

Results for the 2nd Quarter of FY March 2020

November 6, 2019
Nihon Unisys, Ltd.

1 Financial Overview

2 Progress under Mid-term Management Plan

(Note)
The expression 'FY/Fiscal Year' utilized in this document indicates a fiscal year which finishes at the end of March of the following year.
Example: The expression of FY2019 refers to the fiscal year ending March 2020.

FY2019 H1 Consolidated Performance Results

Foresight in sight

An increase in system services and a demand for products drove net sales substantially.
A continuously improved productivity helped a 36% increase in operating income.

(Unit: Billion Yen)

	H1 (Apr-Sep)		Changes	
	FY2019	FY2018		
Net Sales	149.7	133.8	+15.9	+11.9%
Gross Profit	37.4	33.8	+3.6	+10.5%
SG&A Costs	-26.4	-25.7	-0.7	-2.6%
Operating Income	11.0	8.1	+2.9	+35.8%
(Operating Margin)	(7.4%)	(6.1%)		(+1.3%)
Profit Attributable to Owners of Parent	7.9	6.2	+1.7	+28.1%
Orders	138.3	140.6	-2.4	-1.7%
Order Backlogs	215.1	227.5	-12.4	-5.5%
(Order backlogs in the current FY)	81.3	78.7	+2.7	+3.4%

<Key Points of H1 Performance Results>

■ Net sales

Net sales grew substantially due to a marked increase in system services sales and demands for promoted products. (Brisk demands for digital transformation, DX, projects drove the system services sales.)

■ Operating income

Operating income grew due to SG&A costs remaining as planned, impacts of the increase in net sales, and improved profitability of service businesses.

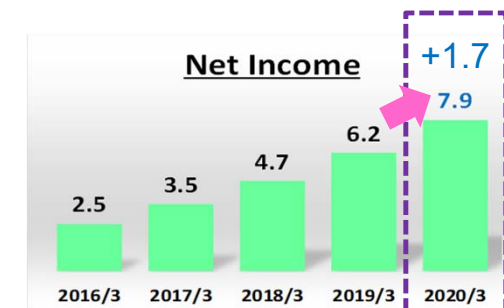
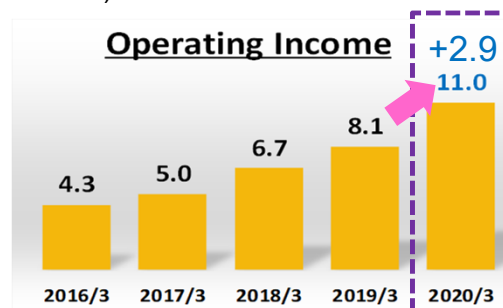
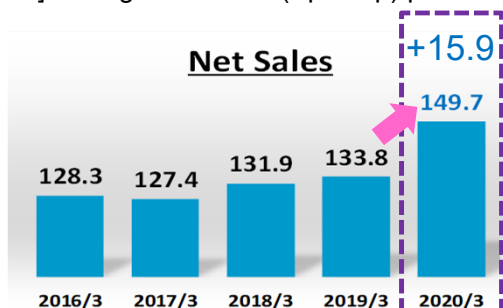
Operating margin increased by 1.3 pt.

■ Orders and order backlogs

Orders and order backlogs did not increase, due to awkward timings with renewals of large-scale outsourcing projects.

However, order backlogs of the discrete Q2 increased in comparison with Q2 of FY Mar 2019 from the viewpoint of posting as net sales by the end of each fiscal year.

[Reference] Changes in the H1(Apr-Sep) performance (Unit: Billion Yen)



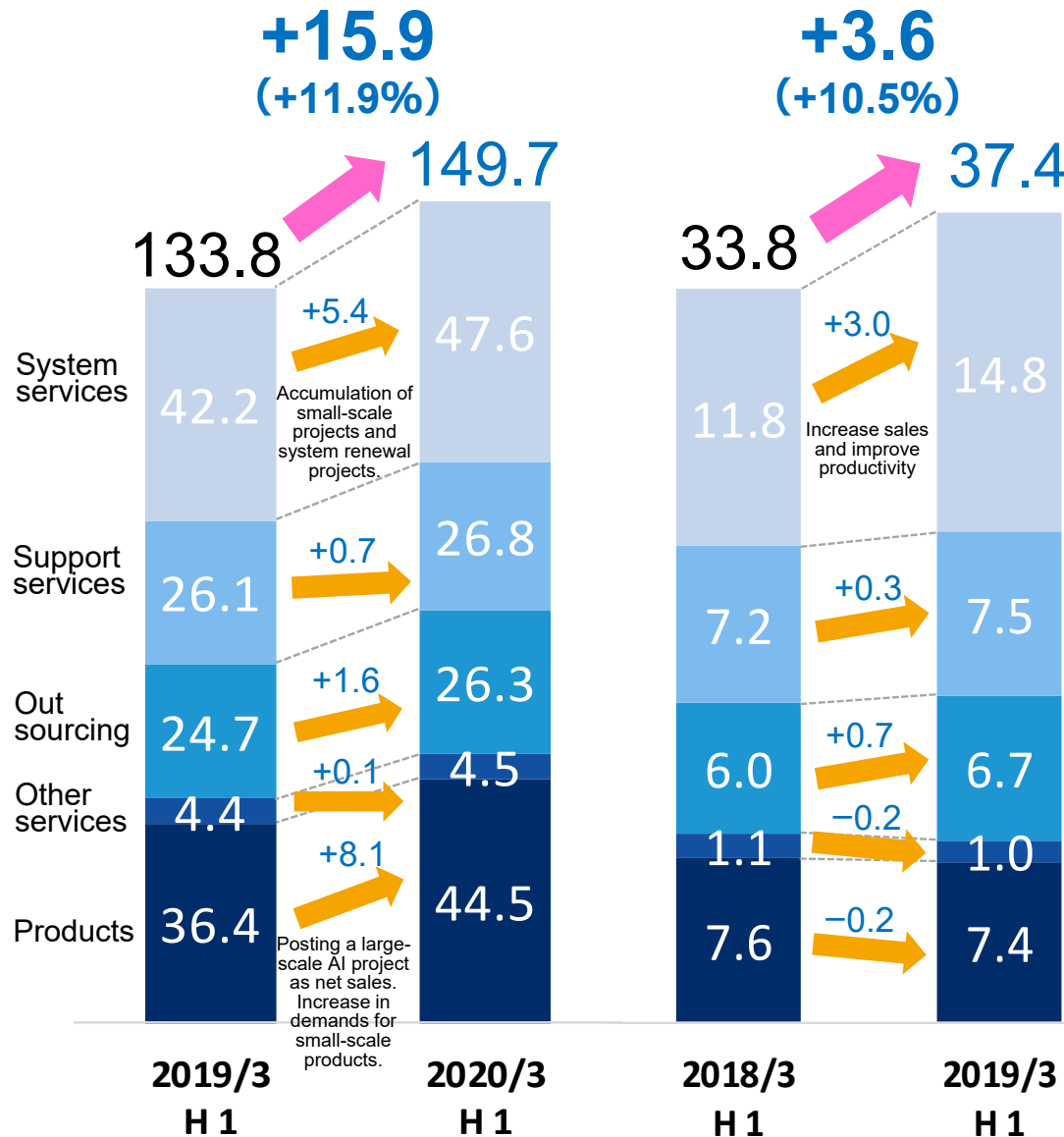
FY2019 H1 Net Sales and Gross Profit by Segment

