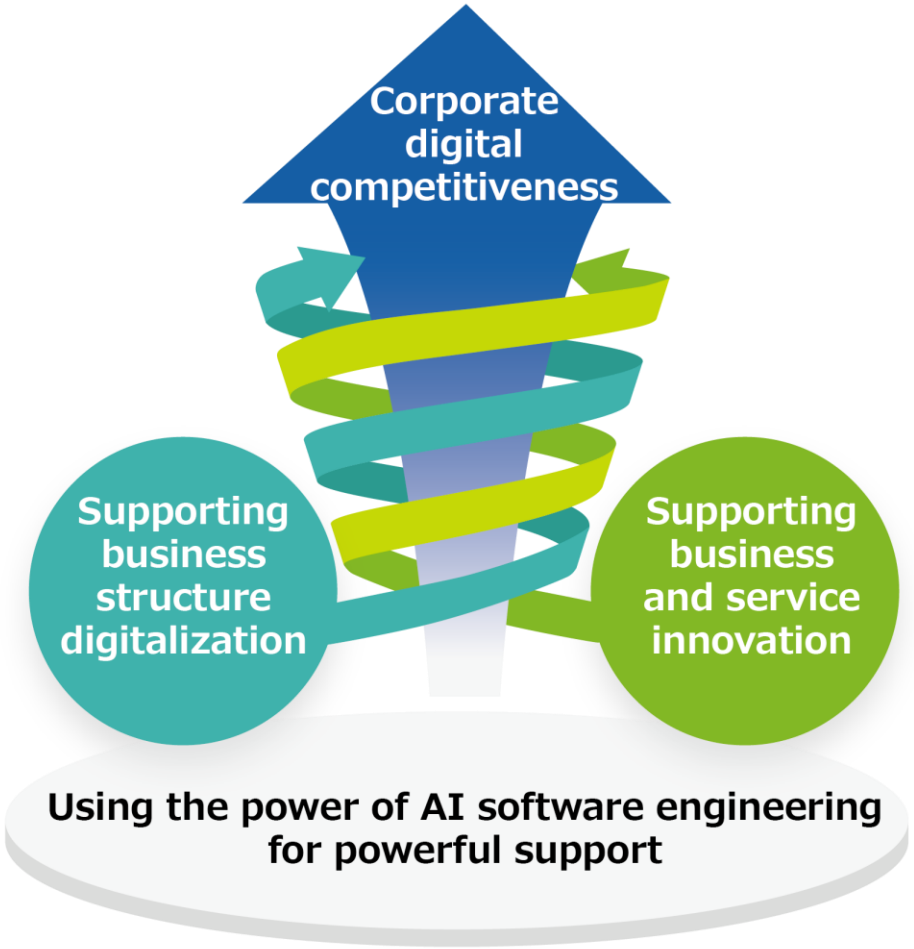
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01

Company Profile

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Digital-shift Service Company Transcending SIer/DX Consulting



Mission

Co-create Digitalized World with Power of AI Software Engineering

Vision

Digital-shift Service Company

The AI software's raison d'etre in society has been changing, and software is now expected to assume greater roles.

Our mission and vision are based on our wishes to utilize our capabilities in AI software for solution to social challenges and achievement of well-being, as a longer-range target

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Profile

Company Name	MAMEZO DIGITAL HOLDINGS CO., LTD .
Address	Shinjuku Mitsui Bldg. 34F, Nishi-Shinjuku 2-1-1, Shinjuku-ku, Tokyo 163-0434, JAPAN
Establishment	November 11, 2020
Main shareholder	Mamezou K2TOP Holdings Corporation
Executive officers	President & CEO Nakahara Tetsuya Director Miyata Kenji Director Fukutomi Mitsuo Director Ando Hisayoshi Director Murakami Kazuaki Director Nomura Munehiro Director Izumi Takenori Auditor Adachi Kinji Auditor Kanno Shintaro Auditor Kawazu Hiroshi

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Group Companies

MAMEZO DIGITAL HOLDINGS CO., LTD.

- **Establishment : November 2020**
- **CEO : Nakahara Tetsuya**
- **Employees : 18**

Driving group-wide sales force enhancement with a focus on group management and administration.

100% owned

Mamezou Co., Ltd.

- **Establishment : November 1999**
- **CEO : Nakahara Tetsuya**
- **Employees : 228**

With a software-first policy, the company provides DX, cloud, and robotics-related consulting from the customer's perspective with our technological capabilities.

NT Solutions Co., Ltd.

- **Establishment : April 2009**
- **CEO : Nakahara Tetsuya**
- **Employees : 127**

A consulting company specializing in the ERP business that makes full use of cutting-edge technology to promote DX of customers' mission-critical systems.

KOWAMEX Inc.

- **Establishment : July 1982**
- **CEO : Miyata Kenji**
- **Employees : 463**

Providing design and development support (S/W, H/W) services for manufacturing processes in the manufacturing industry, mainly in the Tokai region.

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Providing a Variety of Solutions to Promote DX

Providing services that match the digitalization of Japan

1 Cloud Consulting

Enterprise Area
- Promotion of in-house production
- Software Modernization
- Cloud-Native Architecture Formulation

ERP(1) Area
- Cloud ERP Implementation

2 AI Consulting

- DX Organizational Transformation Support
- AI Development, Data Analysis, and Data Utilization Platform Construction
- Generative AI introduction support
- Digital Business Reform and New Service Creation

3 AI Robotics Engineering

- Robotics and engineering solutions
- Productivity enhancement and factory automation through robotics and AI
- Technical strategy development for manufactures
- AI robotics–related new business development
- Robotics platform(3) development

4 Mobility Automation

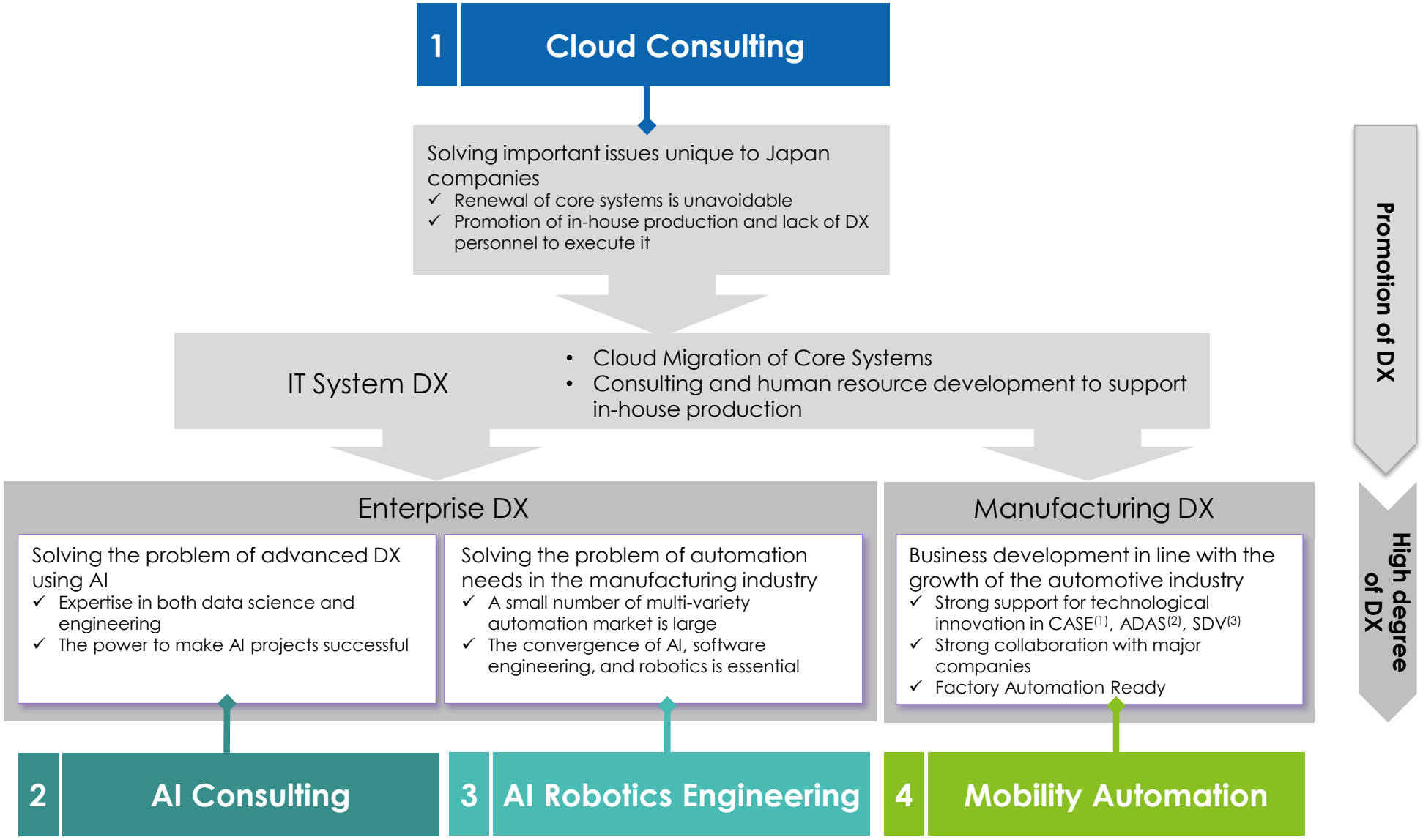
- CASE(2) planning and development for manufacturing device
- Automation support for manufacturing sites / Real-time data visualization
- ADAS(4) in-vehicle system consulting

