Outline for today’s presentation

1. The Team
2. Michigan’s FDI leadership
3. Our Approach through Partnership
4. FY2020/2021 Recap
5. FY2021 Numbers
6. FY2022 and beyond!

Addendum: Case Study, SF measures
THE TEAM

- **Drew Coleman, Director**
  - Domestic Team
    - Mark Birkmeier
    - Rachel Donaldson
    - Kathy Kleckner
    - Silicon Foundry*
  - Canada/India
    - Paul Krepps
  - China/Taiwan/Hong Kong/Greater Asia
    - Brian Connors
    - Courtney Henderson
    - Yahang Zhang
    - Crystal Li (Shanghai)
  - Europe
    - Vlatko Tomic-Bobas
  - Israel*
    - Scott Hiipakka
    - Bernard Bourgeois
  - Japan
    - Alex Kaneko
    - Masa Yamamoto (Tokyo)
    - Kazuyo Kambara (Kyoto)
  - S Korea
    - Rachel Donaldson

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*For general domestic business attraction and international FDI inquiries, please contact Drew Coleman, Director, US & Foreign Direct Investment, colemand5@michigan.org, +1-517-599-3033.*

**Learn More:**
- www.michiganbusiness.org
- 1.888.522.0103

(revised: December 2021 | 09/30/2121)
Michigan’s FDI Leadership
Michigan is a top global destination for foreign direct investment with more than 1,485 foreign companies with a total of 5,503 locations across the state, totaling $11.8 billion in investments since 2016.

Top 10 Countries Investing in Michigan (2016-2020)

- U.K. $4,865.10 Million
- China $709.90 Million
- Germany $1,604.70 Million
- France $301.50 Million
- South Korea $1,216.50 Million
- India $274.50 Million
- Japan $816.80 Million
- Spain $232.60 Million
- Canada $718.60 Million
- Italy $161.50 Million
DOMESTIC TARGET MARKETS

- California – Los Angeles, San Francisco, San Diego
- Florida – Miami
- Georgia – Atlanta
- Illinois – Chicago
- Indiana
- Massachusetts – Boston
- Minnesota
- North Carolina
- Nebraska – Omaha
- New Jersey
- New York
- Ohio – Columbus, Dayton, Cincinnati, Cleveland
- Pennsylvania
- Texas – Austin, Dallas, San Antonio, Houston
- Washington – Seattle
- Washington, DC Region
So how does this work?
MARKET ACTIVATION BASED UPON STRATEGIC ENGAGEMENT

• Scheduled market engagement throughout CY2022

• Strategy developed and updated through ongoing engagement with internal and external stakeholders
  • CY22 Strategy day held on 11/15 with MD, Protocol, OFME, Marcomm, BS, S/P/R, and BDPM teams

• Alignment of USFDI Strategy with overall MEDC Strategic Plan

• Continuing alignment pending McKinsey analysis

**2022 USFDI Travel Schedule, tentative and subject to change**
ALIGNMENT WITH LEADING INDUSTRIES

- ADVANCED MANUFACTURING
- MOBILITY AND AUTOMOTIVE MANUFACTURING
- ENGINEERING, DEVELOPMENT AND DESIGN
- MEDICAL DEVICES
- TECHNOLOGY
- PROFESSIONAL AND CORPORATE SERVICES
INVESTMENT IN MICHIGAN

By matching established and diverse industries with foreign companies that have similar goals, Michigan is the premier gateway for businesses from around the world to expand.

Top FIVE
Investing Industries in Michigan

<table>
<thead>
<tr>
<th>Industry</th>
<th>Investment (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTOMOTIVE COMPONENTS</td>
<td>$3,400,000,000</td>
</tr>
<tr>
<td>AUTOMOTIVE OEM</td>
<td>$2,500,000,000</td>
</tr>
<tr>
<td>COAL, OIL &amp; GAS</td>
<td>$1,100,000,000</td>
</tr>
<tr>
<td>INDUSTRIAL EQUIPMENT</td>
<td>$648,000,000</td>
</tr>
<tr>
<td>ELECTRONIC COMPONENTS</td>
<td>$428,000,000</td>
</tr>
</tbody>
</table>
PARTNERS AND PROCESS