Foresight in sight

(Unit: Billion Yen)

Net Sales

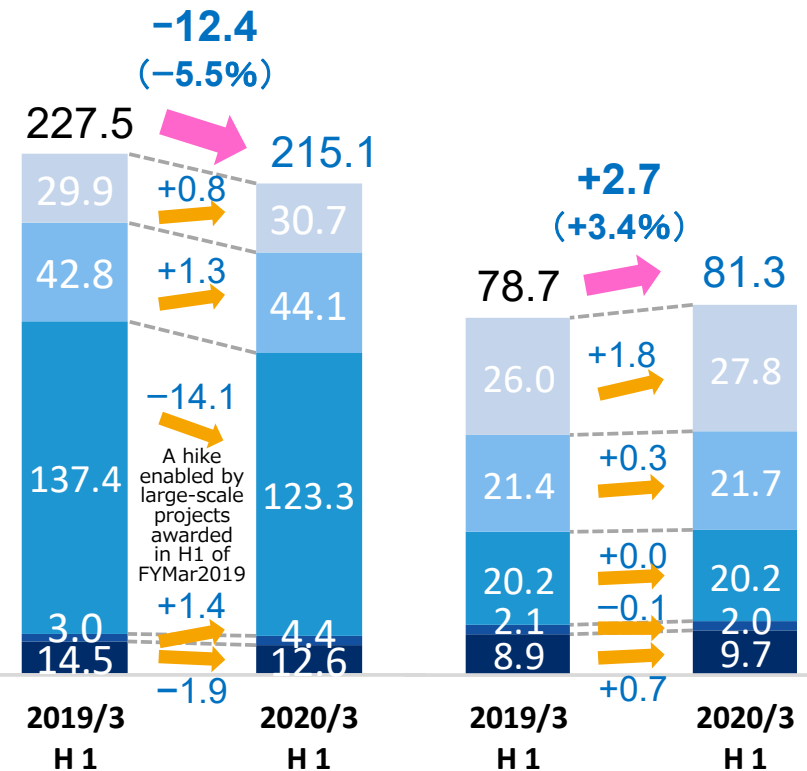
Gross Profit



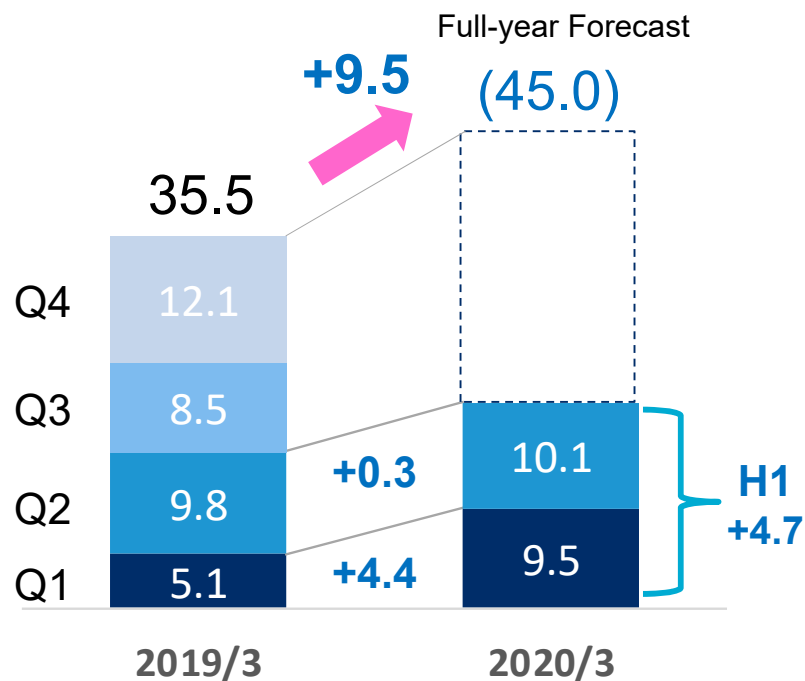
【Reference】

Order Backlogs (Total)

Order Backlogs (in the current FY)