Educational services covering all domains

Note: (1) ERP: Enterprise Resources Planning (2) CASE: Connected, Autonomous, Smart / Shared & Services, Electric
(3) Common infrastructure for robot control to promote robot adoption (4) ADAS: Advanced Driver-Assistance Systems

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Significance of having Four Business Service Areas



Notes: (1) CASE: Connected, Autonomous, Smart / Shared & Services, Electric (2) ADAS: Advanced Driver-Assistance Systems
(3) SDV: Software Defined Vehicle

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Trajectory and Business Transformation from MBO to the Initial Listing in June 2024

- Structural reforms and business transformations were implemented in the three years from the inauguration of the new structure in April 2021 to the IPO (Initial Public Offering) in June 2024.
- Reformed into four business services specializing in high-value-added areas, and linked them to accelerate growth and improve profitability

June 2020
MBO ※Conducted at Mamezou K2TOP Holdings

November 2020
Launched Mamezo Digital Holdings

April 2021
Started a new group structure with the addition of operating companies Mamezou, NT Solutions, and Kowamex

June 2024
Newly listed on the Tokyo Stock Exchange Growth Market

Structural Reforms and Business Transformations ※About 3 years

- Business restructuring specializing in high-value-added areas
- Investing in the creation of new solutions
- Accelerating growth and improving profitability through collaboration with Mamezou

1 Cloud Consulting

- **Expansion of cloud business (AWS/Azure)**
- Due to the expansion of the trend of in-house production, the consulting business for promoting in-house production expands

2 AI Consulting

- Ratio of employees with doctoral and graduate school degrees, expansion of workforce
- **Advanced generative AI projects are expanding**

3 AI Robotics Engineering

- **Convergence of AI and robotics technology**
- Expansion of advanced new businesses
- Expanding Targets in the Manufacturing Industry (Service industry, construction, medical care, food industry, etc.)

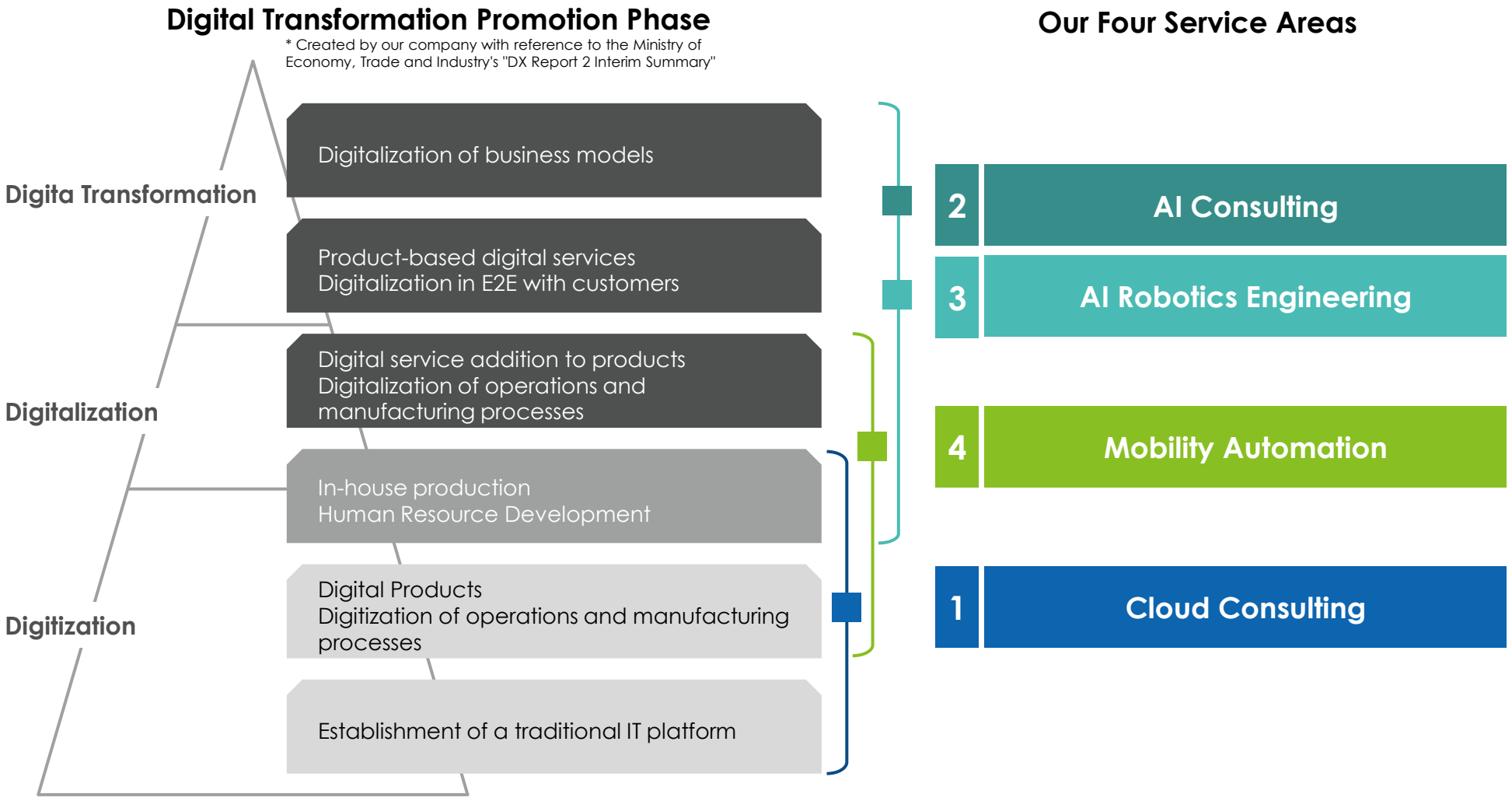
4 Mobility Automation

- Expansion of development projects, including upstream consulting
- Expand new and important customers

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Results of Business Transformation – Comprehensiveness of Business Areas

■ Organic fusion of our four business services to cover the phase of DX evolution



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Results of Business Transformation – Significant Improvement in Management Efficiency before and after MBO

- Through bold structural reforms implemented after MBO, we strengthened our business foundation and significantly improved management efficiency.
- Although the number of employees decreased significantly, ordinary profit remained at 2.4 billion yen to 2.0 billion yen, and the operating profit margin and productivity improved markedly

