

Briefing of Earning Results (for the Fiscal Year ended March 2021) and Management Policy (2021-2023)

May 7, 2021

Nihon Unisys, Ltd.

Foresight in sight

(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 FY2021 refers to the fiscal year ending March 2022.

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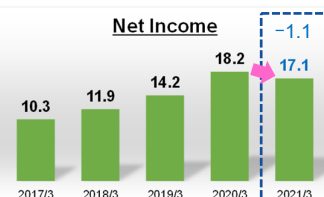
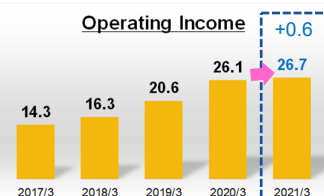
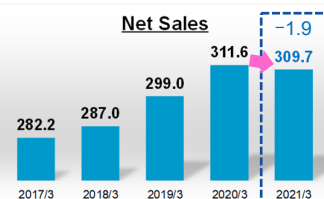
Results for FYMar2021

Foresight in sight

- ✓ Outsourcing services drastically grew and drove up gross profit.
- ✓ Operating income beating the initial plan was at a level above the mid-term management plan target.

(Unit : Billion Yen)

Changes in the Full-Year Results



	Full Year (Apr-Mar)		Changes	
	FYMar2021	FYMar2020		
Net Sales	309.7	311.6	-1.9	-0.6%
Gross Profit	81.1	79.8	+1.3	+1.6
SG&A Expenses	-54.4	-53.7	-0.7	-1.3%
Operating Income	26.7	26.1	+0.6	+2.2%
(Operating Margin)	(8.6%)	(8.4%)		(+0.2pt)
Profit attributable to Owners of Parent	17.1	18.2	+1.1	+6.1%
Orders	322.3	315.6	+6.6	+2.1%
Order Backlogs	243.2	230.6	+12.6	+5.5%
(Order backlogs in the current FY)	113.3	113.4	+0.1	+0.1%

<Key Points>

■ Net sales

Outsourcing services grew and DX-related projects showed a continued strength. However, net sales decreased due to postponed investment plans in the ICT Core area.

■ Operating income

Gross profit was driven up by strong outsourcing services that complemented the weakness of system services. Despite SG&A expenses pushed up by intensified R&D focus, operating income increased for 10 consecutive fiscal years.

■ Orders and order backlogs

Long-term outsourcing projects were accumulated steadily for the entire fiscal year. As a result, orders and order backlogs increased both.

First of all, I would like to overview our financial results for the fiscal year ended March 2021.

Net sales for the fiscal year ended March 2021, the final year of the mid-term management plan, were ¥309.7 billion. We were unable to reach our target of ¥320 billion due to the impact of postponed projects in the ICT Core area. However, we have seen a continued strength of digital transformation (DX) -related businesses. Furthermore, we have expanded outsourcing services by landing new customers. Thus, we have been steadily building up the stock business, which will contribute to future growth.

Operating income was ¥ 26.7 billion. This outperformed our target of ¥26 billion, despite SG&A expenses driven by the strengthening of R&D initiatives for future growth. Increased earnings from outsourcing services contributed. Operating margin had already reached 8% or higher, which is the target of the mid-term management plan in the previous fiscal year. Due to a further improved profitability, operating margin was improved by 0.2 percentage points YoY to 8.6% in the fiscal year under review. Improving operating margin was positioned as the most important indicator in the mid-term management plan. We made improvements that exceeded the target, and we believe that we have laid the foundation for accelerating growth from the new fiscal year.

Profit attributable to owners of parent decreased by ¥1.1 billion from the previous fiscal year to ¥17.1 billion due to an increase mainly in the burden of income taxes.

The amount of orders received and order backlogs increased, both. This increase was attributable to outsourcing projects having been accumulated in the fourth quarter as steadily as before, in addition to the new large orders received up to the third quarter.

