The Global Expansion of Lumada

March 31, 2021

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Aiming to become the global leader company with sustainable growth through Social Innovation Business for solving social issues and improving people’s Quality of Life

Solving social issues
- Urbanization, Global warming, Depletion of resources, Declining birthrate and Aging population, Aging infrastructure, etc.

Improving Quality of Life
- Safety and Security, Comfortable living, Healthy longevity, a Lively way of working, etc.

Value areas focused on
- Environment
  - Realizing decarbonizing and resource recycling society
- Resilience
  - Sustainable growth of society and companies
- Safety and Security
  - Respect individuals and improve QoL in a secure society

Social Innovation Business

LUMADA

Collaborative Creation, Alliance
Knowledge, Data
IT×OT×Products

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2. The Mission of Lumada

- Data-driven engine for Digital Transformation (DX) of social infrastructure
- Business platform to grow Social Innovation Business by solving customer and social issues through “Collaborative Creation” and “IT×OT×Products”

Global customers and markets

Social Innovation Business

- Mobility
- Smart Life
- Industry
- Energy
- IT
- Automotive Systems

Growth of Social Innovation Business in Global Market

- Quickly implement the value by agile developments through Collaborative Creation with customers around the world
- Deliver as the solutions / services in packages by connecting IT, OT and Products using software and digital technology

Evolve into Lumada platform that solves social issues and corporate business issues

DX Solutions/DX Services

Optimal solutions for solving issues with data and AI

Mission Critical IoT

Real-time control

Physical space

Distributed control and real-time control of increasing IoT devices and field equipment

Cyber space

Connect by software and digital

Available in packages

IT
Cloud

OT
Control

Products
Edge Built-in software

IoT Devices
Hitachi and GlobalLogic - Accelerate the Global Expansion of Lumada -
4. Strengths of GlobalLogic

GlobalLogic has advanced experience design capabilities to support Digital Transformation (DX) of customers globally with "Chip-to-Cloud”

The leader in the digital engineering market with a high profitable profile and strong CAGR (Adjusted EBITDA 23.7%\(^1\)) (Revenue YoY +19.3%\(^1\))

- **Experience design with expertise in a wide range of industries and track records of Collaborative Creation**
- **Digital engineering that can handle from Chip-to-Cloud**
  - Agile development that quickly implements the value
- **Solid client base in a wide range of industries, including communications, finance, automotive, healthcare, media, manufacturer, etc.**

**Collaborative Creation Hubs (Designing Studio)**
- 8 sites

**Delivery Bases (Engineering Center)**
- 30 sites

**Number of Existing Customer**
- More than 400 companies

*1 FY2020 Forecast
5. Expand the Portfolio to the High Growth Market

Expand the business portfolio in the high growth market through transforming business from entrusted development that is mission critical and requiring high reliability to agile and cloud-based collaborative creation.

- Deliver solutions with the cutting-edge digital technologies
- Collaborative Creation: Agile development of applications/services through co-creation with customers
- Deliver highly reliable systems to customers in the new area

**Innovativeness**

**Conventional area (core systems)**
SoR + SoE

**Entrusted development**
Mission critical business applications

**Market growth ratio**:
<5% (FY2025,YoY)

**New area**
SoE + IoT/Edge/Cloud

**Market growth ratio**:
20%< (FY2025,YoY)

**Hitachi (IT Sector)**

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6. Strengthen Collaborative Creation Fronts and Delivery Functions

- Accelerate global expansion of Lumada through utilizing existing GlobalLogic’s sites as Collaborative Creation Hubs
- Aiming to expand sales of Lumada business in global market through enhancing functions of the global front and the global delivery

Collaborative Creation Hubs:
- Lumada Center, Kyōsō-no-Mori etc. of Hitachi: 16 sites
- Design Studio of GlobalLogic: 8 sites

Sales bases of GlobalLogic:
- Regional Office: 9 sites

Delivery bases of GlobalLogic:
- Engineering Center: 30 sites

Number of employees:
- Vantara Total 11,000
- GlobalLogic Total 20,000
The social innovation company that leads Digital Transformation of social infrastructure around the world through connecting IT, OT and products by software and digital

With GlobalLogic as a growth engine, Lumada evolves into a platform for solving social issues and corporate business issues.
### 8. Profile of GlobalLogic

<table>
<thead>
<tr>
<th>Name</th>
<th>GlobalLogic Inc.</th>
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</thead>
<tbody>
<tr>
<td>Head Office</td>
<td>San Jose, California, United States</td>
</tr>
<tr>
<td>Title and Name of Representative</td>
<td>President and CEO: Shashank Samant</td>
</tr>
<tr>
<td>Description of Business</td>
<td>Full-lifecycle product development services, user experience design, product design, content engineering, product research &amp; ideation, sustaining engineering, product engineering, product testing &amp; quality assurance, and product re-platforming</td>
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<tr>
<td>Establishment Date</td>
<td>September 22, 2000</td>
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<table>
<thead>
<tr>
<th>Revenue (FY2020 Forecast)</th>
<th>Adjusted EBITDA ratio (FY2020 Forecast)</th>
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<tbody>
<tr>
<td>Approx. US$ 921 Million</td>
<td>YoY +19.3% 23.7%</td>
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<tr>
<td></td>
<td>FY2019 23.2%</td>
</tr>
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9-1. Outline of the Acquisition (1)

| Acquired Business | GlobalLogic Inc.*1  
Head Office: San Jose, California, United States |
|--------------------|-------------------------------------------------|
| Structure          | Reverse Triangular Merger method by cash consideration  
To be a wholly owned subsidiary of Hitachi Global Digital Holdings |
| Enterprise Value   | US$ 9.5 Billion (JPY 1,026.0 Billion)*2  
➤ EV/EBITDA: 37.4x (CY2021), 29.4x (CY2022) |

*1 In the scheme, acquire stocks of GlobalLogic Worldwide Holdings Inc., a holding company of GlobalLogic Inc.