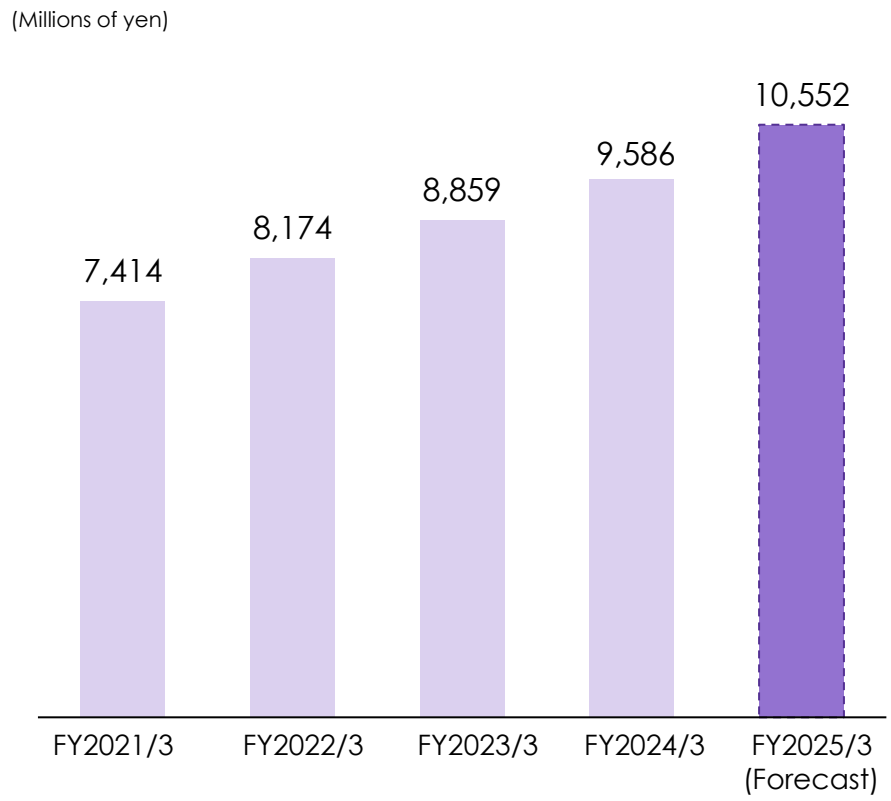
	Pre-MBO FY2019/3	Post-MBO FY2025/3（Forecast）
Net sales (Millions of yen)	24,441	**10,552**
Operating profit (Millions of yen)	2,411	**2,071**
Operating profit margin	9.9%	**19.6%**
Number of Employees	About 2,000	**About 800**
ordinary profit per capita (Millions of yen)	1.21	**2.59**

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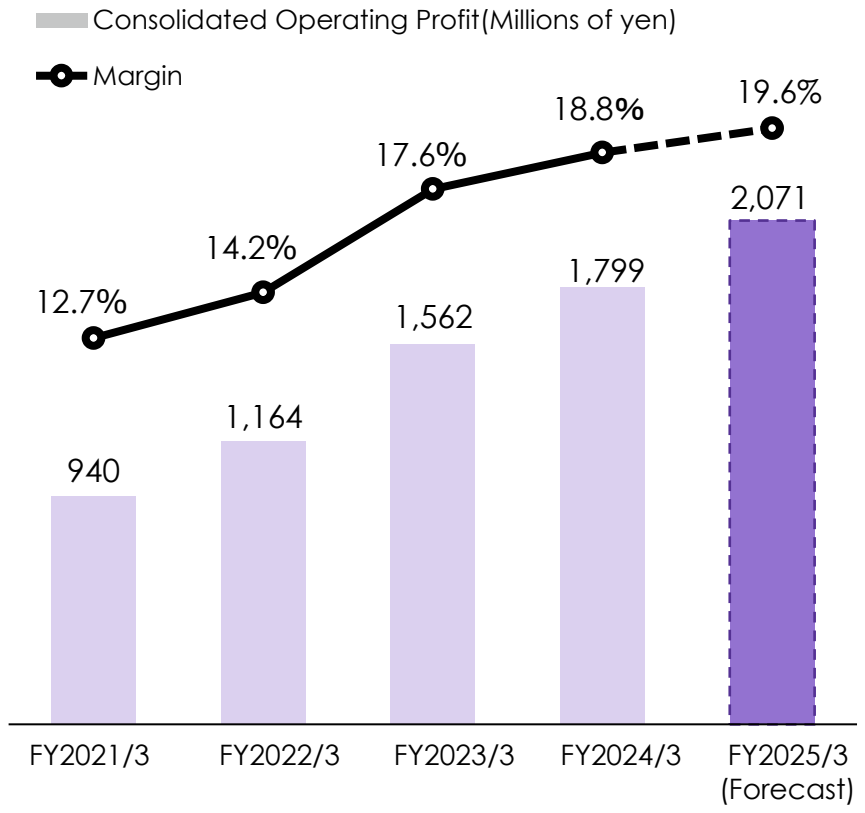
Results of Business Transformation – Favorable Performance after MBO

- In FY2021/3 ~ FY2025/3 (forecast), the average annual increase rate of consolidated sales [1] is 9.2%, the average annual increase rate of consolidated ordinary profit is 21.8%, the operating profit margin is expected to increase year by year, and the operating profit margin for FY2025/3 (forecast) is expected to be 19.6%.

Consolidated net sales



Consolidated operating profit ／Margin [2]



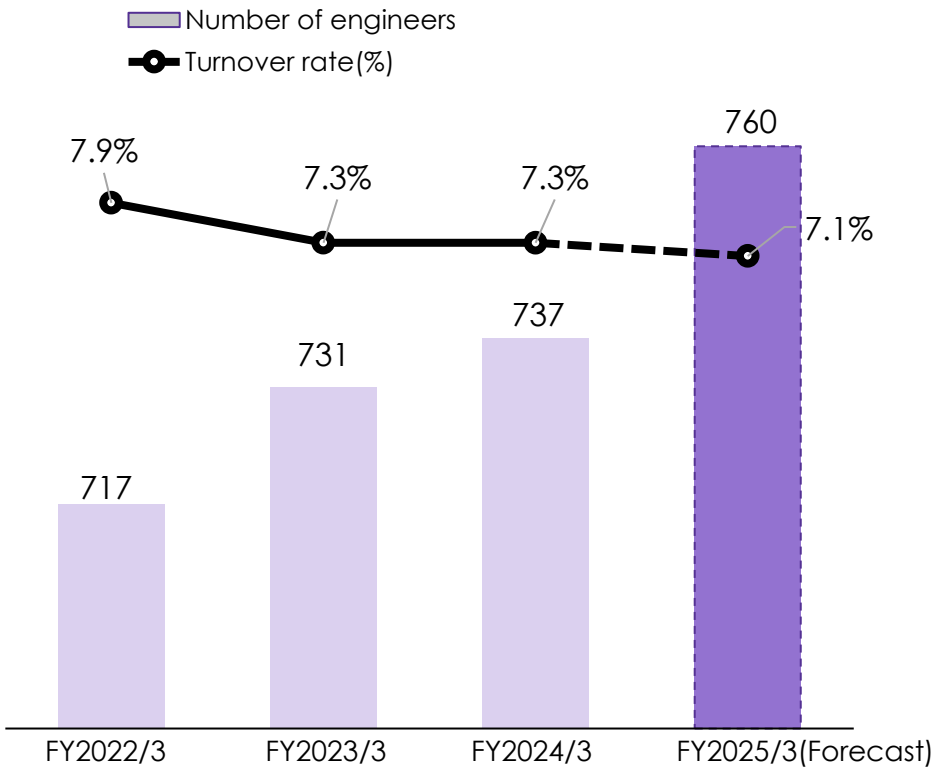
Note: (1) Average annual growth rate of net sales and operating profit is calculated based on FY2021/3 - FY2025/3 (forecast)
(2) FY2021/3 and FY2022/3 are operating profit adjusted for group operating expenses for Mamezou K2TOP Holdings and profit margin for the same

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Results of Business Transformation – Securing and Retaining Top Talent

- The number of engineers in the group is increasing every year. Of the 77 people scheduled to be hired this fiscal year, 58 have been secured by the end of September, with a completion rate of 75%
- The turnover rate is in the 7% range, which is lower than the information and communications industry average of 11.9% (1)

Number of Engineers／Turnover rate



Of the approximately 760 engineers in our group, about 20 hold doctoral degrees, and over 100 have completed graduate studies, including master's degrees.

