

# The Global Expansion of Lumada

March 31, 2021

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Chairman of the Board and CEO, Hitachi Global Digital Holdings Corporation  
Chairman of the Board, Hitachi Vantara LLC

# 1. Hitachi's Vision: Growing Through the Social Innovation Business

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



Collaborative Creation, Alliance

Knowledge, Data

IT×OT×Products

## 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

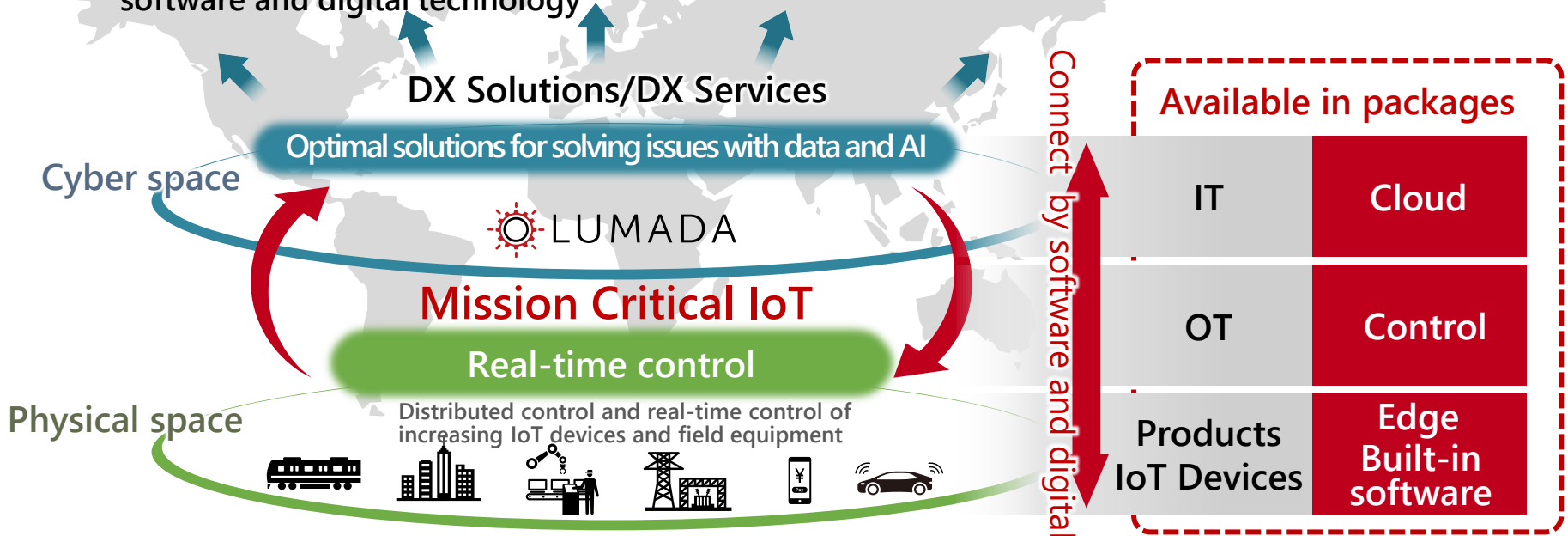