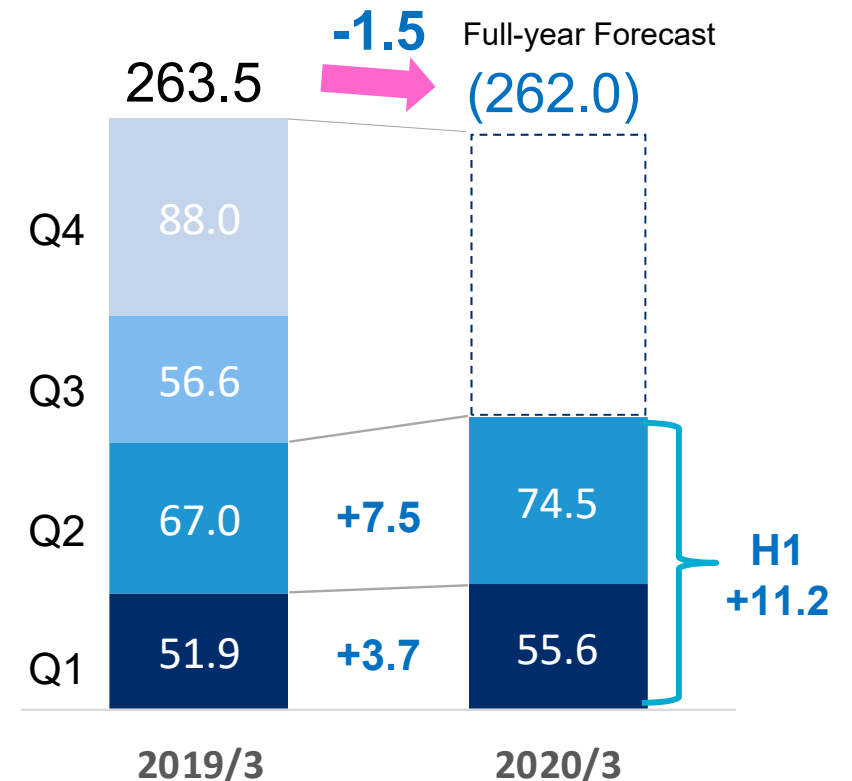


Net Sales of Focal Areas



- Increase in QR and bar code payment/settlement services transaction volume
- Expansion of MaaS-related business areas
- Focus on businesses with an eye towards spreading the use of renewable energy

Net Sales of ICT Core Areas



- System renewal projects making good progress for a wide variety of business categories
- Increase in device sales by subsidiaries
- BankVision® system test phase in progress for its 11th customer

Full-Year Performance Forecast for FY2019

Foresight in sight

The full-year forecasts of net sales, operating income, and profit attributable to owners of parent have not been revised since they were announced on August 1, 2019.

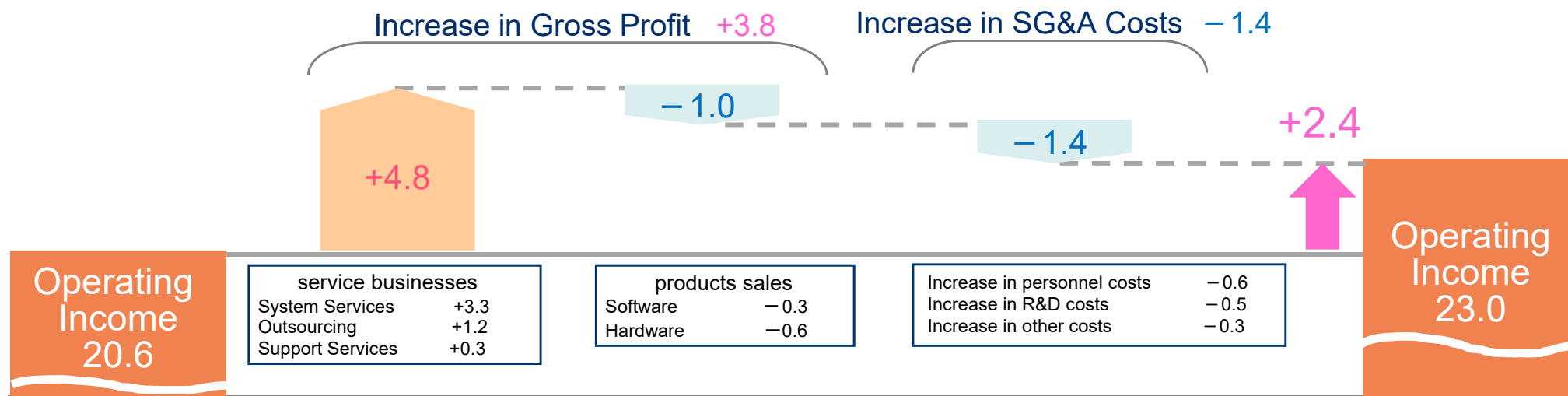
(Unit: Billion Yen)

	FY2019 H1 Actual		FY2019 H2 Forecast		FY2019 Full-Year Forecast	
	Amount	Yr/Yr	Amount	Yr/Yr	Amount	Yr/Yr
Net Sales	149.7	+15.9	157.3	-7.9	307.0	+8.0
Operating Income	11.0	+2.9	12.0	-0.5	23.0	+2.4
(Operating Margin)	(7.4%)	(+1.3pt)	(7.6%)	(+0.0pt)	(7.5%)	(+0.6pt)
Profit Attributable to Owners of Parent	7.9	+1.7	8.1	+0.0	16.0	+1.8

* See the supplementary material for a breakdown of the forecast above.

【Details of FY2019 Full-Year Operating Income Forecast】

(Unit: Billion Yen) (Yr/Yr changes)