Note: (1) Source: Ministry of Health, Labour and Welfare Reiwa 5-Year Employment Trend Survey Attached Statistical Table 2-1 Employment and turnover by industry (employment morphology meter)

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02

Results for 2Q FY2025/3 (From April 1, 2024 to September 30, 2024) and Full Year Forecast

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Consolidated Financial Results for 2Q FY2025/3
(From April 1, 2024 to September 30, 2024) and Full Year Forecset

- **FY2025/3 2Q sales and profits increased, Cumulative Sales +9.3% year-on-year, Operating Profit +6.3% year-on-year**

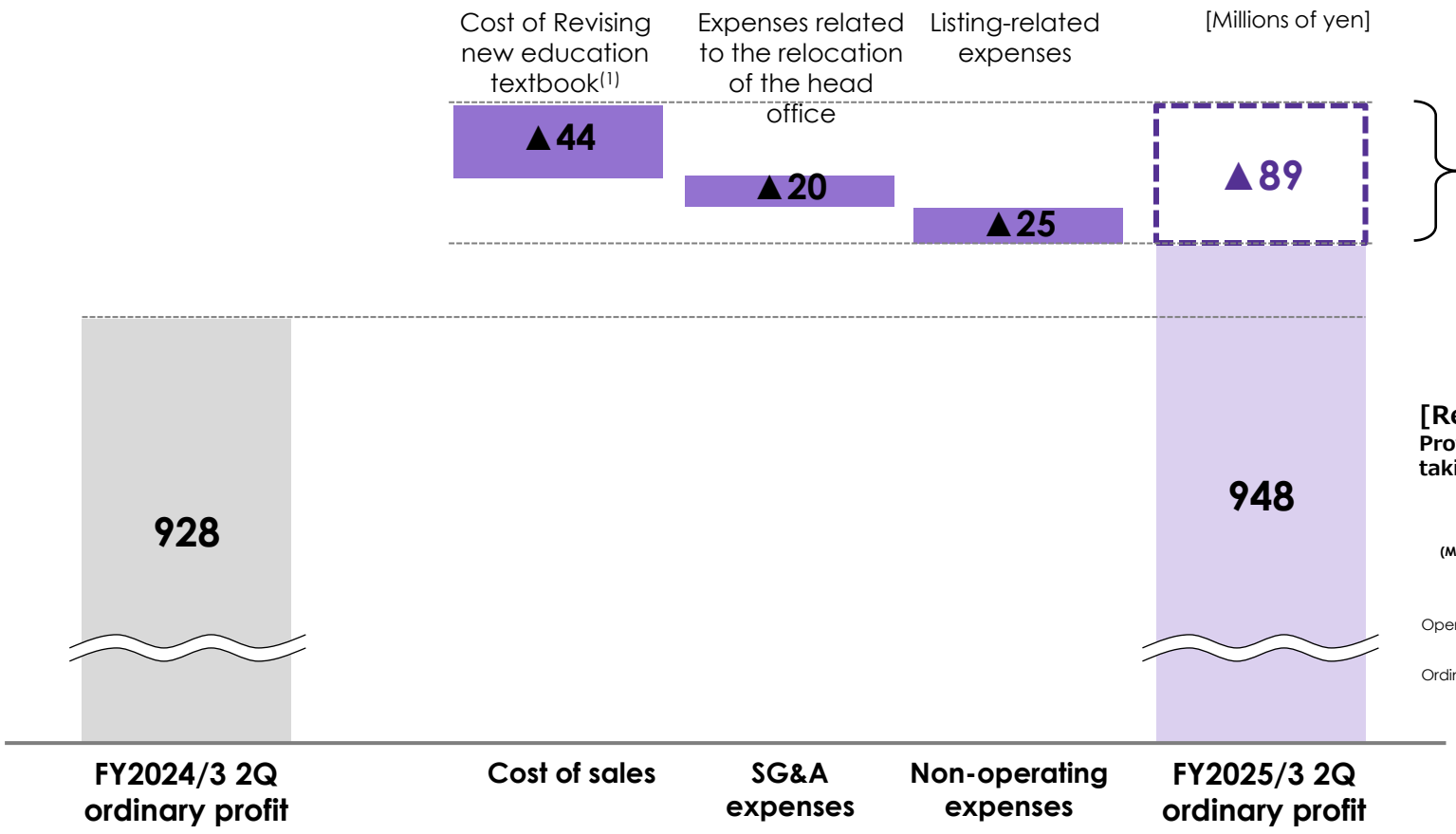
(Millions of yen)	FY2024/3 2Q Total		FY2025/3 2Q Total			FY2024/3 Full-year	FY2025/3 Full-year Forecast	
	Amount	Ratio	Amount	Ratio	HoH	Amount	Amount	YoY
Net sales	4,819	100.0%	5,266	100.0%	**+9.3%**	9,586	10,552	+10.1%
Gross profit	1,611	33.4%	1,731	32.9%	+7.4%	3,180	-	-
Operating Profit	913	19.0%	971	18.4%	**+6.3%**	1,799	2,071	+15.1%
Ordinary profit	928	19.3%	948	18.0%	+2.2%	1,820	2,050	+12.7%
Profit attributable to owners of Parent	612	12.7%	621	11.8%	+1.5%	1,159	1,366	+17.8%

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2Q FY2025 Cumulative Ordinary Profit compared to Previous Period

~Special Factors (temporary costs)~

- Compared to the same period of the previous year, a temporary special factor occurred only in the current fiscal year (1Q).
- **There was an impact of -89 million yen on ordinary profit, but it is not expected to occur in the second half of the year because it is transitory**



Temporary costs

- Occurs only in 1Q
- Not expected to occur in the second half of the year

[Reference]
Profit year-on-year comparison after taking into account temporary costs

(Millions of yen)	FY2024/3 2Q Total	FY2025/3 2Q Total(2) (After adjustment)	HoH
Operating Profit	**913**	**1,035**	**+13.4%**
Ordinary Profit	**928**	**1,037**	**+11.7%**

Note: (1) Revision of training materials for new employees for customers is normally conducted about once every five years, and was conducted in the first quarter of 2024
(2) Adjusted FY2025/3 2Q figures are calculated by adding 44 million yen of expenses for new employee training materials and 20 million yen of expenses related to the head office relocation to the actual operating profit. Ordinary profit figures are calculated by adding 44 million yen in expenses for training materials for new employees, 20 million yen in expenses related to the head office relocation, and 25 million yen in expenses related to the listing of the Company's shares

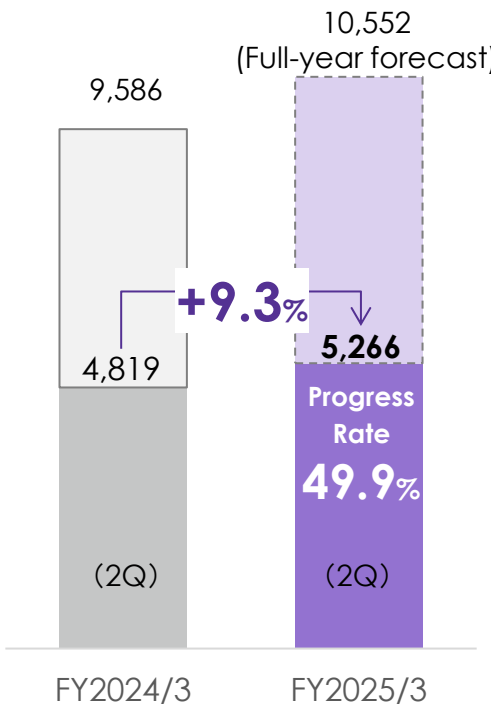
Consolidated Financial Results

- Steady progress in ongoing and expanded projects for existing customers resulted in **year-on-year increases in sales and profit**.
- The current hiring situation is also progressing smoothly, and **we are making steady progress toward achieving our full-year earnings forecast**.