FYMar2021 Net Sales and Gross Profit by Segment

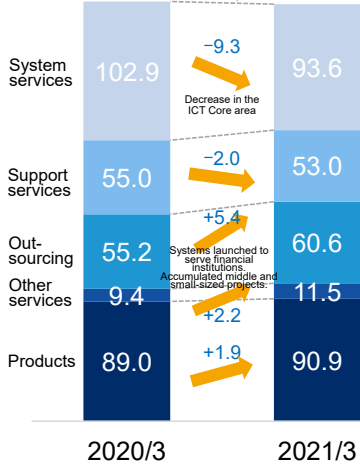
Foresight in sight

(Unit : Billion Yen)

Net Sales

-1.9
(-0.6%)

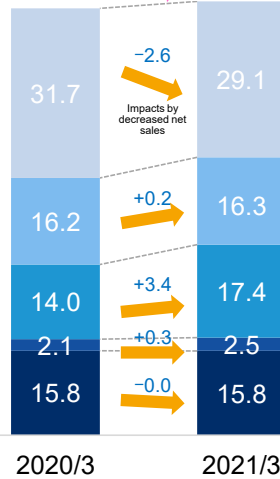
311.6 → **309.7**



Gross Profit

+1.3
(+1.6%)

79.8 → **81.1**

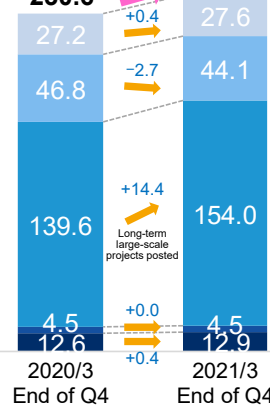


【Reference】

Order Backlogs (Total)

+12.6
(+5.5%)

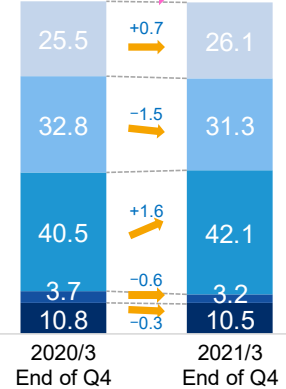
230.6 → **243.2**



Order Backlogs (to be posted as net sales within the FY)

-0.1
(-0.1%)

113.4 → **113.3**



I will now explain the situation by segment.

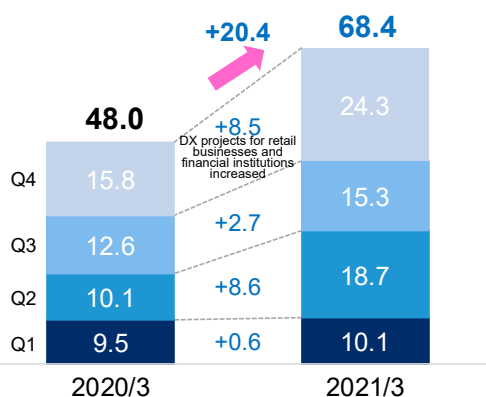
Net sales and gross profit from system services were driven down mainly by the ICT Core business area where customers in some sectors shied away from investing. However, customers are highly motivated to invest in digital transformation-related projects, and projects that will lead to the next fiscal year are accumulating.

Despite negative net sales, gross profit from support services was maintained based on the effects of cost structure reforms implemented to date, such as the consolidation and elimination of support bases. We will continue to strive to maintain profitability.

Net sales and gross profit from outsourcing services increased. The increase was attributable to launches of a large-scale system for financial institutions and accumulating IT outsourcing projects for customers in various sectors.

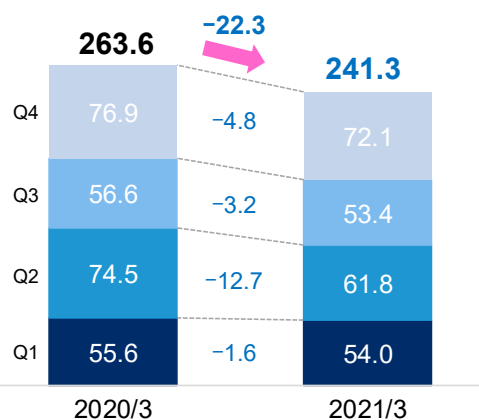
In addition, we landed the 12th customer of BankVision in the fourth quarter. We will continue to aim to enhance outsourcing services as a growth-driving segment.

Focal Areas Net Sales



- DX-related projects for a broad range of business sector such as retail businesses and financial institutions increased.
- Energy management related businesses steadily expanded.

ICT Core Areas Net Sales



- Some business sectors continued to reduce investments.
- Decrease due to a drop-off period in large-scale projects.

Next, I will explain the business situation in the focal areas of the mid-term management plan.

Net sales in our focal areas increased by ¥20.4 billion from the previous fiscal year to ¥68.4 billion. We significantly exceeded the target of ¥60 billion set for the final year of our mid-term management plan. Net sales from digital transformation-related projects for customers in various sectors and categories have been steadily increasing. The projects include those to deal with electronic shelf tags for retailers and solutions for sales branches of financial institutions.