• Accounting, Legal, Immigration, Banking, Commercial Real Estate, and other professional firms
• Regional, National, Global Economic Development Partners and National Chambers of Commerce
• Foreign Governments
• National and Global Travel
• Meetings with CEOs and business leaders
• Meetings with Industry Groups
• Meetings with Foreign Governments
• Trade Show and event attendance
TRADITIONAL SALES FUNNEL

- Soft Contact
- Seminar
- Presentation
- Develop Solution
- Client Evaluation
- Negotiation
- Closing
Pre-Investment Phase

Site Selection Process - Corporate Side

1. Needs Assessment
   - Business drivers
   - Project criteria
   - Project details
   - Infrastructure requirements
   - Location preferences

2. Location Filtering
   - Review of labor force size, rates, qualifications
   - Real estate availability
   - Business climate
   - Feasibility

3. Analysis
   - Demographics
   - Accessibility
   - Wages and benefits
   - Business costs
   - Availability of incentives

4. Site Visits
   - Meeting with EDDs
   - Touring regions
   - Review of real estate options
   - Meeting with providers, recruiters, legal professionals, accountants, utility providers, etc.

5. Project Implementation
   - Compliance with project requirements/incentives
   - Site audits
   - Hiring finalized

6. Location Decision
   - Final decision made
   - Incentives secured
   - Staff engagement

7. Negotiations
   - Negotiate benefits and deals
   - Finalize incentives
   - (if applicable)
   - Final cost comparison
   - Start looking at recruitment options

8. Short listing
   - Review of economic incentives
   - Real estate options

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Reflecting and Looking Forward
HOW DID WE GET HERE? WHERE ARE WE GOING?

• FY2020
  • Initially supported COVID response
  • Pivoted to maintain activity level and relevance with key decision makers
  • Hosted dozens of virtual summits, webinars, and events
  • Engaged in-person where appropriate and staffing allowed
  • Hosted in-person and virtual site visits

• FY2021
  • 2021 remained a year of transition
  • Held limited in-person engagements through late spring but primarily virtual until fall
  • We have built up a strong pipeline of pending investments, but ultimate decisions appear to have some delay due to market uncertainty
    • USFDI Pipeline has grown 35X as it relates to CAPEX 2021/2020 ($2B -> +$70B)
  • Looking to augment our global market strategy with transaction-level partnerships in India, Korea, and potentially other locations
  • Identifying partners to help open doors in domestic US across our strategic industries
  • 90+ events in 2021 including domestic and international engagements
  • Bi-weekly virtual site visits with local EDO groups
  • Value-Add Validation Process established
  • Michiganbusiness.org/fdi established
  • Michiganjp.org established
  • Bi-monthly Pure Opportunity established (+2600 recipients)
FY2021 RESULTS

- Overall FDI CAPEX supported: $550M
- New contacts created in SF: 207
- New leads generated: 185
- Current open leads: 299
- Opportunities created: 32
- Current open opportunities: 51 (+26k jobs, ~$71B)
- Newsletter recipients: ~2700
- SF activity: ~2400
- Event engagements: ~80
- Engagements
  - 80+ events scheduled
  - Increased market presence and capacity to travel (Omicron variant impact TBD)

- Partnerships
  - Continuing engagement with established contractors (China/Taiwan, Europe, Japan)
  - Establishing relationship with lead generation support in Canada, potential for other markets

- Communication
  - Increase receivership of newsletter
  - Continued marketing of Japan website
  - Finalize contractor access to SF Communities
THANK YOU

Drew Coleman
colemand5@michigan.org
Case Studies
AKASOL NA – “PROJECT FRANKLIN”

• 2 GWh Battery Facility
• NA HQ and First US Site
• 224 Jobs
• $40M German FDI
  • $2.24M MBDP
  • SET 6 Mill
  • PA 198

“The facility in Hazel Park is part of our path to international success and expansion. We are proud to have been able to commission the production facility on schedule despite the difficult conditions brought about by the COVID-19 pandemic. The consistent expansion of production capacities creates the ideal basis for further local growth,” according to Carsten Bovenschen, CFO of AKASOL AG. Bovenschen also noted that Hazel Park offers ideal production conditions for industrial firms: “The employees are highly qualified, production costs are competitive, and we are very close to key sales markets and key customers.” AKASOL is currently seeing a lot of interest in the North American market for electrified commercial vehicles and buses. In order to satisfy existing and future orders and to meet the commercial law requirements for local added value, further expansion in the production capacities at the US location is necessary and makes absolute sense.
Mr. Sven Schultz Founder and CEO makes announcement at show that his desire is to take the company to the North American market. Held introductory meeting at event, and Sven outlined principal project. Agreed on visit to Michigan.