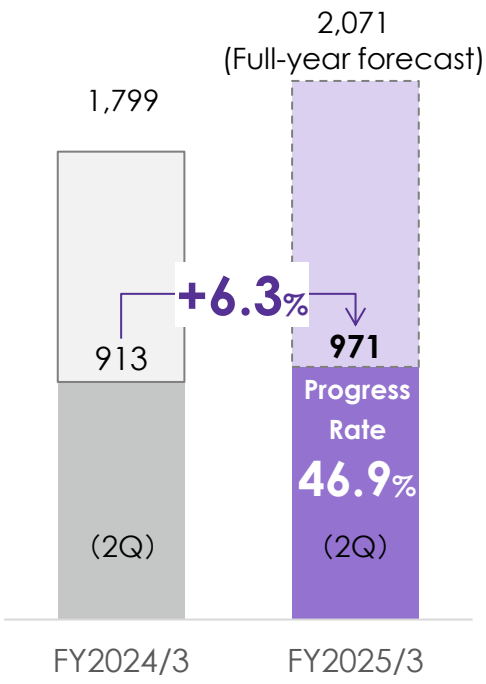
Business Performance

Net Sales

(Millions of yen)



Operating Profit



Business Overview

- Increased sales and profits compared to the same period of the previous year

  Net Sales up +9.3%,
  Operating Profit up +6.3%

- The progress of the 2Q financial results for the full year is as follows:

  Sales progress rate 49.9%,
  Operating Profit progress rate 46.9%

  In both cases, progress was made to exceed our budget value.

- Continuation of projects with existing customers is steady, and the acquisition of new projects is also expanding.
- In an intensifying recruitment environment, talent retention is on track
- Gross profit margin and operating profit margin in the interim period decreased slightly year-on-year due to an increase in recruitment and training costs due to an increase in the number of newly hired employees

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Performance by Service Area

- Year-on-year growth in sales in each service area, with AI robotics engineering in particular up +28.2%
- Overall gross profit increased by +7.4% year-on-year
- In AI consulting, gross profit decreased by 14.0% year-on-year due to an increase in labor costs, outsourcing, and other expenses resulting from increased hiring for business expansion, but in the second half of the year, the effect of human resource investment is expected to appear, and the acquisition of projects will accelerate, turning positive

(Millions of yen)	FY2024/3 2Q Total Amount	FY2024/3 2Q Total Ratio	FY2024/3 2Q Total Amount	FY2024/3 2Q Total Ratio	HoH comparison
Net sales	4,819	100.0%	**5,266**	**100.0%**	**+9.3%**
Cloud Consulting	1,885	39.1%	1,940	36.8%	+2.9%
AI Consulting	322	6.7%	348	6.6%	+8.0%
AI Robotics Engineering	700	14.5%	898	17.1%	+28.2%
Mobility Automation	1,909	39.6%	2,079	39.5%	+8.9%
Gross profit	1,611	100.0%	**1,731**	**100.0%**	**+7.4%**
Cloud Consulting	679	42.2%	695	40.1%	+2.3%
AI Consulting	121	7.5%	104	6.0%	▲14.0%
AI Robotics Engineering	242	15.0%	264	15.3%	+9.2%
Mobility Automation	568	35.3%	666	38.5%	+17.3%

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03

Performance and Status of Each Service Area

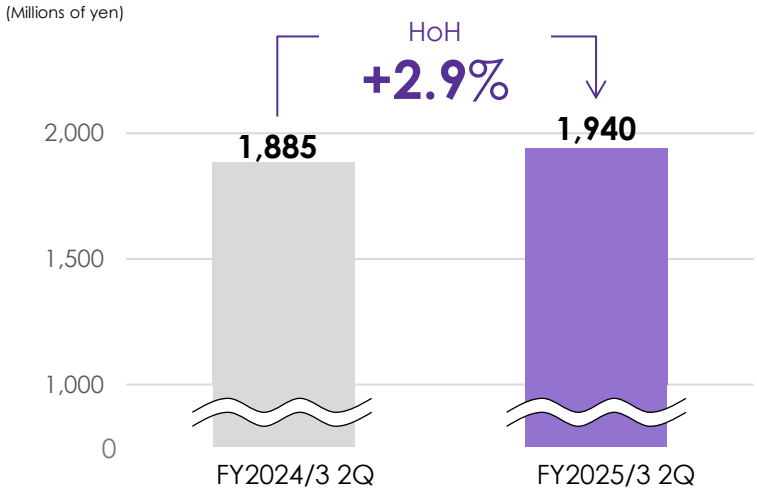
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Cloud Consulting

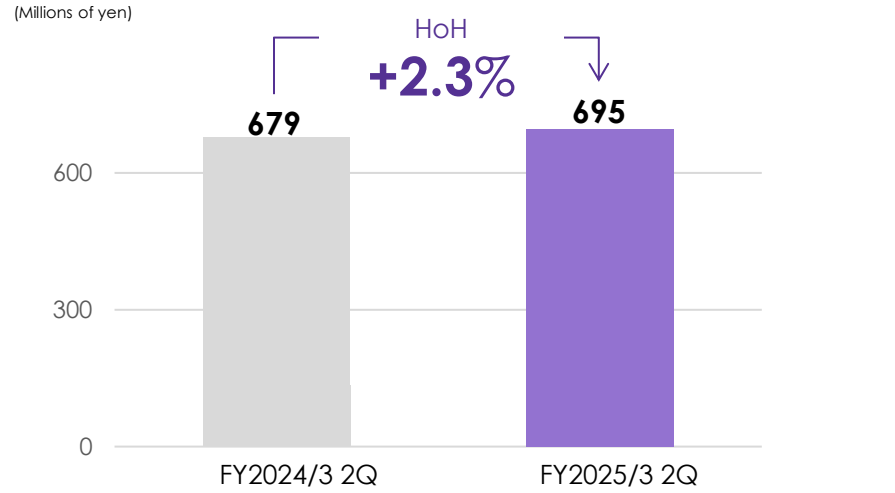
Solving unique domestic challenges and responding to expanding market opportunities

Market trends: DX promotion stalled due to legacy systems (mainframes). Demand for core system renewal accelerates.
Issues of technological development and operational structure due to delay in "in-house production" are piling up. Accelerating demand for in-house production support

Net sales



Gross profit



Business Overview

- In the infrastructure construction area, orders for consulting services including architecture design support and agile development are strong
- Despite the impact of a temporary freeze in some ERP projects, ERP implementation support services remain strong against the backdrop of the booming ERP renewal market

Priority Measures

- Quantitative growth: Expansion of recruitment of high-value-added human resources in line with the expansion of the in-house production market
- Qualitative growth: Improving profitability by strengthening the new generative AI service business
- Strengthening account sales: Establishing key customers and strengthening relationships with management
- Strengthen sales: Strengthen the acquisition of new projects by strengthening relationships with AWS
- Enhancement of generative AI: Strengthening business through the application of generative AI

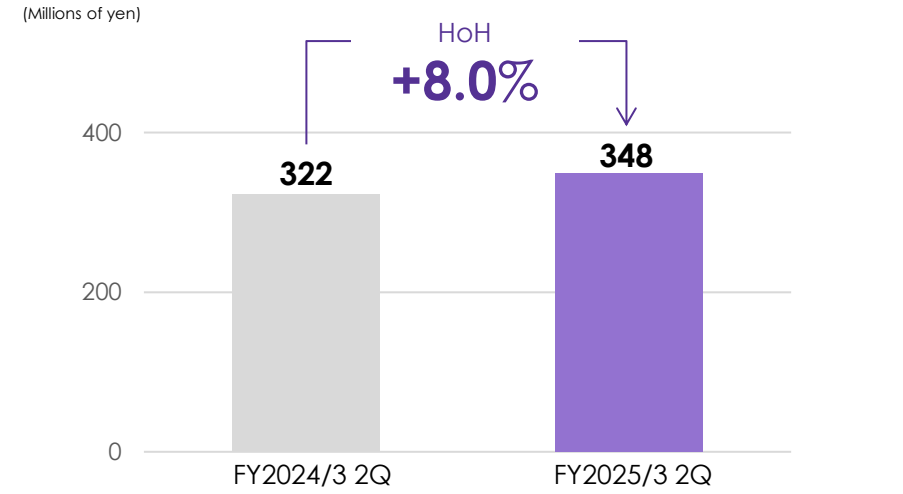
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AI Consulting