Net sales from the commission-type businesses were around ¥7.5 billion.

Services related to inbound tourism and sharing-economy were sluggish due to the COVID-19 pandemic restricting the activities of consumers. However, we steadily accumulated services about payment, energy management, and dashcam (driving recorders). As a result, net sales from the services increased on a year-on-year basis.

Net sales from the commission-type businesses have been slightly less than what was expected when the mid-term management plan was stipulated.

However, we have made steady progress over the past three years in reforming the corporate culture from the viewpoint of creating new businesses, and many new businesses are created. We will continue to accelerate these initiatives to achieve further growth.

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Towards a New Growth



Foresight in sight

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From here, I would like to talk about our future and what we are aiming for.

**Society has been transformed and expectations of companies have shifted.
We have re-considered our roles in society and the value we should provide.**

- ▶ **Purpose**
- ▶ **Corporate Brand**
- ▶ **Vision and Management Policies**

Since our establishment, we have contributed to the formation and development of the information service industry in Japan. As society has changed and expectations of companies have shifted toward the realization of a sustainable society, we have continued to discuss how we can grow and contribute to society based on our existing initiatives.

Today, we are making an announcement that marks a new step forward.

There are three.

In addition to setting a Purpose anew, we will create a new corporate brand, trade name and trademark based on the Purpose.

We will also announce our new vision and management policies to realize them.

Create a sustainable society using foresight and insight to unlock the full potential of technology.

**Foresight and
insight**



Technology



**Business
Ecosystem**



**Company that Creates
Social Value**

With an eye on enabling a sustainable society, we have reconsidered our role in society and the value we should provide, based on our past efforts. We will take on the challenge stipulated in the Purpose.

By orchestrating foresight and insight into social change, ICT-centered technology, and the formation of business ecosystems with various business partners, we will not limit ourselves to providing ICT services. Rather, we will accelerate our recent efforts to create new value and solve social issues. In this way, we will transform ourselves into a company that creates social value.

Nihon Unisys, Ltd.

UNISYS



BIPROGY Inc.



BIPROGY

The change will take effect as of April 1, 2022 on the premise of an approval obtained at an ordinary general meeting of shareholders scheduled to be convened on June 25, 2021

We have decided to change our trade name, trademark, and corporate brand in line with our determination and resolve to become a company that creates social value as stated in our new purpose.

The Company will change its name from Nihon Unisys, Ltd. to BIPROGY Inc.

BIPROGY is an acronym coined from the first letters of blue, indigo, purple, red, orange, green, and yellow, the seven colors visible when light is refracted and reflected.

This has the two meanings.

- illuminate new paths in a chaotic society by mixing the colors of light of various business partners and various individuals, and
- change the value we provide in response to changes in society and environments, just as the colors of light changes in response to change in circumstances

By becoming the one and only brand that creates social value from a global perspective, we will reach out to a wide variety of people, form business ecosystems, and work towards the realization of a sustainable society.

The trade name change is scheduled to take effect on April 1, 2022, subject to approval at the general meeting of shareholders scheduled for June 25, 2021.



BIPROGY

We will mix the colors of light of various business partners and various individuals and we will transform ourselves into a company that creates social value and suggests promising future directions

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In order to achieve our new Purpose, we will rebuild our corporate brand and transform ourselves into a company that creates social value by orchestrating knowledge, experience, and assets of various stakeholders (people) and leads the way to a hopeful future.

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Management Policies (2021-2023)

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Next, I would like to explain the new management policies that we will implement from FY2021 to FY2023.

In FY2020, various changes were almost forced to occur all over the world due to the outbreak and spread of Novel Coronavirus (COVID-19).

We have announced a new corporate brand, and we are moving into a new era to transform ourselves into a company that creates social value as stipulated in the Purpose.

In the past, we formulated mid-term management plans. However, it is difficult to respond quickly to environmental changes if we continue to formulate strategies based on the plans, implement them, and review them as we have done in the past. The times are changing at an accelerated pace, and technology is evolving at a remarkable pace, making it difficult to foresee the future as referred to as VUCA*.

Therefore, we have decided to establish a basic policy rather than plans in order to follow guidelines indicated in the Purpose and also flexibly respond to changes.

It represents our commitment to embody our future vision through each Group employee autonomously judging and acting pursuant to this basic policy.

