



Results for the 1st Quarter of FY March 2022

August 4, 2022
Nihon Unisys, Ltd.

Foresight in sight

FYMar2022 Q1 Consolidated Performance Results (IFRS)

Foresight in sight

- ✓ Outsourcing growth shored up operating profit, despite costs incurred for aggressively performing sales activities.
- ✓ Orders mainly for system services remained stable.

(Unit: Billion Yen)

	FYMar2021 Q1 (Apr-Jun)	FYMar2022 Q1 (Apr-Jun)	Changes		
Revenue	67.9	67.6	-0.3	(-0.4%)	(Revenue) A product sales slump outweighed an outsourcing increase. As a result, revenue was slightly reduced.
Gross Profit	16.6	17.7	+1.1	(+6.5%)	
SG&A Expenses	-12.1	-13.0	-0.8	(-7.0%)	(Operating Profit)
Operating Profit	4.5	4.8	+0.3	(+6.6%)	Selling, general and administrative expenses increased due to strengthened internal IT investments and sales reinforcement activities. However, an increase in the outsourcing gross profit shored up operating profit.
(Operating Margin)	(6.6%)	(7.0%)	(+0.4pt)		
Profit attributable to Owners of Parent	3.1	3.5	+0.4	(+11.7%)	
Adjusted Operating Profit*	4.5	4.7	+0.2	(+5.1%)	
(Adjusted Operating Margin)	(6.6%)	(6.9%)	(+0.4pt)		
Orders	56.0	58.9	+2.9	(+5.2%)	(Orders and Order Backlogs)
Order Backlogs	214.7	233.6	+18.9	(+8.8%)	Orders increased as a result of posting DX projects of system services. Order backlogs of system services and outsourcing steadily piled up.
(Order backlogs in the current FY)	94.5	99.4	+4.9	(+5.1%)	

* Adjusted operating profit is the result obtained after deducting selling, general and administrative expenses and cost of sales from net sales.

First of all, let me summarize our performance for the first quarter of the fiscal year ending March 2022.

As announced before, the Company has begun to adopt the International Financial Reporting Standards (IFRS) for this fiscal year. The entire contents of materials for this performance briefing session are described pursuant to IFRS, including the reclassified actual performance results of the same quarter of the previous fiscal year.

Revenue of the first quarter decreased by ¥0.3 billion compared with the first quarter of the fiscal year ended March 2021. The decrease is ascribable to weak products sales despite outsourcing growth.

Gross profit increased by ¥1.1 billion on a year-over-year basis as a result of outsourcing revenue growth. Operating profit increased by ¥0.3 billion and profit attributable to owners of parent increased by ¥0.4 billion, despite an increase in selling, general and administrative expenses. The expenses were driven up partly due to an increase in the expenses for strengthening internal IT investments, and partly due to an increase in general expenses and sales support costs spent for implementing aggressive sales activities.

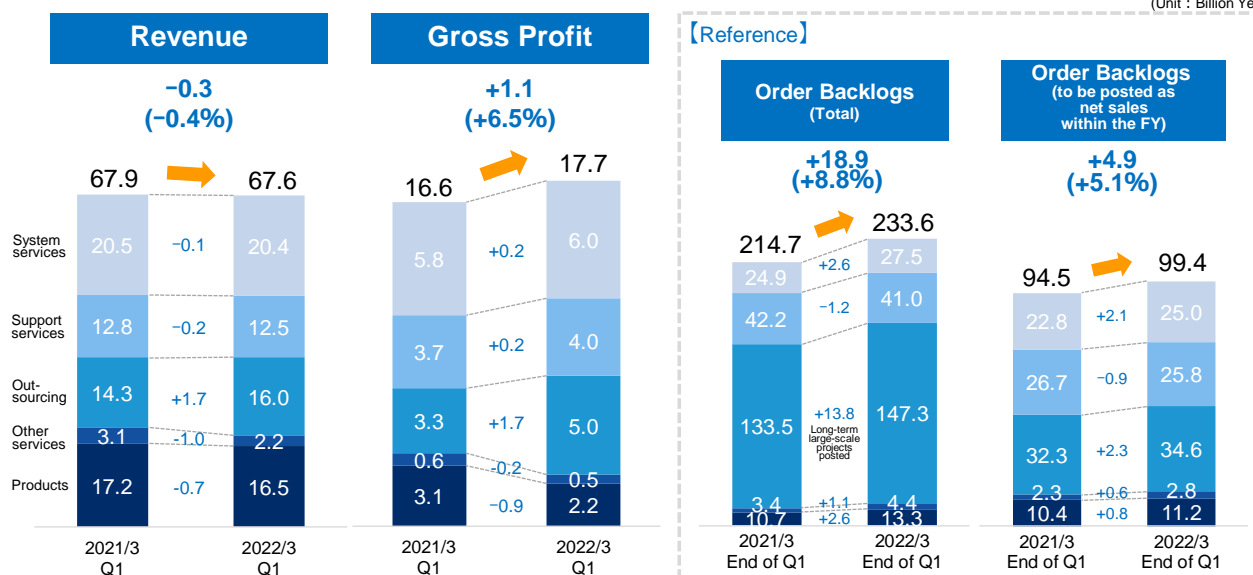
Orders increased compared with the same quarter of the previous fiscal year, partly due to posting digital transformation (DX) projects of system services. Order backlogs steadily increased on the basis of accumulated projects of systems services and outsourcing.