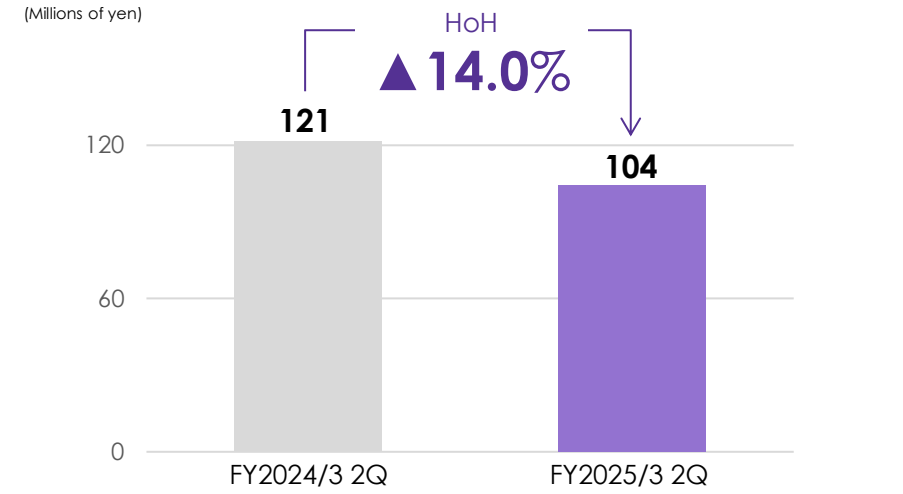
Capture the unique challenges of the AI industry and establish a unique competitive advantage

Creating real business value through data science and traditional software engineering capabilities
The ability to develop requirements and build consensus in the upstream process cultivated in the conventional software engineering business enables risk reduction and business value creation.

Net sales



Gross profit



Business Overview

- Expansion of in-house system production projects due to growing demand for DX from companies
- Increase in acquisition of AI introduction and consulting projects, with a focus on AI algorithm development and support for the utilization of generative AI technology.
- Gross profit was down 14.0% year-on-year due to slippage in projects in 2Q and an increase in labor costs and other costs due to an increase in hiring, but the progress was in line with our budget plan
- Slip projects in 2Q will start in 3Q, and gross profit is expected to turn positive year-on-year from 2H onward

Priority Measures

- Quantitative growth: Expansion of recruitment of high-value-added human resources in line with the expansion of the in-house production market
- Qualitative growth: Adding value through the development of new services that support multimodal AI
- Strengthening account sales: Establishing key customers and strengthening relationships with management
- Strengthen sales: Strengthen the acquisition of new projects by strengthening relationships with AWS
- Enhancement of generative AI: Strengthening business through the application of generative AI

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AI Robotics Engineering

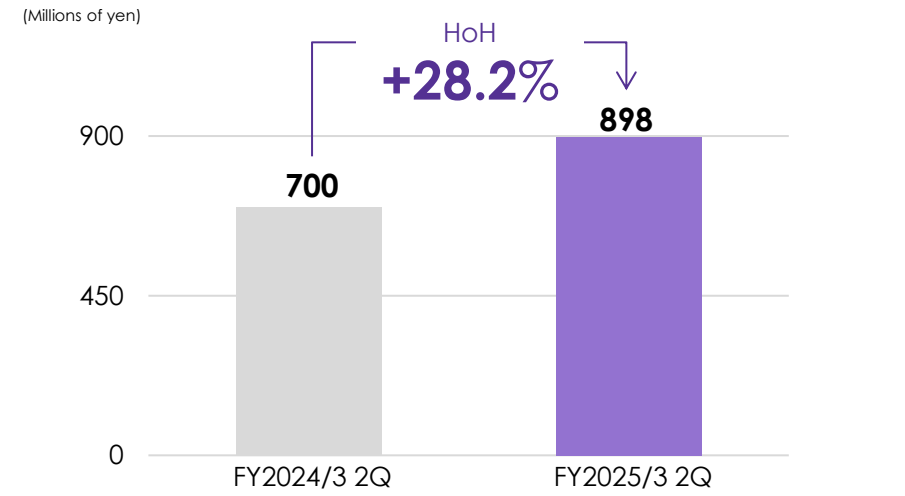
Capturing the unique challenges of the robotics industry and establishing a unique competitive advantage

Growth potential of the low-volume, high-mix automation market. Expanding trend of convergence of AI and robotics

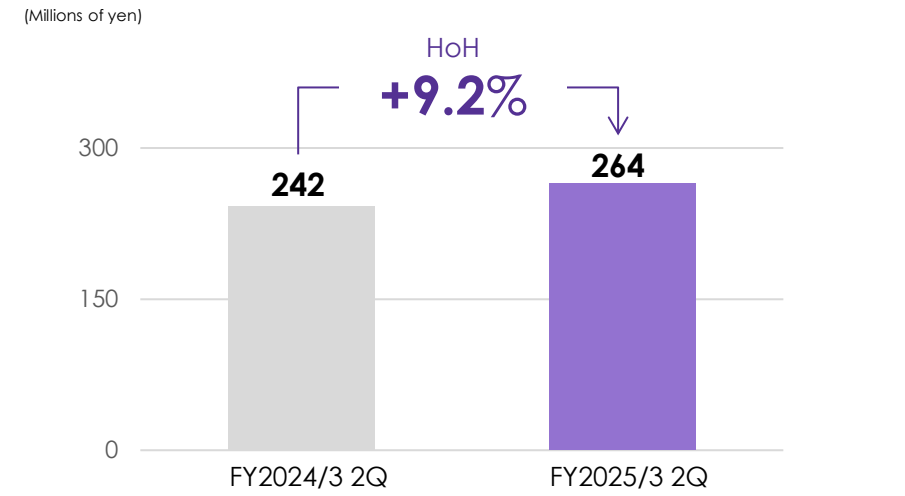
As the automotive industry reaches a tipping point (software plays a central role), it has established a unique competitive advantage

Waves of technological innovation such as CASE [1], ADAS [2], and SDV [3]. Advances in connected cars and autonomous driving. Acceleration of electrification (EV shift)

Net sales



Gross profit



Business Overview

- Increased demand for industrial robot development support services and robots introduction from low-volume, high-mix service industries
- The growing trend of convergence of AI and robotics has led to an increase in inquiries for technical support from industrial robot manufacturers
- Strong upstream consulting and R&D support in the automotive field

Priority Measures

- Quantitative growth: Expansion of recruitment of high-value-added human resources in line with the expansion of the in-house production market
- Qualitative Growth: AI Robotics New Business Development
- Strengthening account sales: Establishing key customers and strengthening relationships with management
- Strengthening expansion into other industries: Increasing demand for the introduction of robots in the medical industry

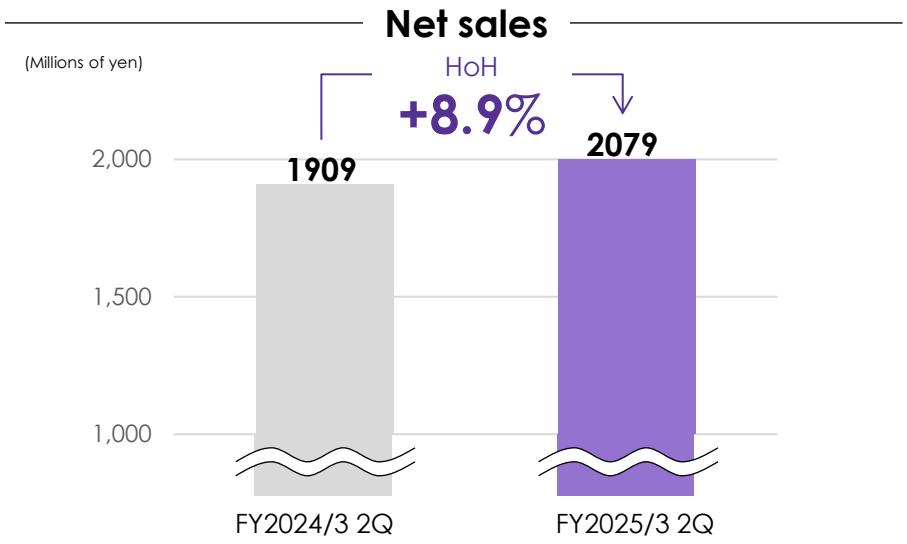
Notes: (1) CASE: Connected, Autonomous, Smart / Shared & Services, Electric (2) ADAS: Advanced Driver-Assistance Systems (3) SDV: Software Defined Vehicle