IT

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

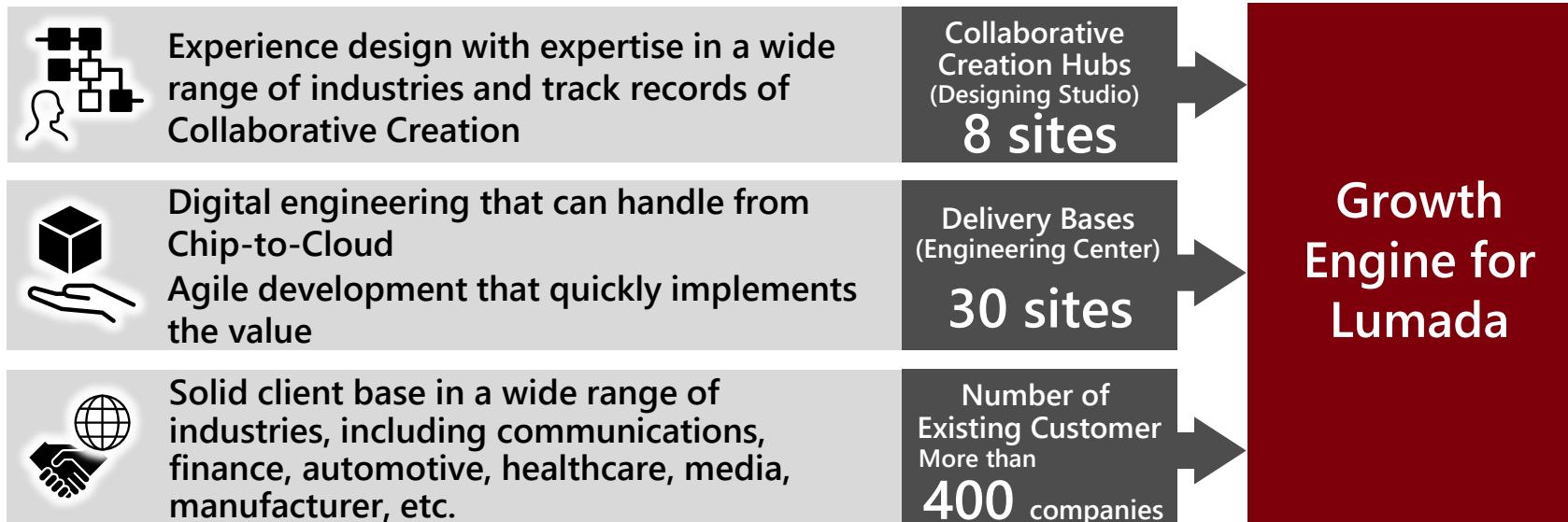
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**Hitachi and GlobalLogic** - Accelerate the Global Expansion of Lumada -

## 4. Strengths of GlobalLogic

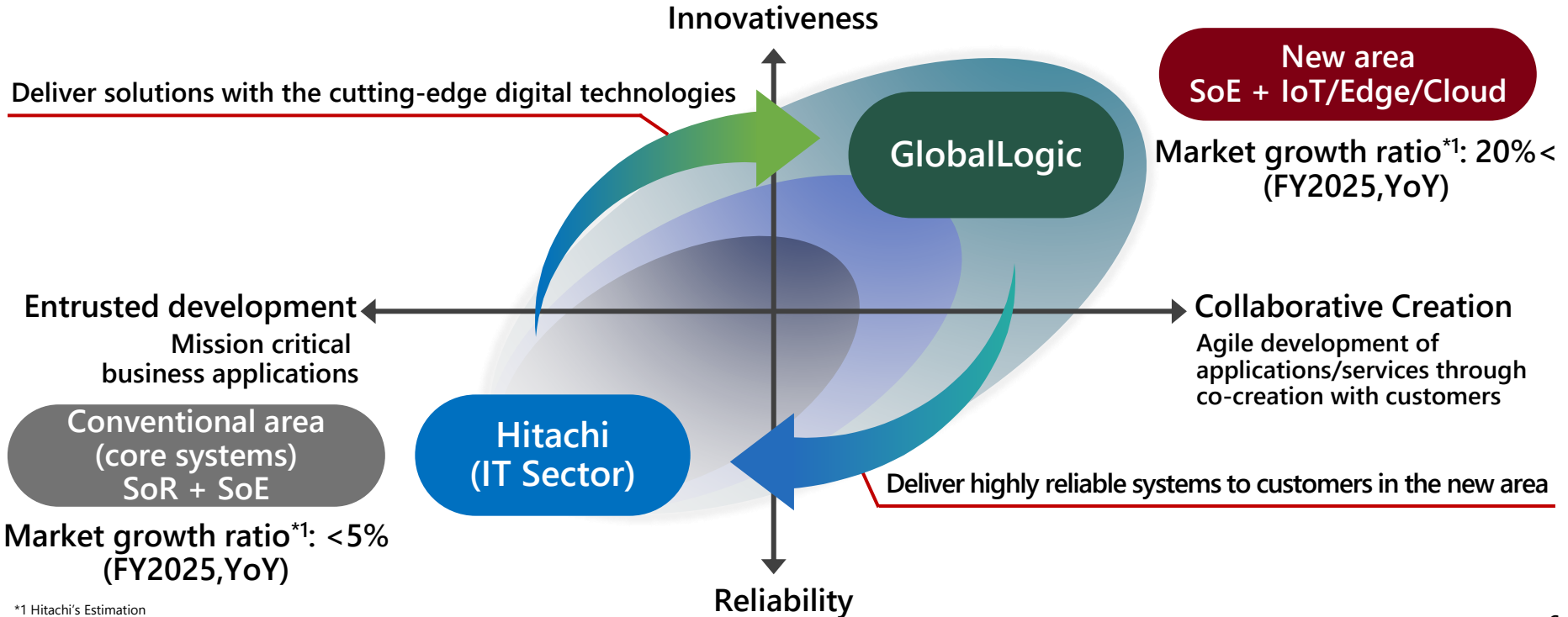
GlobalLogic has advanced experience design capabilities to support Digital Transformation (DX) of customers globally with "Chip-to-Cloud"