FY2018 Full-Year

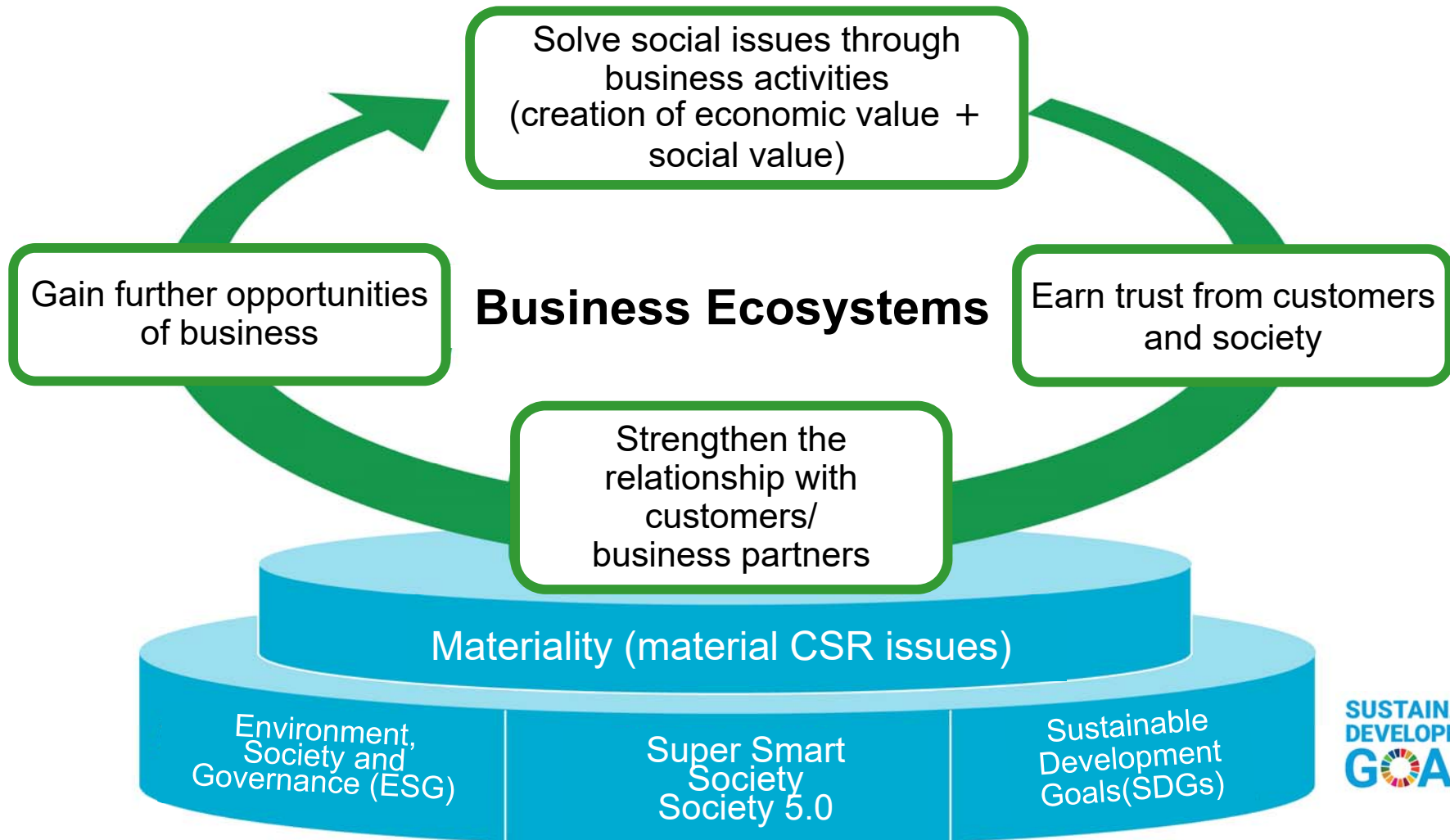
FY2019 Full-Year

1 Financial Overview

2 Progress under Mid-term Management Plan

Become a sustainable company following a cycle of sustainable growth that is predicated on solving, through business activities in our areas of focus, social issues that lie behind issues experienced by customers

Sustainable Growth Cycle for the Nihon Unisys Group



Promote business digitization in coordination with financial institutions and companies in order to improve convenience for ordinary citizens and revitalize industries. They experience economic disparities that are widened between large cities and local regions.

Reform business environments and improve business productivity through the use of IoT and AI technologies. Issues of aging public infrastructure as well as aging engineer population are experienced in the environments.



Re-create relationships among manufacturers, wholesalers/retailers and consumers by accelerating efforts of business digitization and visualizing economic activities. The purpose is to improve convenience of ordinary citizens and revitalize industries.

Enable comfortable environments for ordinary citizens who suffer issues such as population concentration in urban areas and labor demand-supply gap, by coordinating services such as energy, transportation, health care and tourism.