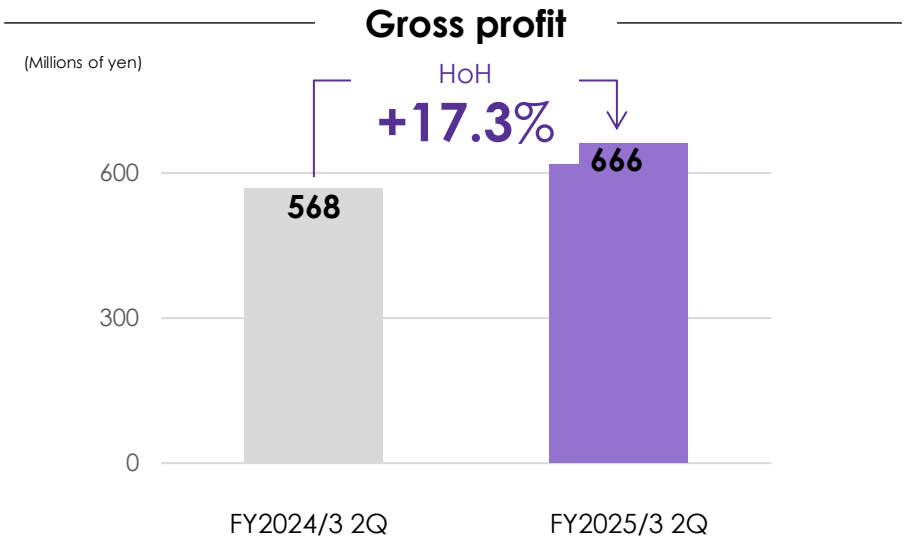
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Mobility Automation

Manufacturing DX in the Automotive Industry

Technological innovation (CASE[1], ADAS[2], SDV[3], etc.) accelerates the need for digitalization of manufacturing sites in the automotive industry, including the development of in-vehicle ECUs.





Business Overview

- Growing demand for manufacturing development support related to labor-saving and automation, especially in the manufacturing industry
- Expansion of development support in line with increased investment in CASE for in-vehicle systems in next-generation vehicles, etc.
- Increase in unit price by improving project added value

Priority Measures

- Qualitative growth: Deployment of automotive ECU know-how gained in the automotive industry to other industries
- Qualitative growth: Improving profitability by increasing ratio of CASE and DX projects
- Strengthening account sales: Establishing key customers and strengthening relationships with management
- Human resource development: Strengthen soft human resource development, including reskilling

Notes: (1) CASE: Connected, Autonomous, Smart / Shared & Services, Electric (2) ADAS: Advanced Driver-Assistance Systems (3) SDV: Software Defined Vehicle

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04

Strategies for Each Service Area

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Cloud Consulting (Enterprise Domain)

Environment and Issues Surrounding Our Business

- Fujitsu Mainframes: The Rise of the Year 2030 Problem
- Growing trend toward in-house production among user companies
- From a simple lift and shift to the cloud, full-scale utilization (so-called cloud native) that takes advantage of the characteristics of the cloud is accelerating.

Business Strategy

Promotion of in-house production

- **Organic integration of consulting and human resource development**
  A one-of-a-kind approach in the IT industry
- **Strengthening support programs for business units**
  Understanding the responsibilities of business departments is the most important for realizing in-house production.
- **Significant expansion of the new employee training business**
  The newcomer training business achieved steady growth and achieved the highest sales in the history of Mamezou.

Upstream Enhancement in Software Modernization

- **Enhancement of upstream grand design formulation services**
  Strengthen upstream support by acquiring human resources who have successfully completed large-scale de-hosting projects

Strengthening cloud-native initiatives

- **Deploying Cloud-Native Education**
  Aiming to expand the education business, strengthen cloud-native teaching materials
- **Strengthening our partnership with AWS**
  Expected to be promoted to AWS Service Partner tier by the end of this quarter, enabling customers to showcase their capabilities
  The number of AWS certifications reached 140, of which more than 40% are advanced certifications.

Generative AI Initiatives

- **Scaling out the education business**
  As an instructor and instructor support role, embark on a transformation of the education business with the use of generative AI
- **Generate in-house know-how using AI**
  We have built and deployed a mechanism to bring out the Mamezou-Way in an appropriate form using generative AI.

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Cloud Consulting (ERP Domain)

Environment and Issues Surrounding Our Business

- In recent years, the concept of "Fit to Standard" (changing business operations to fit the system) has begun to penetrate the ERP market, but in actual ERP projects, customer requirements are often realized through add-ons and heavy customization
- As a result, the project will have more ERP consulting and engineer resources than necessary, so the ERP market will continue to be chronically short of human resources

Education x Generative AI solves the human resource shortage problem in the ERP market!

Business Strategy

Enhancement of the specialized education platform "DLP Online"

- By providing a specialized education platform for Microsoft ERP (Dynamics 365 Finance, Supply Chain Management) developed with the support of Microsoft Japan in 2021, we promote the understanding of ERP standard functions among end users and support the realization of ERP implementation by Fit to Standard from the perspective of the orderer.

Promotion of in-house production projects with major automobile-related companies

- Currently, the preference of end users for in-house production is rapidly increasing in the ERP market, and NT Solutions is promoting an in-house production project for ERP implementation with a major automobile-related company using education and generative AI
- We plan to accumulate many similar cases in the future

A group of professionals in cutting-edge Microsoft technologies, including generative AI

- NT Solutions has been working on the Microsoft business for more than 15 years
- Last fiscal year, we were able to confirm an improvement in productivity of about 35% by using generative AI, and this fiscal year we announced the generative AI tool "AutoConv-Navi" that reflects the results of the verification

Microsoft Tech-Focused Education Platform Development Roadmap



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AI Consulting

Environment and Issues Surrounding Our Business

- **Implementation of systems and methods to ensure that production efficiency is improved**
  There is an increasing need to build systems and introduce methods that can actually apply advanced technologies to on-site business processes to improve their effectiveness
- **An environment that enables full utilization of various types of data**
  In digitalization such as AI, there is a need to develop an environment (systems and systems) that can utilize all the underlying data
- **Develop human resources according to organizational culture**
  Training is necessary to secure human resources that meet the circumstances and needs of companies and departments that are promoting digitalization.

Business Strategy

Promoting a "New" Industrial Revolution through Advanced Technology

- We will promote the construction of an advanced system such as an "AI agent" in which AI autonomously searches for necessary data and tools, and even designs and builds processes to use them
- As a result, by automating the parts that were previously handled by humans, it will be possible to achieve overwhelming productivity improvements

Human resource development according to circumstances and needs and overcoming skills gaps

- The DX-related skills required of a company's human resources vary not only depending on various industries and business categories, but also on the circumstances of client companies, such as corporate culture
- Based on the customer's corporate culture and other corporate circumstances, we will explore the human resource needs of each company and provide educational content and training methods that meet those needs.