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)



# 5. Expand the Portfolio to the High Growth Market

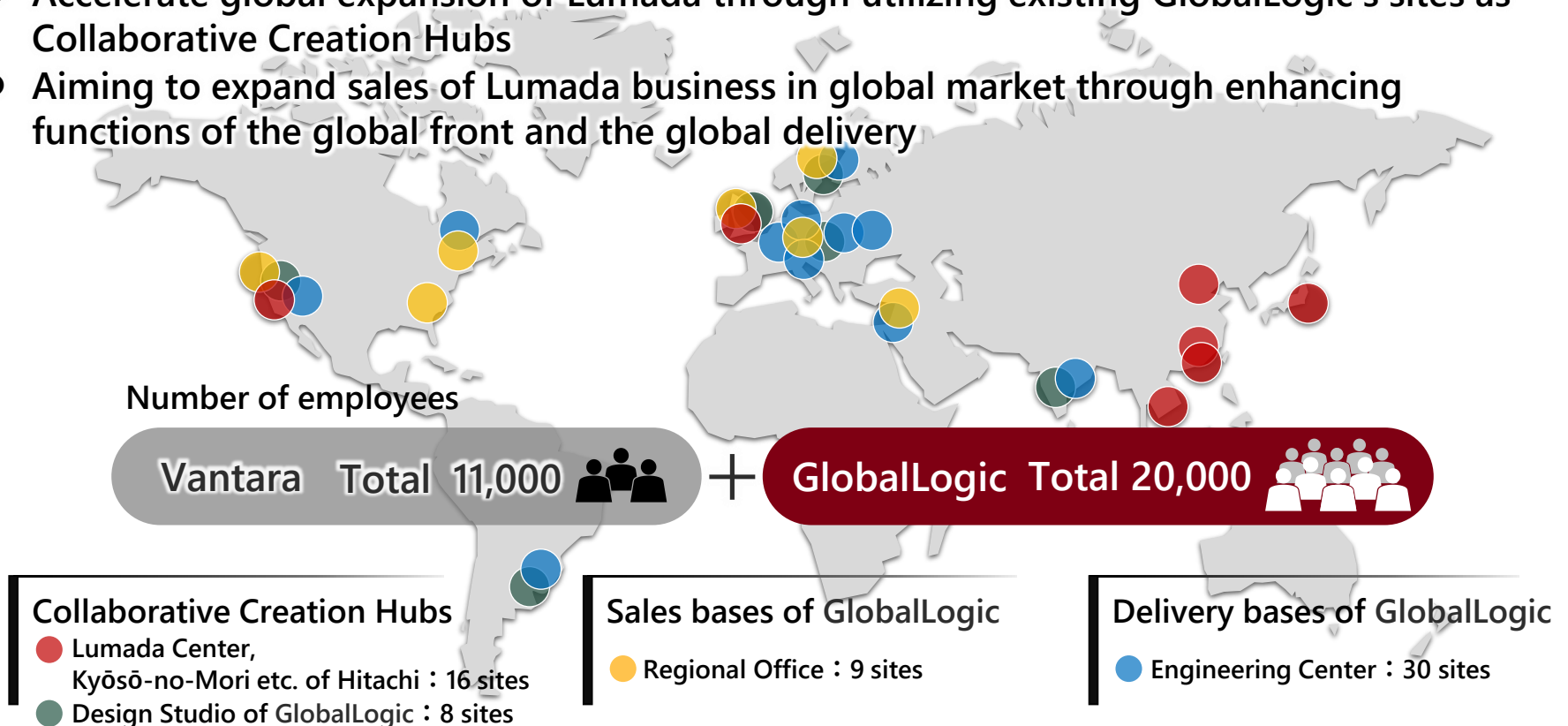
Expand the business portfolio in the high growth market through transforming business from entrusted development that is mission critical and requiring high reliability to agile and cloud-based collaborative creation