*VUCA

Acronym to describe the volatility, uncertainty, complexity, and ambiguity. It indicates that it is difficult to predict/forecast future situations of social environment.

Vision 2030

Basic Policy

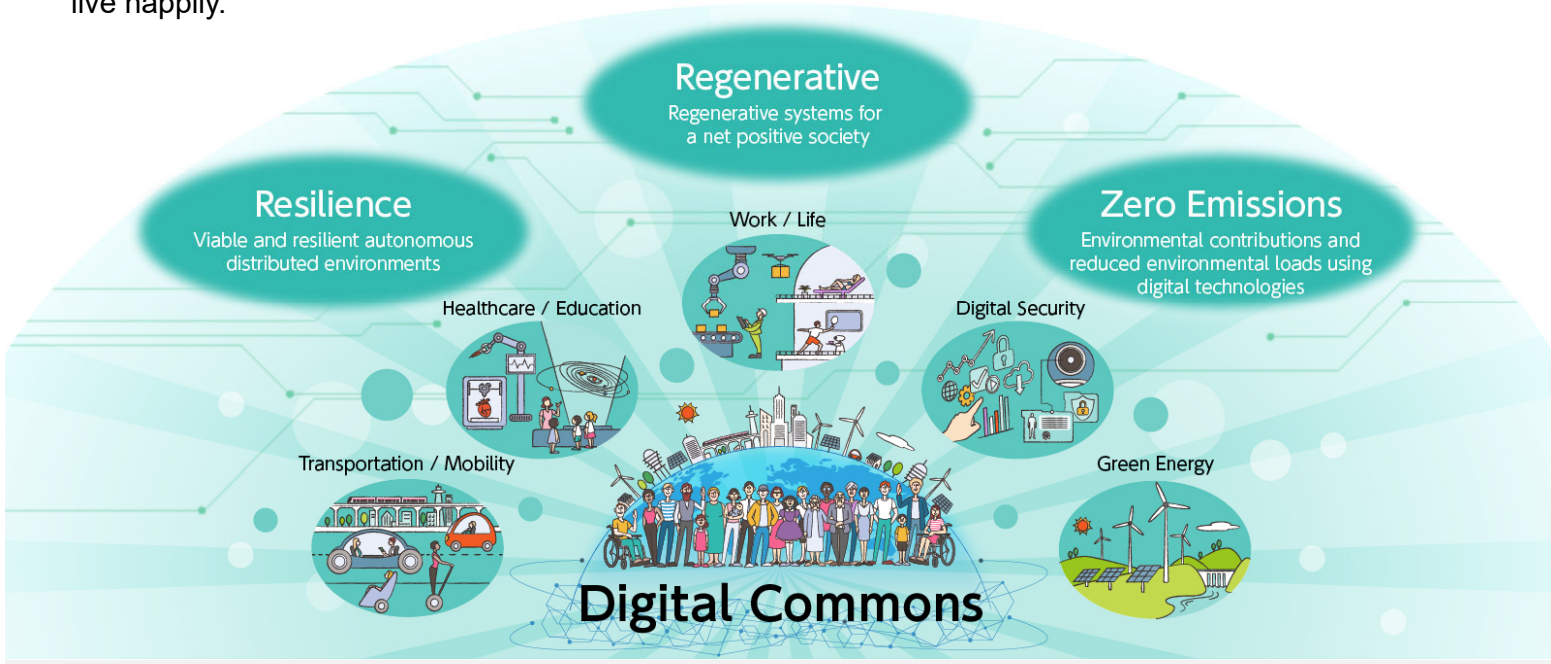
Corporate Culture Reforms

Investment Strategy

Consolidated Performance Targets

First, I would like to explain our new vision for the next 10 years, Vision2030, and then I will explain our basic policy. I will then explain our numerical targets (consolidated).

We will develop the Digital Commons which is a platform that helps create a society where everyone can live happily.



I will now explain the management policy. This is what we are aiming for, Vision 2030.

Nihon Unisys Group formulated its Vision 2030 as the direction for the corporate group over the next several years to 2030. We will develop the Digital Commons into a system that promotes the creation of a society where everyone can live happily. It represents our commitment to passing on to future generations, over the next 100 or 200 years, this precious Earth and the universe that surrounds it.

Digital and technological capabilities will be essential to achieve this goal. To achieve a sustainable society using technological capabilities, we will create business ecosystems and platforms capable of bringing together a wide range of services, products, companies, and users, and provide them as a Digital Commons to be a shared asset for society.