*2 Agreed on an equity value of 8.5 billion U.S. dollars (approx. 918.0 billion yen), and the total acquisition cost, including repayment of GlobalLogic’s interest-bearing debt, is expected to be 9.6 billion U.S. dollars (approx. 1,036.8 billion yen).

Exchange assumption : JPY108 / US$
9-2. Outline of the Acquisition (2)

Financing

Cash on hand and Bank borrowings

Financial Soundness

- Impact on Consolidated B/S:
  - Total assets: 1,150.0
  - Goodwill: 710.0
  - Intangible assets: 390.0
  - Interest-bearing debt: 1,030.0

  (Amortization 32.0/yr.)

- Financial Discipline:
  Plan to reduce D/E ratio to less than 0.5x and Debt/EBITDA multiple to less than 2.0x within a few years by building up free cash flow and selling off assets.

Exchange assumption: JPY108 / US$
10. Timeline

March 31, 2021  
Signing definitive agreements

July 2021  
Closing: Acquisition by Hitachi Global Digital Holdings as a wholly owned subsidiary (planned)
Cautionary Statement

Certain statements found in this document may constitute “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Such “forward-looking statements” reflect management’s current views with respect to certain future events and financial performance and include any statement that does not directly relate to any historical or current fact. Words such as “anticipate,” “believe,” “expect,” “estimate,” “forecast,” “intend,” “plan,” “project,” and similar expressions which indicate future events and trends may identify “forward-looking statements.” Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from those projected or implied in the “forward-looking statements” and from historical trends. Certain “forward-looking statements” are based upon current assumptions of future events which may not prove to be accurate. Undue reliance should not be placed on “forward-looking statements,” as such statements speak only as of the date of this report.

Factors that could cause actual results to differ materially from those projected or implied in any “forward-looking statement” and from historical trends include, but are not limited to:

- exacerbation of social and economic impacts of the spread of COVID-19;
- economic conditions, including consumer spending and plant and equipment investment in Hitachi’s major markets, as well as levels of demand in the major industrial sectors Hitachi serves;
- exchange rate fluctuations of the yen against other currencies in which Hitachi makes significant sales or in which Hitachi’s assets and liabilities are denominated;
- uncertainty as to Hitachi’s ability to access, or access on favorable terms, liquidity or long-term financing;
- uncertainty as to general market price levels for equity securities, declines in which may require Hitachi to write down equity securities that it holds;
- fluctuations in the price of raw materials including, without limitation, petroleum and other materials, such as copper, steel, aluminum, synthetic resins, rare metals and rare-earth minerals, or shortages of materials, parts and components;
- estimates, fluctuations in cost and cancellation of long-term projects for which Hitachi uses the percentage-of-completion method to recognize revenue from sales;
- increased commoditization of and intensifying price competition for products;
- uncertainty as to Hitachi’s ability to attract and retain skilled personnel;
- uncertainty as to Hitachi’s ability to continue to develop and market products that incorporate new technologies on a timely and cost-effective basis and to achieve market acceptance for such products;
- fluctuations in demand of products, etc., and industry capacity;
- uncertainty as to Hitachi’s ability to implement measures to reduce the potential negative impact of fluctuations in demand of products, etc., exchange rates and/or price of raw materials or shortages of materials, parts and components;
- credit conditions of Hitachi’s customers and suppliers;
- uncertainty as to Hitachi’s ability to achieve the anticipated benefits of its strategy to strengthen its Social Innovation Business;
- uncertainty as to the success of acquisitions of other companies, joint ventures and strategic alliances and the possibility of incurring related expenses;
- uncertainty as to the success of restructuring efforts to improve management efficiency by divesting or otherwise exiting underperforming businesses and to strengthen competitiveness;
- general socioeconomic and political conditions and the regulatory and trade environment of countries where Hitachi conducts business, particularly Japan, Asia, the United States and Europe, including, without limitation, direct or indirect restrictions by other nations on imports and differences in commercial and business customs including, without limitation, contract terms and conditions and labor relations;
- the potential for significant losses on Hitachi’s investments in equity-method associates and joint ventures;
- uncertainty as to the success of cost structure overhaul;
- the possibility of disruption of Hitachi’s operations by natural disasters such as earthquakes and tsunamis, the spread of infectious diseases, and geopolitical and social instability such as terrorism and conflict;
- uncertainty as to the outcome of litigation, regulatory investigations and other legal proceedings of which the Company, its subsidiaries or its equity-method associates and joint ventures have become or may become parties;
- the possibility of incurring expenses resulting from any defects in products or services of Hitachi;
- uncertainty as to Hitachi’s ability to maintain the integrity of its information systems, as well as Hitachi’s ability to protect its confidential information or that of its customers;
- uncertainty as to Hitachi’s access to, or ability to protect, certain intellectual property; and
- uncertainty as to the accuracy of key assumptions Hitachi uses to evaluate its employee benefit-related costs.

The factors listed above are not all-inclusive and are in addition to other factors contained elsewhere in this report and in other materials published by Hitachi.

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Hitachi Social Innovation is POWERING GOOD