Sustainable Energy Society



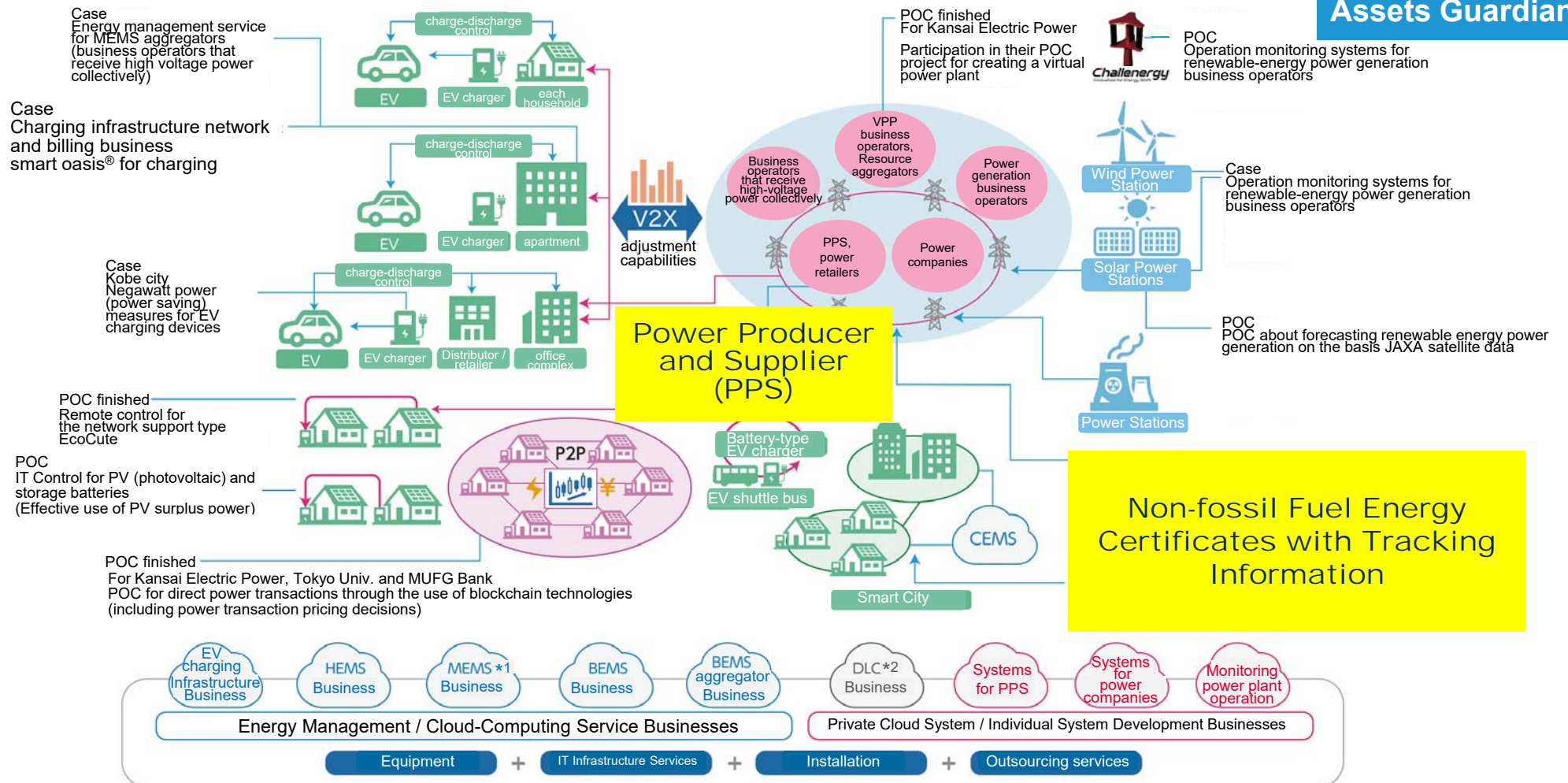
Neobanks

Digital Acceleration

Smart Towns

Assets Guardian

Contribute to creating a clean and sustainable energy society



*1 MEMS: Mansion Energy Management System *2 DLC: Direct Load Control

Sustainable Energy Society



Neobanks

Digital Acceleration

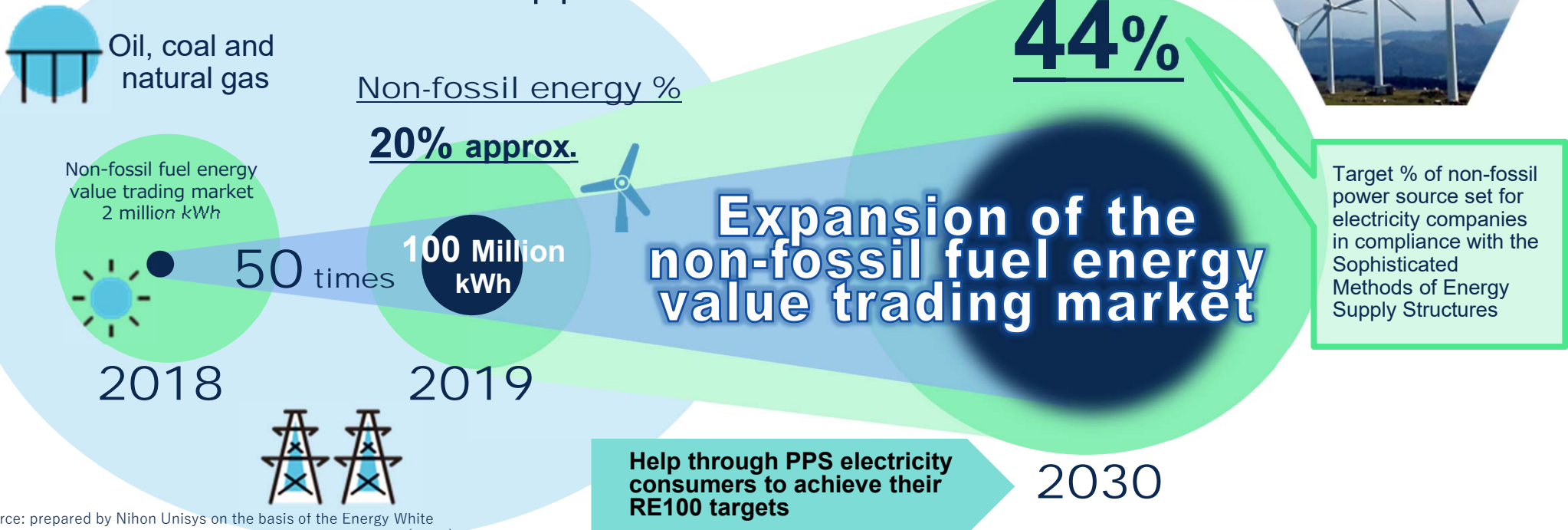
Smart Towns

Assets Guardian

Responses to climate change towards a decarbonized society

**Take on a non-fossil fuel energy value trading market
Launch of a business to certify non-fossil power sources in November**

Total power generated in Japan
1,000 billion kWh approx.



Source: prepared by Nihon Unisys on the basis of the Energy White Paper 2019 issued by Ministry of Economy, Trade and Industry (METI)