The three social impacts of resilience, regenerative, and zero emissions will guide our future business. We believe that contributing to these social impacts from the perspective of various industries, sectors, and markets, together with our business ecosystem partners, will eventually enable us to create new value and markets in the future.

Nihon Unisys Group will achieve the Vision 2030 plan by pursuing digital transformation (DX) for both customers and society, developing its business through a large framework that encompasses all of society, and working with partners and the community to expand business ecosystems.



We established two perspectives for the basic policy to achieve Vision 2030. The first is “For Customers,” providing customers with digital transformations that support their sustainable growth. The other is “For Society,” implementing social digital transformations together with our partners that address social issues.

We will compile the best practices of customers pursuing DX, implement DX for society, and with a larger framework that encompasses society overall, expand business ecosystems together with our customers and partners.

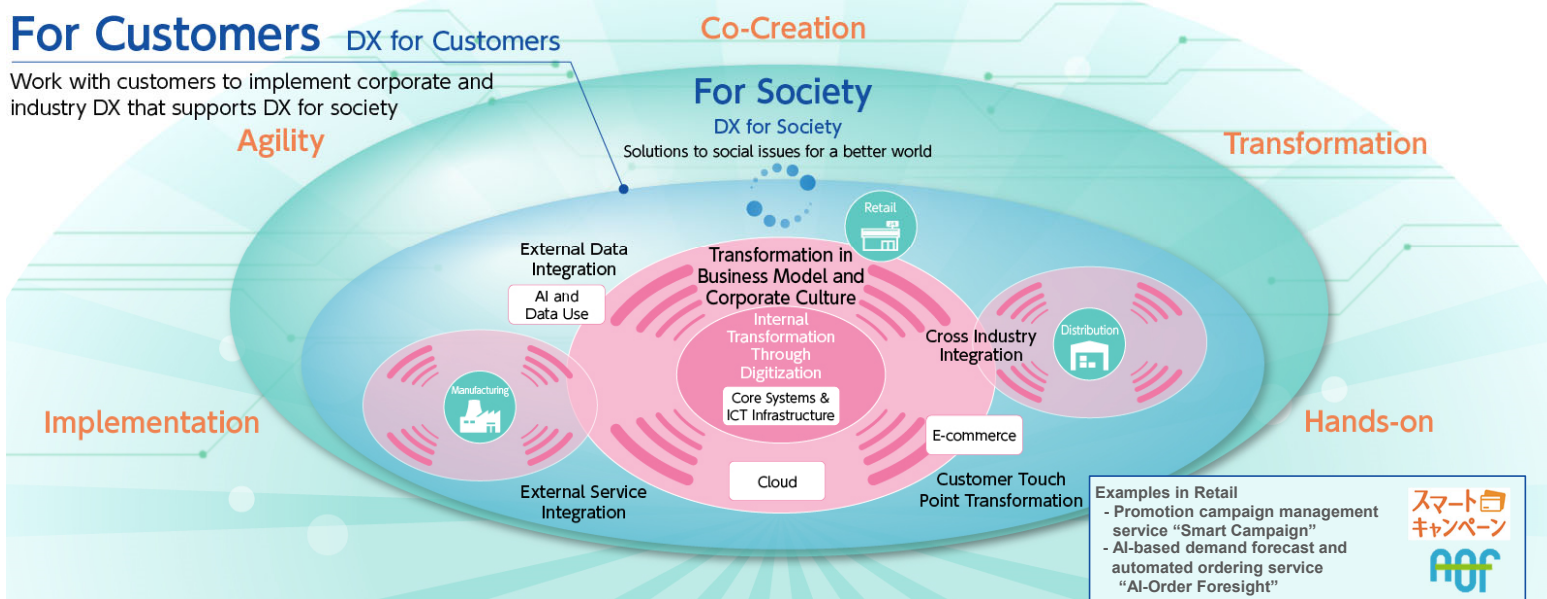
We will use the implementation capabilities that we have cultivated over the years in order to become more agile and quicken our business, co-create with our customers through business ecosystems. Eventually, we will transform ourselves as well as our customers. We aim to contribute to society by combining various services that we have evaluated and verified in the market mainly through PoC, and implementing them in the phase of practice.

We face a major turning point in our times.

