

Results for the 2nd Quarter of FY March 2022

November 2, 2021
Nihon Unisys, Ltd.



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Summary of the Results for H1 FYMar2022

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H1 Performance Summary and Initiatives for Medium and Long-term Growth

- ✓ **DX business projects drove a revenue increase. Operating profit was increased due to enhanced profitability that absorbed impacts from SG&A expenses growth.**
- ✓ **System services businesses accumulated in Q2 enabled continued strength of orders and order backlogs.**

(Unit: Billion Yen)

	FYMar2021 Q2 (Apr-Sep)	FYMar2022 Q2 (Apr-Sep)	Changes		
Revenue	145.0	145.9	+0.9	(+0.6%)	(Revenue)
Gross Profit	37.3	39.0	+1.7	(+4.5%)	System services mainly for DX projects grew in Q2 and thus drove revenue.
SG&A Expenses	-25.5	-26.2	-0.7	(+2.6%)	(Operating Profit)
Operating Profit	11.8	13.0	+1.1	(+9.7%)	Gross margin grew based upon a revenue increase and improved profitability.
(Operating Margin)	(8.1%)	(8.9%)	(+0.7pt)		It absorbed an increase in SG&A expenses. As a result, operating profit increased by 9.7% compared with H1 FYMar2021.
Profit attributable to Owners of Parent	8.0	9.4	+1.4	(+17.0%)	(Profit)
Adjusted Operating Profit*	11.8	12.8	+1.0	(+8.6%)	The operating profit growth sustained and valuation profits of investment deals further drove profit.
(Adjusted Operating Margin)	(8.2%)	(8.8%)	(+0.6pt)		
Orders	144.0	145.9	+2.0	(+1.4%)	(Orders and Order Backlogs)
Order Backlogs	225.5	242.3	+16.8	(+7.5%)	System services orders increased in Q2, more than making up for the lack of projects comparable to the large-scale outsourcing project posted in the same quarter of the previous fiscal year. As a result, the entire orders made an increase over a year-over-year basis.
(Order backlogs in the current FY)	80.9	88.1	+7.2	(+8.9%)	Order backlogs specifically of outsourcing and system services were accumulated steadily.

* Adjusted operating profit is the result obtained after deducting SG&A expenses and cost of sales from revenue.

FYMar2022 H1 Revenue and Gross Profit by Segment (IFRS)

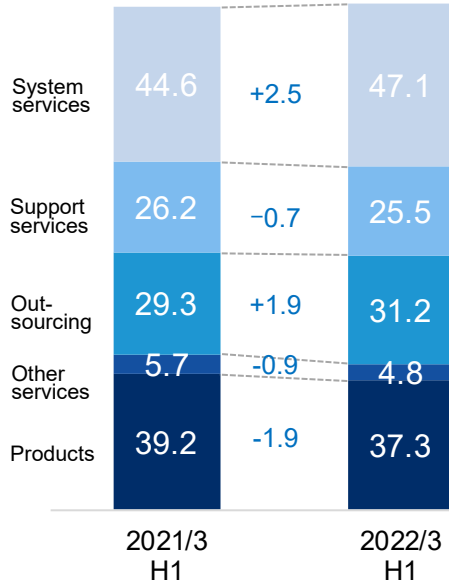
Foresight in sight

(Unit : Billion Yen)

Revenue

+0.9
(+0.6%)

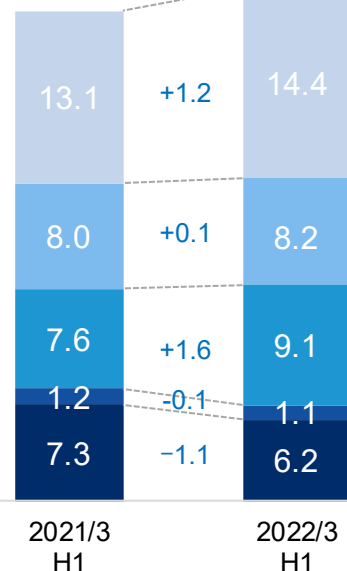
145.0 → 145.9



Gross Profit

+1.7
(+4.5%)

37.3 → 39.0

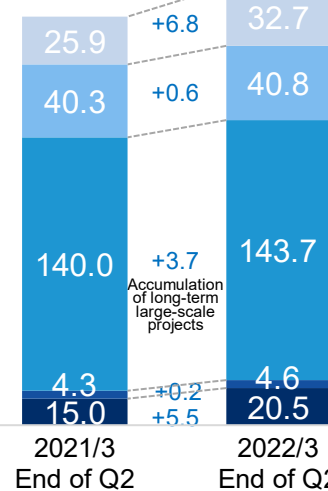


【Reference】

Order Backlogs (Total)