Towards Smart Living



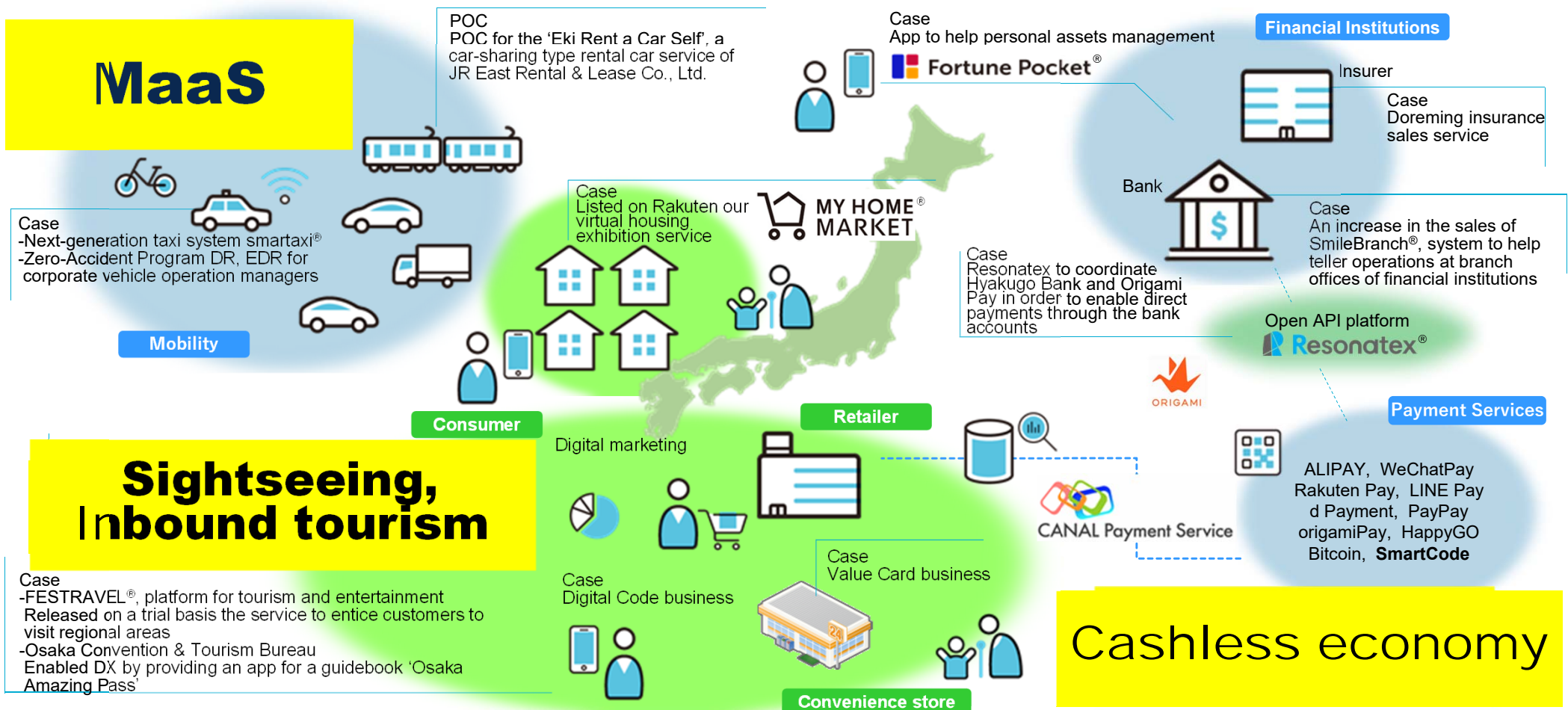
Neobanks

Digital Acceleration

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Assets Guardian

Creation of a smart consumption society enabled through sharing/cashless economy



Towards Smart Living



Neobanks

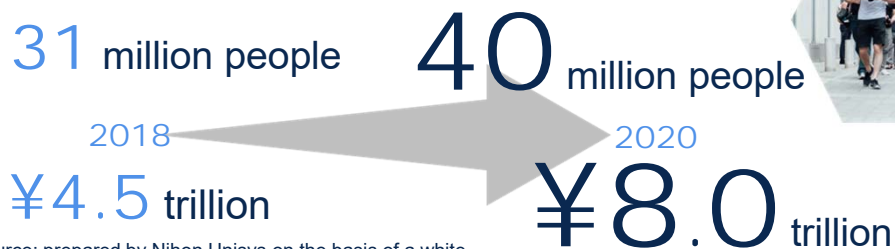
Digital Acceleration

Smart Towns

Assets Guardian

Aim to create safe, secure and wholesome cities and a regional circulation symbiotic area

Sightseeing, Inbound tourism



Source: prepared by Nihon Unisys on the basis of a white paper on tourism issued in 2019, the first year of Reiwa Era



Sightseeing MaaS app Kotokoto Navi (Otsu City)

- MaaS promotion business designed to revitalize Otsu City through tours in the City's central area and around Mount Hiei
- Project to move ahead with a MaaS scheme for Niigata
- * 'Smart Mobility Challenge' support project by Ministry of Economy, Trade and Industry (METI) and Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Cashless economy

QR and bar code payment/settlement market in Japan



Source: prepared by Nihon Unisys on the basis of the 'compendium of electronic payments 2019-2020' issued by infcurion, Inc., ePayments Laboratory Inc., and Yamamoto International Consultants

MaaS market forecast



Source: prepared by Nihon Unisys on the basis of the 'realities and future forecasts of MaaS market, 2019' issued by Yano Research Institute Ltd.