GACC Support
Company hires Pons Atlantic Partner to handle nationwide site search for first US facility. Michigan provides four RFP responses with 20 plus sites, for Project Franklin. Starting in Oct phase one of site visits begin. Akasol secures office for Roy Schulde at PlanetM Landing Zone per recommendation.

“Project Franklin”
Company and consulting team invite final states to Atlanta to present final pitch. Traveled with Julia Veale and Justin Robinson to Atlanta to pitch Michigan.

Final Site Tours
Visit by Vlatko, Eric Shreffler, Ryan Michael, and partners (Oakland County, DRP, DEGC). Organized tour of first facility in Germany for team near Frankfurt in Darmstadt.

Michigan Opens
Company official opens doors and receives M&E from Germany. Project to create 224 jobs and roughly $40 million USD in capex. Total incentive amount of $2.24 million MBDP.

IAA Frankfurt
Mr. Sven Schultz Founder and CEO makes announcement at show that his desire is to take the company to the North American market. Held introductory meeting at event, and Sven outlined principal project. Agreed on visit to Michigan.

JEC World France
Former-COO, Thomas Gareiss, visits Michigan. Meeting at Automation Alley. Introduction to R. Lemke, German attorney to incorporate company in the US. Company meets with GACC an expresses desire to proceed to evaluate candidate for President role in the US.

Hazel Park Opens
Second facility evaluation beginning in Q2 2022.

BorgWarner
Announces acquisition of Akasol AG. Connected with Sven Schultz and Roy Schulde who assure us this is a terrific development to help them grow even faster in the commercial vehicle segment given BorgWarner’s financial backing. No impact on Akasol Inc. or growth strategy.
AKASOL NA INTERNAL TIMELINE

USA SITE SELECTION PROCESS

**TIMELINE**

**Q4 2018**
- **BEAUTY CONTEST**
  - CW 48-49 / 2018
  - 21 States / 36 Counties
  - Select locations for Site Visits

**Q1 2019**
- **REQUEST FOR INFO**
- **1ST SITE VISITS**
  - CW 4 / 2019
  - 10 States / 13 Counties
  - Reduce list to Final 4

**Q2 2019**
- **MOU PHASE**
  - Final 4 due diligence
  - Incentive package comparisons

**Q3 2019**
- **BUILDING**
  - Selection of building
  - Finalize Lease Agreement
  - Initiate renovations

**Q4 2019**
- **TRAINING/VISAS**
  - USA staff training in Germany
  - Initiate Visa applications (German staff)

**Q1 2020**
- **SET-UP GERMANY**
  - Machinery set-up
  - Test runs in Germany
  - Shipping of production line to US

**Q2 2020**
- **SOP**
  - Machinery set-up
  - Test runs at Hazel Park facility

**Q3 2020**
- **INSTALLATION**

**Q4 2020**
- **BUILDING**
  - Finalize renovations
  - Move in office equipment
- **HR**
  - Initiate hiring process
  - Management Team / Assy Line workers
  - Training plan
SALESFORCE USE AND ACTIVITY, FY2021

Total activity tracked in SF (FY2021)

- 2,387 touches tracked in FY2021
- ~1,600 touches tracked in FY2020
- ~1,800 touches tracked in FY2019

FY2021 SF improvement objectives

- Expand SF access to Japan and China contractor groups (NEAR COMPLETION)
- Increase alignment of SF standards
- Finalize Value-add validation process
- Evaluate implementation/use of campaigns to track activities, leads, and opportunities
FY2021 LEADS CREATED AND TOTAL IN PIPELINE
(as of 02/21/2022)

Leads Created

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<tr>
<td>Business Organization/Association</td>
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<tr>
<td>Company Initiated</td>
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<tr>
<td>Domestic Strategy</td>
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<td>International Strategy</td>
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<td>Local Partner Referral</td>
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<tr>
<td>Professional Referral</td>
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Open Leads

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<td>26,095</td>
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THANK YOU

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