+16.8
(+7.5%)

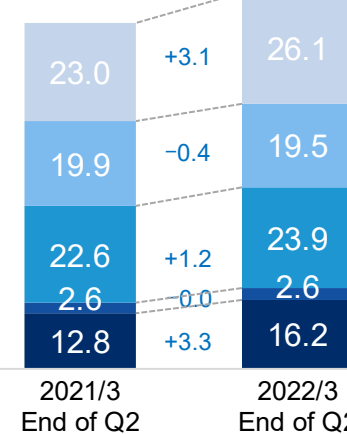
225.5 → 242.3



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

+7.2
(+8.9%)

80.9 → 88.1



【Revenue by Outsourcing】

(Unit: Billion Yen)

	FYMar2021 H1 (Apr-Sep)	FYMar2022 H1 (Apr-Sep)	Changes
Entrusted operation-type	24.8	25.2	+0.4
Corporate DX-type	2.1	3.1	+1.0
Service-based-type (business creation-type)	2.4	2.9	+0.5
Total revenue	29.3	31.2	+1.9

【Order Backlogs by Outsourcing】

(Unit: Billion Yen)

	FYMar2021 End of Q2	FYMar2022 End of Q2	Changes
Total order backlogs	140.0	143.7	+3.7

(Corporate DX-type outsourcing)

- ✓ The 'BankVision on Azure', Japan's first public cloud full-banking system, was launched in May. Another user decided in September to avail itself of the service.
- ✓ A DX service for retailer stores (AI-driven automatic order placement service) was broadly released. Efforts to increase users are focused.

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

- ✓ A platform service for e-commerce was launched first for large-scale retailers. The service is planned to serve multiple business operators in the second half.
- ✓ The Value Card business and the dashcam (Drive Recorder) service have continued to be steady.

✓ The Group has made progress as forecasted with an eye towards the full-year target. No revisions of the previous announcement are made.

(Unit: Billion Yen)

	FYMar2022 H1			FYMar2022 H2			FYMar2022 Full-Year		
	Actual	Changes		Forecast	Changes		Forecast	Changes	
Revenue	145.9	+0.9	(+0.6%)	174.1	+10.6	(+6.5%)	320.0	+11.6	(+3.8%)
Operating Profit	13.0	+1.1	(+9.7%)	13.0	+0.2	(+1.8%)	26.0	+1.4	(+5.6%)
(Operating Margin)	(8.9%)	(+0.7pt)		(7.5%)	(-0.3pt)		(8.1%)	(+0.1pt)	
Profit attributable to Owners of Parent	9.4	+1.4	(+17.0%)	8.1	-0.5	(-5.8%)	17.5	+0.9	(+5.2%)
Adjusted Operating Profit*	12.8	+1.0	(+8.6%)	13.7	+0.3	(+2.2%)	26.5	+1.3	(+5.2%)
(Adjusted Operating Margin)	(8.8%)	(+0.6pt)		(7.8%)	(-0.3pt)		(8.3%)	(+0.1pt)	

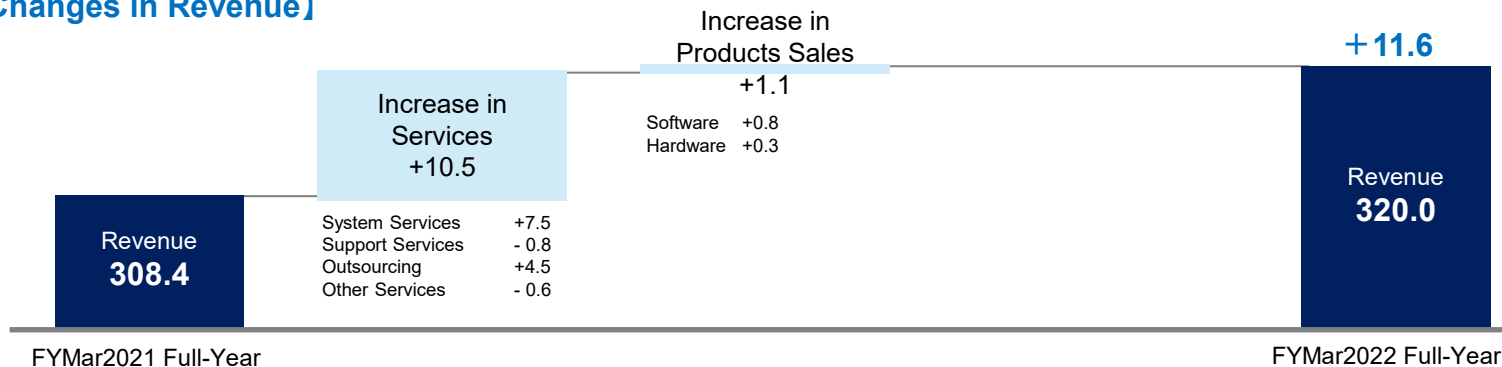
* Adjusted operating profit is the result obtained after deducting SG&A expenses and cost of sales from revenue.