Continuing increase in the use of QR and bar code payment/settlement schemes

Responses to society experiencing a declining labor force



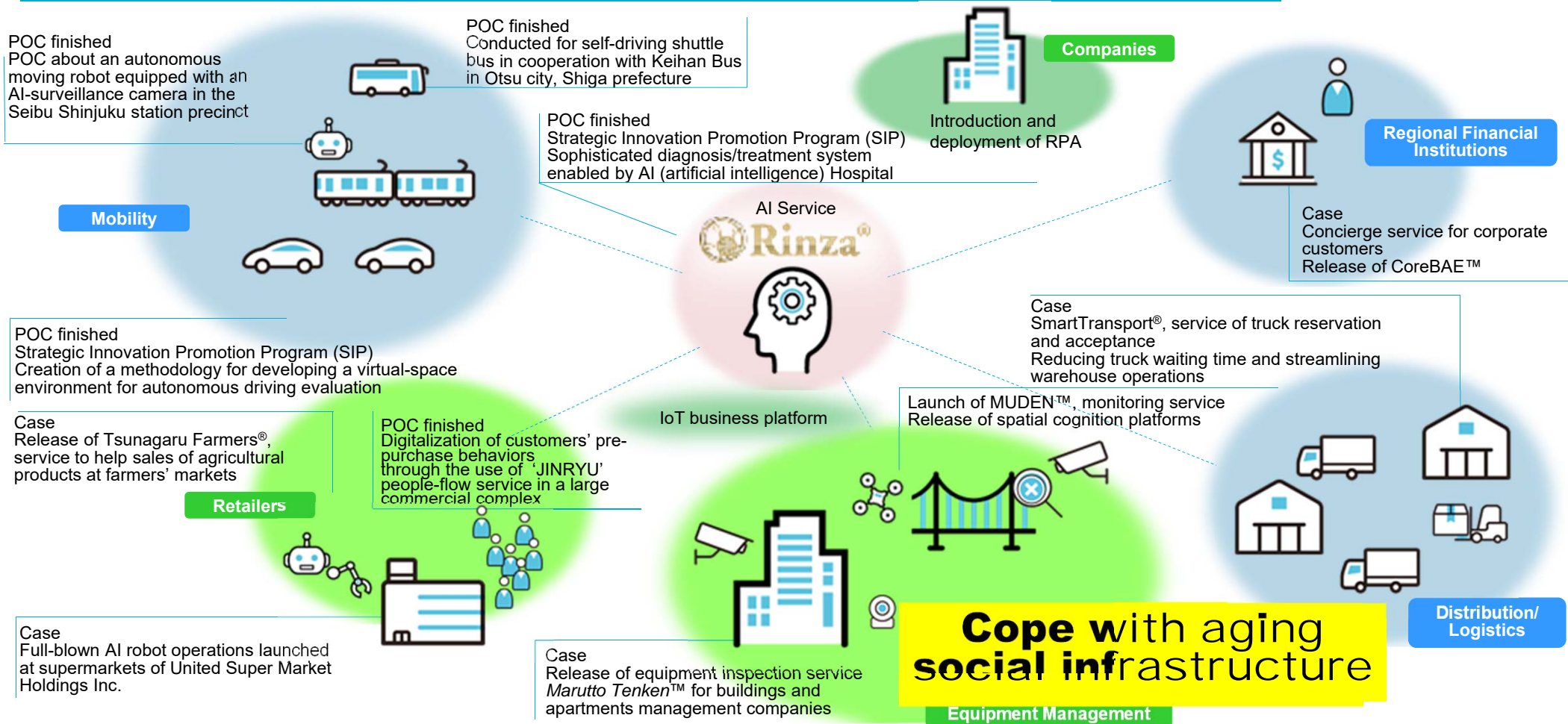
Neobanks

Digital Acceleration

Smart Towns

Assets Guardian

Contribute to improving labor productivity towards a sustainable economic growth through the use of new technologies such as AI and robots



Cope with aging social infrastructure

Cope with aging social infrastructure



Neobanks

Digital Acceleration

Smart Towns

Assets Guardian

Maintain social infrastructure Reform a maintenance environment

BRaVS Library™, BRaVS Platform™
Release of 'Marutto Tenken',
equipment inspection service



Aging × Labor shortage



Maintenance costs for public infrastructure

¥ Per Year

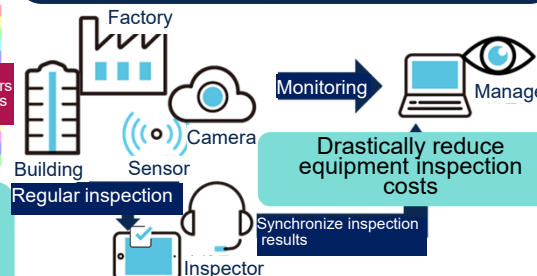
¥ **5.0** trillion approx

BRaVS



Case: Provision of a service to automatically specify degradation factors and judge health through the use of AI image recognition technologies

'Marutto Tenken'
[IoT sensors, AI, Smartglasses]



Building management market potential in Japan

¥ Per Year

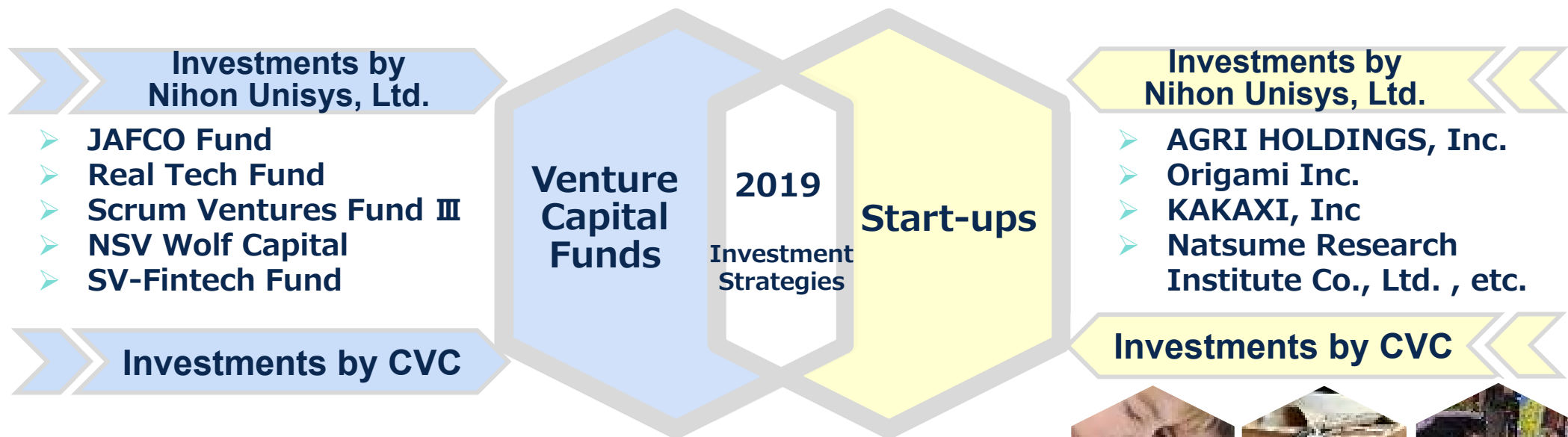
¥ **4.0** trillion approx

Source: Estimations by MLIT (Estimated value for the fiscal year 2018)

Source: study on a building management market (2018) by Yano Research Institute Ltd.