\*1 Hitachi's Estimation  
SoR: Systems of Record, SoE: Systems of Engagement

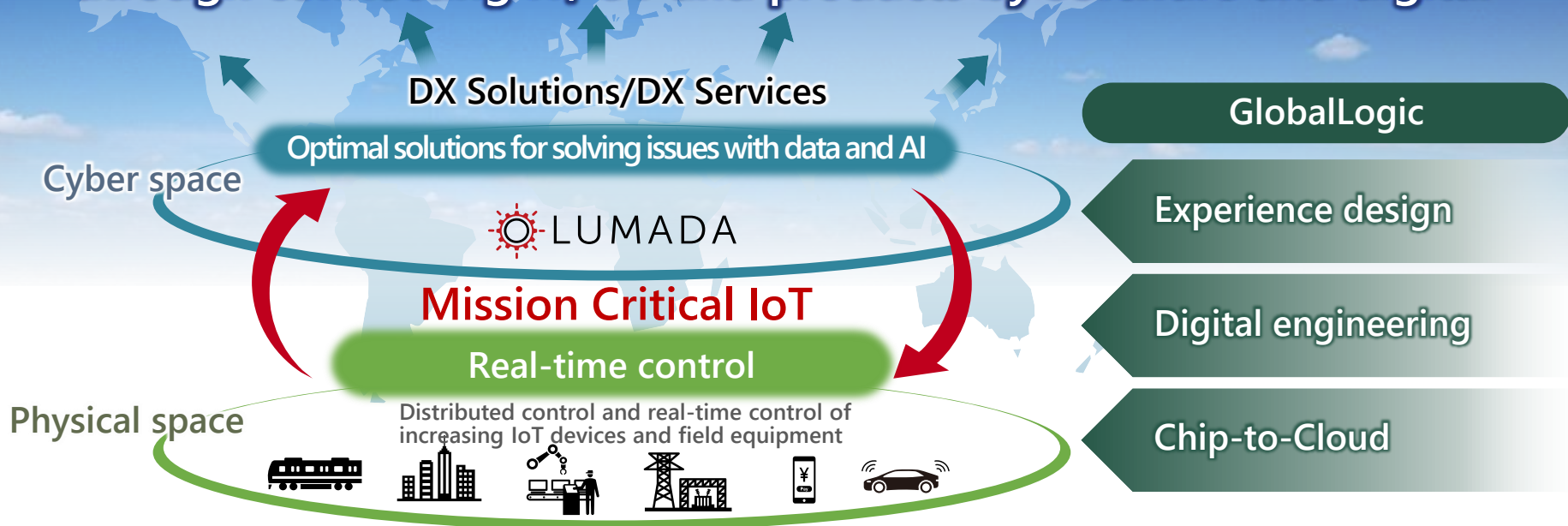
## 6. Strengthen Collaborative Creation Fronts and Delivery Functions

- 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





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

Revenue (FY2020 Forecast)  
Approx. US\$ 921 Million

YoY +19.3%

Adjusted EBITDA ratio (FY2020 Forecast)  
23.7%

FY2019 23.2%

<b>Name</b>	GlobalLogic Inc.
<b>Head Office</b>	San Jose, California, United States
<b>Title and Name of Representative</b>	President and CEO: Shashank Samant
<b>Description of Business</b>	Full-lifecycle product development services, user experience design, product design, content engineering, product research & ideation, sustaining engineering, product engineering, product testing & quality assurance, and product re-platforming
<b>Establishment Date</b>	September 22, 2000

### 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\$

### Financing

### Cash on hand and Bank borrowings

### Financial Soundness

- **Impact on Consolidated B/S :**  
Unit: Billions of yen
 

Total assets	1,150.0
Goodwill	710.0
Intangible assets	390.0
	(Amortization 32.0/yr.)
Interest-bearing debt	1,030.0
- **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.

**March 31, 2021**

**Signing definitive agreements**

**July 2021  
(planned)**

**Closing: Acquisition by Hitachi Global Digital Holdings as a wholly owned subsidiary**

# 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.

*Hitachi Social Innovation is*

**POWERING GOOD**

**HITACHI**  
Inspire the Next 