Building a data-driven environment based on AI

- By making it possible to mathematically calculate the "meaning" and "relationship" of data, we will promote the development of an environment in which data can be used more efficiently by AI
- In this way, we will build a "true data-driven environment" that can utilize data in various decision-making scenes in companies

Supporting sustainable growth as a DX companion

- The vision of this business is to make full use of AI technology to accelerate the DX of society as a whole
- We will continue to play a role as a companion to solve the challenges faced by companies together and support sustainable growth

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AI Robotics Engineering (AI Robotics Domain)

Environment and Issues Surrounding Our Business

◆ **Background to the introduction of robots**

- Due to the declining birthrate and aging population and the depreciation of the yen, labor shortages are becoming more serious due to a decrease in the number of foreign workers at manufacturing factories and restaurants.
- In order to solve this problem, many companies are working on automation using robots

◆ **Robot Adoption Status**

- Mass production and automation of low-difficulty tasks are progressing
- Lack of automation of high-mix, low-volume production (food industry, pharmaceutical industry, construction industry, logistics industry, agriculture)

Business Strategy

Achieve automation with advanced software technology

- By making full use of our expertise in advanced software technology, we can make robots intelligent and automate difficult tasks.
- Supporting the development of new robots using robotics (mechanical and electrical) + software engineering (AI / image processing / algorithms)
- Catch up with the latest trends in the robotics industry and incorporate new technologies such as humanoid robots.

Improved profitability by acquiring projects with high unit prices and long-term development periods

- By working on the automation of difficult tasks, we will be able to acquire projects with high unit prices and long development periods.
- In many cases, high-difficulty automation projects start from the feasibility verification phase, and since the development period is long and development investment capabilities are required, sales activities are promoted mainly by large companies
  - Projects are being promoted with pharmaceutical manufacturers, food equipment manufacturers, restaurant chains, etc.

Expanding the scale of robot introduction by responding to everything from requirement definition to development

- For automation and prototype development of robots through the introduction of robots, hardware development (mechanical and electrical) and software development from requirement definition to conceptual design and prototype development will be handled by a single company to expand the scale

Topics

- Automation of dishwashing process at a major restaurant chain (automation of the dishwashing process by combining a collaborative robot and a conveyor belt in a kitchen where humans are involved)
- Image processing to identify tableware on a conveyor belt
- Devised a mechanism for sorting only specific tableware
- Algorithm devised for optimal transfer of tableware on a conveyor belt
- Conduct risk assessments to ensure safe operation by employees in stores
- Combining various sensors to realize cooperation between robots and conveyors

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AI Robotics Engineering (Engineering Domain)

Environment and Issues Surrounding Our Business

◆ **Status of the automotive industry**

- Autonomous driving and safe driving assistance will determine the value of automobiles, and automobile and parts manufacturers will strengthen their software development capabilities
- Automotive software is becoming more sophisticated, larger, and more complex
- Vehicle development is shortened, and software development is required to be reliable in terms of quality and security

◆ **Initiatives in the automotive industry**

- Conventional software outsourcing is not enough, and there is an urgent need to in-house software development, and we are promoting the acquisition of advanced software technology and project management skills, as well as the training of software engineers

Business Strategy

Supporting vehicle development as a strategic partner

- With advanced engineering technologies based on system engineering and software engineering, which are our strengths, we support as a strategic partner in areas such as defining requirements for vehicle development, formulating test strategies, building development processes, and creating a system for training engineers.

Acquisition of projects with high unit prices and securing high profit margins

- Acquisition of projects with high unit prices through advanced engineering technologies based on system engineering and software engineering that differentiate us from other companies
- Securing a high profit margin by providing education developed by Mamezo

Topics

Projects with automakers and Tier 1 manufacturers have begun.

- Creation of a system for training software engineers
  - Skill Mapping
  - Skill Definition
  - Assessment
- MBSE (2) implementation support for integrated ECU (1) development
  - MBSE process definition documentation and requirements definition
  - Architecture modeling according to the MBSE process
  - Project Management Support and Operational Consulting
- Support for the development of safe driving support functions
  - Developing a Testing Strategy
  - Definition of test processes, development and implementation of toolchains
- Support for the development of body function ECUs
  - AUTOSAR-compliant software design
  - Implementation of prototypes to improve design quality

Notes: (1) ECU stands for Electronic Control Unit (2) MBSE stands for Model-based Systems Engineering

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Mobility Automation

Environment and Issues Surrounding Our Business

- With the improvement of user convenience and compliance with strict environmental standards, the requirements required for mobility, including automobiles, are becoming more sophisticated and complex, and a period of major transformation in mobility has arrived
- The keywords of transformation, "CASE" (C: Connected, A: Autonomous, S: Sharing, E: Electric) are progressing rapidly

In order to strengthen the in-house production capabilities of manufacturers, we support the planning and development of new products related to "CASE" with a focus on software control.

Business Strategy

Leveraging the strengths of many years of involvement in automobile-related development

- Based on many years of development experience, we are familiar with the quality and reliability required for mobility.
- Strengths in motor control and inverter control technologies, which are indispensable for electrified products such as EVs
- From software to hardware, it is possible to develop and prototype manufacturing on a product-by-product basis.
- We provide a one-stop service from planning to development, and our strengths are in development and manufacturing technology on a product-by-product basis.

Shift to high-demand orders and increase profitability

- Shift from the development of existing products to the development of next-generation products with high requirements (CASE domain)
- SIer → Parts Supplier → Increased unit price of service by changing suppliers to OEM (finished-product) manufacturers and switching to high-value-added, high-demand, project orders.
- Shifting the support area from the development area to the planning and consulting area to the upstream side

Expansion of partnerships, talent, and business areas

- Strengthen partnerships with OEMs and parts suppliers with whom we have been doing business for a long time, and secure stable development support needs over the medium to long term.
- Utilizing our in-house specialized training program, which appoints a large number of young human resources and also sells them externally, we train them as engineers at an early stage (3 months) and assign them to development projects.
- In addition to the Tokai area, expand the business area to the Kansai area

Topics

- EV (1), HEV (2) control ECU (3) development and implementation
- ADAS(4) control ECU development and implementation for automatic driving
- Development and implementation of electric brake control system
- PRE-EV (5) control ECU development and prototyping for heavy-duty vehicles ~ Actual vehicle evaluation
- Development and implementation of automated warehouse control systems, etc.

Note: (1) EV stands for Electric Vehicle (2) HEV stands for Hybrid Electric Vehicle (3) ECU stands for Electronic Control Unit
(4) ADAS stands for Advanced Driver-Assistance Systems (5) PRE-EF stands for Plug-in Range Extender-EV

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05

Appendix

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Consolidated Statements of Income

Consolidated Statements of Income(J-GAAP) (1)

(Millions of yen)	6 month ended September 30, 2023		6 month ended September 30, 2024	
	Amount	Ratio	Amount	Ratio
Net sales	**4,819**	**100.0%**	**5,266**	**100.0%**
Cost of sales	3,207	66.6%	3,534	67.1%
Gross profit	**1,611**	**33.4%**	**1,731**	**32.9%**
Selling, general and administrative expenses	698	14.5%	759	14.4%
Operating profit	**913**	**19.0%**	**971**	**18.4%**
Ordinary profit	**928**	**19.3%**	**948**	**18.0%**
Profit before income taxes	928	19.3%	940	17.9%
Profit attributable to owners of parent	**612**	**12.7%**	**621**	**11.8%**
Depreciation	50	1.0%	40	0.8%
EBITDA(2)	**963**	**20.0%**	**1,012**	**19.2%**

Note: (1) Fractions of less than the display unit of the stated amount are rounded down
(2) Operating profit + depreciation

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Consolidated Balance Sheets

Consolidated Balance Sheets(J-GAAP) (1)

(Millions of yen)

	As of March 31, 2024		As of September 30, 2024	
	Amount	Ratio	Amount	Ratio
Current assets	2,598	73.4%	2,719	72.6%
Non-current assets	944	26.6%	1,023	27.4%
Total assets	3,543	100.0%	3,743	100.0%
Current liabilities	1,273	35.9%	1,135	30.3%
Non-current liabilities	8	0.2%	10	0.3%
Total net assets	2,261	63.8%	2,596	69.4%
Total liabilities and net assets	3,543	100.0%	3,743	100.0%

Note: (1) Fractions of less than the display unit of the stated amount are rounded down.

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Digital competitiveness for every company

Using the power of AI software engineering to create a digital world together