Strategic investments

Create dynamic innovations in cooperation with customers and start-up companies through investments in venture capital funds and start-ups



Canal Ventures, Ltd. has invested in nine funds and 22 start-ups for approx. two years since it was established in 2017.



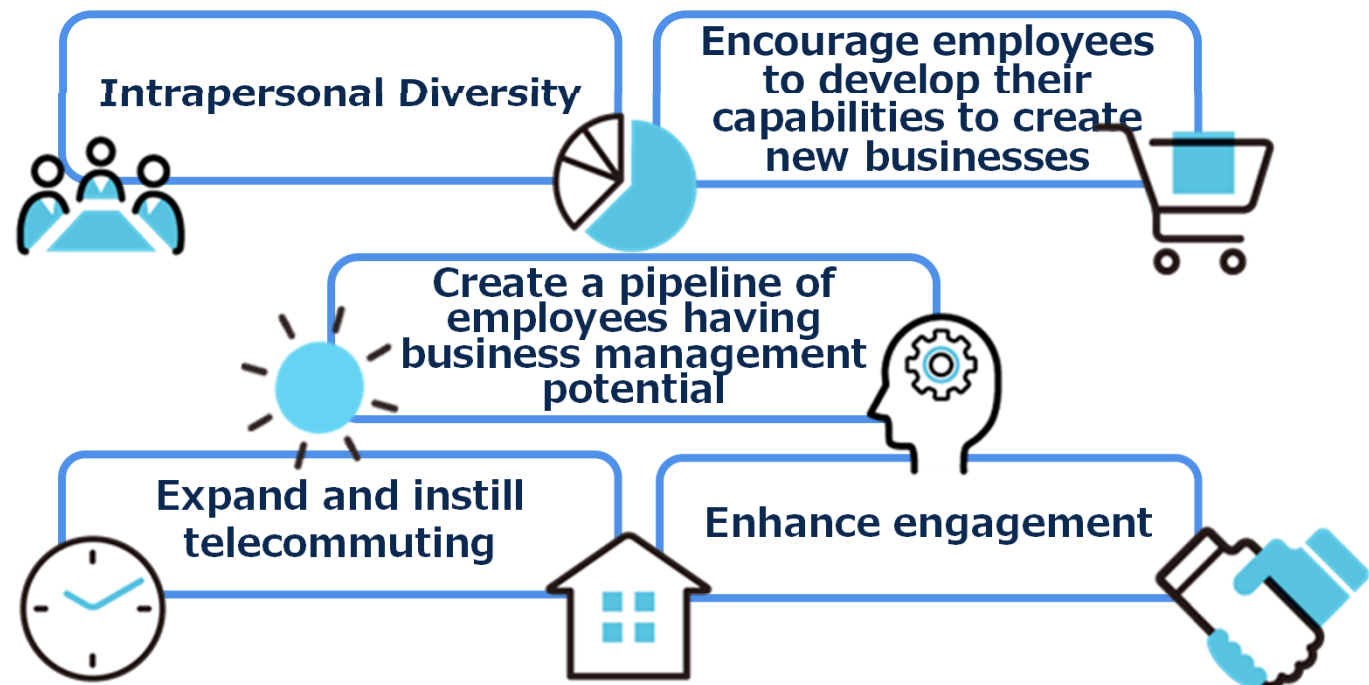
* Scrum Ventures: Scrum Ventures headquartered in San Francisco, USA invests in early-stage startups and helps large-scale companies implement open innovations
 * NSV Wolf Capital: Fund of funds to invest through US financial institutions
 * SV-Fintech Fund: Fund to invest in FinTech startups in the U.S. and Japan

Reform of corporate culture



Aim to strengthen capabilities for proactively creating value and designing business ecosystems

Human Resource Foresight™
Strategic personnel system reforms
Workstyle Foresight®
Workstyle reforms Organizational reforms Workforce reforms
Diversity Foresight®
Diversity promotion
Management Foresight®
Business operation process reforms System reforms



Nadeshiko Brand 2018 (Semi-Nadeshiko)
(Ministry of Economy, Trade and Industry,
Tokyo Stock Exchange)



Fiscal 2018 Diversity Management
Selection 100
(Ministry of Economy, Trade and
Industry)



Platinum Kurumin Certification
(Minister of Health, Labour and
Welfare)



Top Hundred Telework Pioneers
Minister of Internal Affairs and
Communications Award
(Ministry of Internal Affairs and
Communications)



Ikumen Company Award 2018
Grand Prize in Work-Life Balance
Support Category (Ministry of
Health, Labour and Welfare)



2019 Certified Health & Productivity
Management Outstanding
Organizations Recognition Program
(Ministry of Economy, Trade and
Industry, Nippon Kenko Kaigi)

Corporate Governance

1. Composition of Board of Directors and Audit & Supervisory Board

	Total Members	Independent Officers	Percentage of Board of Directors or Audit & Supervisory Board	
			Women	
Board of Directors	9	3	2	33.3%
Audit & Supervisory Board	5	3	1	60.0%
Total	14	6	3	42.9%

⇒ Three independent outside directors including two women

⇒ Three independent outside members of the Audit & Supervisory Board including one woman

2. Nomination and Remuneration Committee

- ✓ The committee was established in November 2015. It has been chaired by an independent outside directors since June 2019.

3. Cross-shareholdings

Policy: Verify the purpose of holding cross-shareholdings in light of durability and consistency within the context of business strategies from the medium-and long-term viewpoints.

If the meaning of holding the cross-shareholding shares has declined as a result of the verification, sell the shares.

- ✓ Reduced the cross-shareholdings by nine stocks during the fiscal year ended March 2019 (with 31 stocks left after the sales)
- ✓ Reduced the cross-shareholding by four stocks during the first half of the fiscal year ending March 2020 (with 27 stocks left after the sales)

Foresight in sight

UNISYS

Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

(Note)

Forecasts in this document rely on judgments and assumptions based on information available at present. Actual results may differ from the forecasts due to changes in risks, uncertainties, economy and other factors.

Thus, the certainty of these forecast is not guaranteed by our Group.

Also, the information is subject to change without prior notice in future.

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