In addition, we will be likely awarded an order of large-scale project in the second quarter. Thus, we have continuously witnessed a favorable environment for orders.

FYMar2022 Q1 Revenue and Gross Profit by Segment (IFRS)

Foresight in sight

(Unit : Billion Yen)



Next, let me explain the situation by segment.

Despite an accumulation of projects about customer-interaction systems and core-banking systems for financial institutions as well as digital transformation for the distribution industry, system services revenue was slightly less than the first quarter of the previous fiscal year due to customers in certain industries continuingly shying away from investments. However, system services gross profit increased on a year-over-year basis.

Outsourcing revenue and profit increased. The increases are due to providing digital transformation business platform systems for a distribution company as well as an increase in businesses to perform system operations as outsourced from customers in various industries.

System services order backlogs scheduled to be posted as revenue within the fiscal year primarily constitutes order backlogs that have been steadily accumulated. In addition, order backlogs piled up based upon large-scale outsourcing projects. The Company will continuously work on enabling a stable earnings base and develop the outsourcing business as a growth driver.

【Revenue by Outsourcing】

	(Unit: Billion Yen)		
	FYMar2021 Q1 (Apr-Jun)	FYMar2022 Q1 (Apr-Jun)	Changes
Entrusted operation-type	12.2	13.2	+1.0
Corporate DX-type	1.0	1.5	+0.5
Service-based-type (business creation-type)	1.1	1.4	+0.3
Total revenue	14.3	16.0	+1.7

【Order Backlogs by Outsourcing】

	(Unit: Billion Yen)		
	FYMar2021 End of Q1	FYMar2022 End of Q1	Changes
Total order backlogs	133.5	147.3	+13.8

(Entrusted operation-type outsourcing)

- ✓ Services to implement system operations as outsourced from customers of a wide variety of industries have steadily increased.

(Corporate DX-type outsourcing)

- ✓ The 'BankVision on Azure', Japan's first public cloud full-banking system, was launched in May to serve Hokkoku Bank.
- ✓ DX services at retail shops (AI-powered automated order placement) have been increasing.

(Service-based-type (business creation-type) outsourcing)

- ✓ Use of dashcam (EDR/driving recorder) services has continuously increased.
- ✓ The electronic value card business has remained stable.

Next, let me brief you on the outsourcing business situation.

With the aim of achieving a sustained growth, the Company has been promoting a shift to service-based businesses. We positioned the outsourcing business as a growth driver in the 'Management Policy 2021-2023' launched in the fiscal year. The Company has set a numerical target to increase the outsourcing revenue to ¥100.0 billion in the fiscal year ending March 2024, the final fiscal year of the Management Policy.

We will brief you on actual sales and performance situations of Outsourcing from this period in light of three categories of the business as divided in the material to help our stakeholders understand our progress towards achieving the target.

The first category, 'entrusted operation-type outsourcing' is a customer-specific operation service. The operation service for customers in various industries has been steadily increasing in response to growing demands for IT outsourcing services.