Companies are strongly expected to work together with various stakeholders and solve social issues through businesses, and take the initiative in contributing to and promoting the creation of a sustainable society in the future. A growing market is created where social value is created. We think that this trend will become more prominent in the future. Our goal is to position ourselves firmly in the market and continue to create social value. We are already well-prepared for this through our efforts up to the previous mid-term management plan.

From the next page, I will explain ‘For Customers’ and ‘For Society’.

Pursue DX that leads to sustained growth for customers by strengthening value creation capabilities and generating social value.



Over the years, we have earned the trust of our customers by providing ICT infrastructure and system services. Furthermore, we have been contributing to digital transformation for our customers by creating new services and solutions on the basis of constantly evolving technologies such as cloud computing and AI. From the perspective of 'For Customers', we have been able to accumulate deep knowledge and expertise through the practice of system integration for various customers.

In future, we will combine services for various industries and sectors and further improve through open innovation practices recognized as best practices abroad. Thus, we will help customers to transform business models.

For example, we have provided AI-Order Foresight, an AI demand forecasting and automated ordering service, and Smart Campaign, a campaign management service, for our retail customers. These solutions are capable of orchestrating data such as performance information based on consumer-oriented data, weather information, and event information and optimizing combinations through AI. Thus, the solutions are useful for reducing inventory and providing products and services tailored to consumer preferences.

Use relationships with customers and partners in a wide range of industries, together with best practices, to realize business concepts that benefit all of society and the world.

For Society DX for Society

Solutions to social issues for a better world



From the perspective of 'For Society', we will create social value in addition to economic value by considering local communities and industrial value chains as social systems in order to solve social issues.

Although I mentioned retail services as an example earlier, we have many customers who make up the entire food distribution supply chain, including manufacturers, retailers, and logistics.

By involving these customers and using AI and data throughout the supply chain, we believe that we can reduce food waste by providing the right amount of food when it is needed and can also reduce CO2 emissions by optimizing delivery.

Through our efforts, we have created many assets in various areas such as energy, finance, medical care, education, transportation/mobility, manufacturing, and government.

The value of 'For Society' are to combine services and values created in various industries and markets, including services that lead to the resolution of social issues as indicated in the SDGs, and to further draw out the potential of technology and make it available as a shared property, and this is the Digital Commons.

We will work to solve various social issues and realize the Digital Commons, from the two perspectives of 'For Customers' and 'For Society'.

Pursue cultural reforms to strengthen value creation capabilities and achieve the Vision 2030 plan.



We have been promoting various corporate culture reforms. We think that we ourselves must commit to being sustainable in order to realize a sustainable society.

As a structure to promote sustainability, we have established the Sustainability Committee to strengthen our Group’s overall vision and perspective on value creation.

We have worked to raise awareness of social issues through our endorsement and support of domestic and global visions and initiatives about the environment and society such as our participating in RE100, and signing the Women’s Empowerment Principles (WEPs).

We aim to become a company that continues to earn the trust of and meet expectations of our stakeholders through these efforts for us to enhance our ability to respond to the expectations and demands of society.

A firm resolve on the part of employees is essential to providing solutions to social issues and achieving the goal of “For Society”. We will support employees who have the desire to influence society and resolve social issues, and who take the initiative and work to involve a wide range of stakeholders. Further, we will promote cultural reforms such as environmental contributions, and diversity and inclusion, in order to support such aspirations.

Accelerate strategic investment on leading-edge technologies aiming for the sustainable innovation.

Strategic Investment	<ul style="list-style-type: none"> • Continue investment in and alliance with startups with innovative technologies, in various industries including ICT, in order to pursue solutions to social issues from a longer-term perspective. • Actively seek out and realize M&A opportunities. • Promote investments in new businesses with partners.
R&D	<ul style="list-style-type: none"> • Accelerate DX based on an in-depth understanding of customers and industries, and promote the development of various services. • Strengthen R&D centered on leading-edge technologies. • Enhance service development and technical capabilities to accelerate service businesses.
Capital Investment	<ul style="list-style-type: none"> • Continued investment in outsourcing and service businesses.
Structural Reform Investment	<ul style="list-style-type: none"> • Human resource reforms to acquire new capabilities. • Promote new and flexible work styles. • Internal reforms of the Nihon Unisys Group for further digitization of business (internal DX).

Next, I will brief you on our investment strategies.

We have been steadily accumulating profits and now have sufficient investment capacity. We will continue to make further investments in order to return profits to society.