The second category of 'corporate DX-type outsourcing' is evolved from the first category of entrusted operation-type of outsourcing services through digital transformation. It is an outsourcing service enabled in a new mode, as exemplified in operating BankVision, an open core-banking system for financial institutions, on public cloud as BankVision on Azure. The nation's first public cloud full-banking system was launched for Hokkoku Bank in May this year. This cloud-computing system capable of connecting with local companies and communities will be conducive to revitalizing the region. In addition, we have been providing services such as those of AI-powered automated order placement for retail customers. The services will contribute to reducing waste and loss as well as environmental impacts if they are connected to systems of the entire value chain mainly composed of manufacturers, wholesalers and logistics/distribution companies.

The third category of 'service-based outsourcing' is an outsourcing service provided by the Company or the Company coupled with customers as a business entity. It is now exemplified by the electronic value card business and dashcam (EDR/Drive Recorder) services. These businesses continuously perform well.

The Company group announced that it aims to achieve a sustainable society, as stipulated in the 'Purpose' in May. We will work on creating social value as well as economic value through developing together with customers and partners business ecosystems where services capable of solving social issues are created.

Full-Year Performance Forecast for FYMar2022 (IFRS)

Foresight in sight

- ✓ No revisions of the previous announcement are made
- ✓ The Group will strengthen a stable earnings base predicated upon an increase in outsourcing services and promote a transformation of business models

(Unit: Billion Yen)

	FYMar2021 Results	FYMar2022 Forecast	Changes	
Revenue	308.4	320.0	+11.6	(+3.8%)
Operating Profit	24.6	26.0	+1.4	(+5.6%)
(Operating Margin)	(8.0%)	(8.1%)	(+0.1pt)	
Profit attributable to Owners of Parent	16.6	17.5	+0.9	(+5.2%)
Adjusted Operating Profit*	25.2	26.5	+1.3	(+5.2%)
(Adjusted Operating Margin)	(8.2%)	(8.3%)	(+0.1pt)	

* Adjusted operating profit is the result obtained after deducting selling, general and administrative expenses and cost of sales from net sales.

Next, let me brief you on the full-year performance forecast for the fiscal year ending March 2022.

We have made no changes in the full-year performance forecast that we announced on May 7.

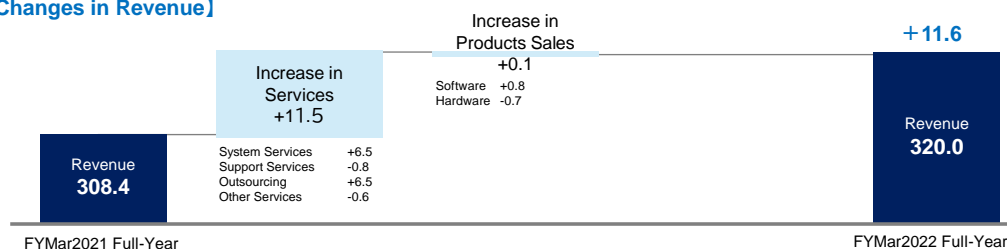
In the environment where we have continuously seen customers show a keen interest in investments into DX area, we aim at revenue of ¥320.0 billion, operating profit of ¥26.0 billion, and net income of ¥17.5 billion, through new Outsourcing project contract awards and an accelerated increase in the service-based outsourcing business. We expect adjusted operating profit of ¥26.5 billion.

**(Reference) Full-Year Performance Forecast for FYMar2022 (IFRS)
Breakdown Details**

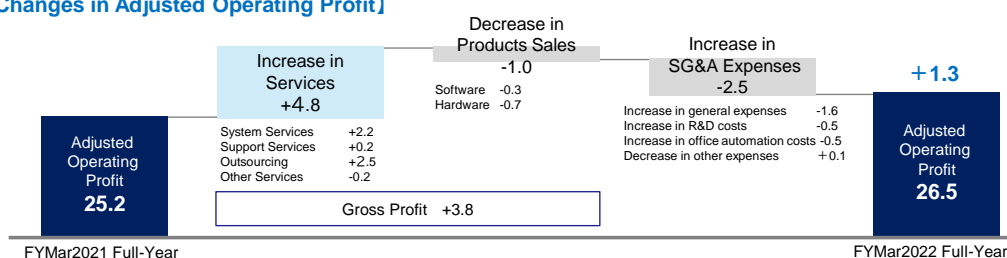
Foresight in sight

(Unit: Billion of Yen)

[Changes in Revenue]



[Changes in Adjusted Operating Profit]



Nihon Unisys, Ltd. will change its trade name to BIPROGY Inc. in April 2022.



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(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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