In the area of strategic investments, we will continue our efforts in start-up investments and corporate venture capital (CVC) with a focus on medium- to long-term open innovation. The Group subsidiary, Canal Ventures, Ltd. which is a corporate venture capital function, is expanding its investments by setting up the CVCF No. 2 fund in FY2020, following the CVCF No. 1 fund.

In addition, we established Emellience Partners Inc. It is a company designed to co-create strategic new business projects in the area of digital transformation. We will invest in and support in the management of startups that make early inroads into new markets created by the advancement of digitalization. We envisage thus enhancing corporate value for us and them. We will further accelerate the efforts. We will broadly explore knowledge and expertise in our dealing with start-up investments and CVC. We will play in-depth practical roles in our dealing with co-creative new businesses. This will enable us to surely obtain channels as well as knowledge and expertise and accumulate empirical experience through hands-on involvement.

We will also perform R&D and capital investment with an eye on enabling the Digital Commons. Our efforts will include further acquiring and improving leading-edge technologies and enhancing our outsourcing and service-oriented businesses. Furthermore, we will continue to invest in workforce and our internal IT assets necessary to perform corporate culture reforms and structural reforms.

Targets for fiscal year ending March 2024 (IFRS)

Adjusted Operating Margin¹	10% or higher
Revenue	¥340 billion
Outsourcing Business²	¥100 billion
ROE	Approx. 15%
Dividend Payout Ratio	Approx. 40%

Notes

- Adjusted Operating Income: Revenue minus cost of sales and SG&A expenses.
- System outsourcing as well as service businesses where Nihon Unisys Group is the provider.

I would like to brief you on our numerical targets on a consolidated basis for the fiscal year ending March 2024, which is the final year.

In the past, we used operating margin under Japanese GAAP as the most important indicator.

Due to our adopting the International Financial Reporting Standards (IFRS) in the future, we will use adjusted operating margin as the most important indicator and aim to achieve 10% or more of it.

We believe that adjusted operating income is useful information for our stakeholders to continuously understand our business performance on a recurring basis and future prospects.

Our revenue target on a consolidated basis is ¥340 billion.

We will also focus on shifting more weight to service-oriented businesses for sustainable growth, and as a benchmark for this, we will increase our outsourcing revenue to ¥100 billion.

We will strive for sustainable improvement in capital efficiency with a target of 15% ROE. With regard to dividends, we will strive to provide a stable return to shareholders with a target dividend payout ratio of 40%.

This concludes my briefings of our management policy.

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(Unit: Billion Yen)

- ✓ We apply the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 2022
- ✓ Our revenue base is further stabilized by expanding outsourcing service

	FYMar2021	FYMar2022	Changes	
	Reference (IFRS)*1	Forecast (IFRS)	Amounts	%
	Amounts	Amounts	Amounts	%
Revenue	308.8	320.0	+11.2	+3.6%
Operating Income	24.6	26.0	+1.4	+5.8%
(Operating Margin)	(8.0%)	(8.1%)	(+0.1pt)	
Profit Attributable to Owners of Parent	16.8	17.5	+0.7	+3.9%
Adjusted Operating Income*2	25.1	26.5	+1.4	+5.4%
(Adjusted Operating Margin)	(8.1%)	(8.3%)	(+0.2pt)	

*1 Reference value before audits that only reflects impacts of and key differences of new revenue standards in comparison with the Japan GAAP. The value may be subject to changes depending upon accounting audit results.

*2 Adjusted Operating Income: Revenue minus cost of sales and SG&A expenses.

Next, I will brief you on our outlook for the fiscal year ending March 2022.

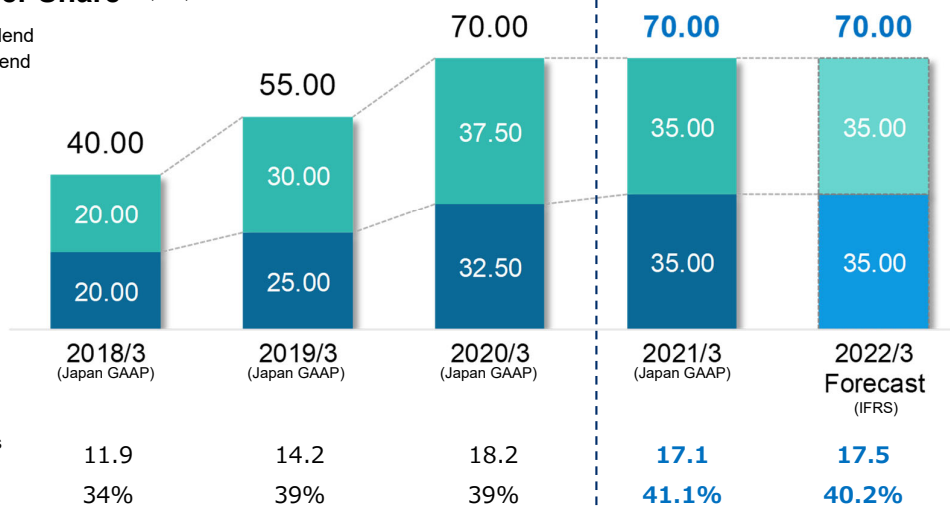
As I explained earlier, we plan to adopt IFRS from the fiscal year ending March 2022.

For the fiscal year ending March 2022, which is the first year of the Management Policy (2021-2023), we plan to post revenue of ¥320 billion, operating income of ¥26 billion, and profit attributable to owners of parent of ¥17.5 billion pursuant to IFRS. This will be enabled due to an increase in digital transformation-related projects and expansion of outsourcing services centered on service-oriented businesses. Adjusted operating income is expected to be ¥26.5 billion.

- ✓ We target a dividend payout ratio of 40% as indicated in the Management Policies (2021-2023).
- ✓ We plan annual dividends of ¥70 per share for the fiscal year ending March 2022.

Dividends per Share (Yen)

■ Year-end Dividend
■ Mid-term Dividend



Last but not the least, I will brief you on shareholder return.

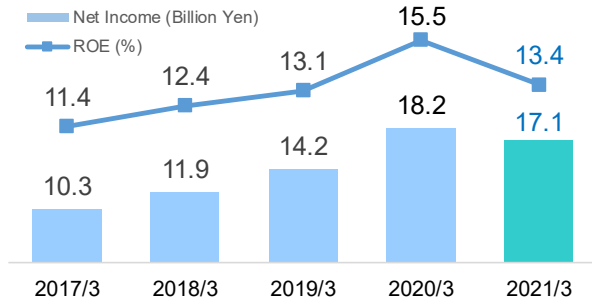
For the fiscal year ended March 2021, we will submit to the general meeting of shareholders for approving an annual dividend of ¥70 per share, the same as the previous fiscal year.

For the fiscal year ending March 2022, we plan to pay an annual dividend of ¥70 per share, the same amount as the previous fiscal year, as our management policy (2021 – 2023) stipulates a target payout ratio of 40%.

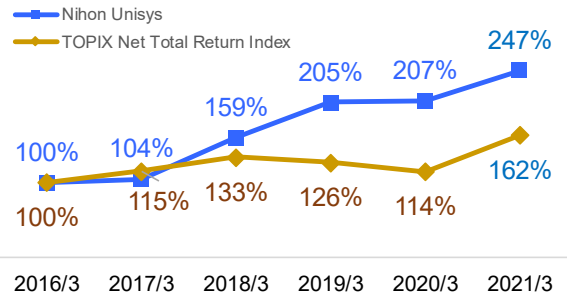
I hope that you can look forward to the Nihon Unisys Group transforming itself furthermore in the future.

This concludes my briefing for today. Thank you very much for your attention.

Profit Attributable to Owners of the Parent, ROE

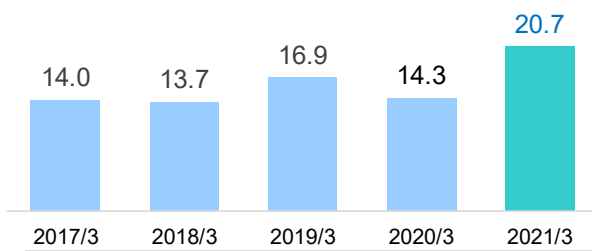


Total Shareholder Return (TSR)

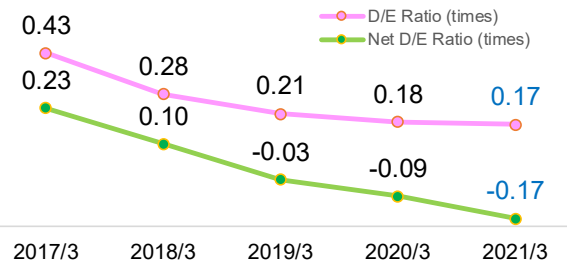


Free Cash Flow

(Unit: Billion Yen)



D/E Ratio





BIPROGY

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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