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

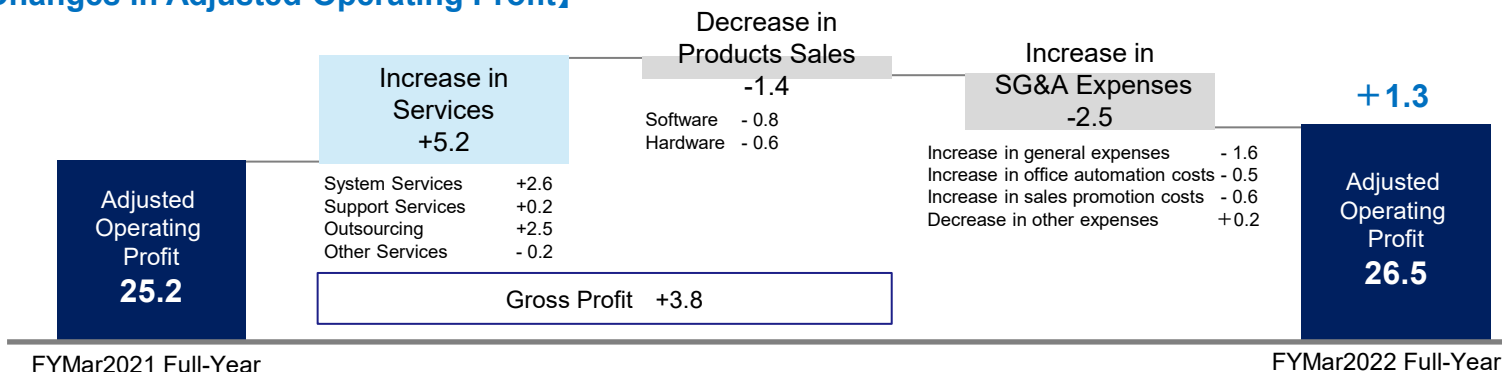
Foresight in sight

(Unit: Billion of Yen)

【Changes in Revenue】



【Changes in Adjusted Operating Profit】



1 Summary of the Results for H1 FYMar2022

2 H1 Performance Summary and Initiatives for Medium and Long-term Growth

<Efforts in the Areas Conducive to Revenue in H1>

We enhanced our new platform to help regional financial institutions perform DX attempts. Our DX capability has come to serve more business sectors such as retail (with AI-driven automatic ordering and electronic shelf tagging solutions) and manufacturing (with purchase and procurement solutions).

DX for regional financial institutions

Coordinate with Fintech and external services such as those of other business sectors

Use-type service menu



Financial institutions



Data Lake

Towards an efficient use of financial institutions' data x regional data

Propagate new platform services for financial institutions

DX for retailer shops and commercial facilities

AI-driven automatic ordering

AI robots performing retail shop duties

Check and correct

Display data and update prices (reflect on a real-time basis)

Electronic shelf labels

HQ and Center



Increase use of AI automatic ordering, electronic shelf labels, and AI robots performing retail shop duties

DX for manufacturers' purchase and procurement

Optimize procurement costs and perform strategic purchase through the use of AI capabilities

Promote workstyle reforms for purchase department employees

Assemble and process

Purchase and procurement

Strengthen BCP measures through managing suppliers Assemble and process



Widely use purchase and procurement DX solutions

[Tendency of Orders and Order Backlogs]

Order backlogs of system services, outsourcing and hardware increased significantly.

- ✓ Orders and order backlogs steadily piled up attributable to our financial services (a new user of BankVision and orders for Shinkin-bank's core-banking system services) in addition to our services for retailers and public service providers.
- ✓ Hardware orders and order backlogs increased more than the same period of the previous fiscal year, due to strong demands from education sectors and research institutions.

[Future Prospects]

Enquiries mainly from financial institutions and retailers about corporate DX-type outsourcing services will continue in the second half.

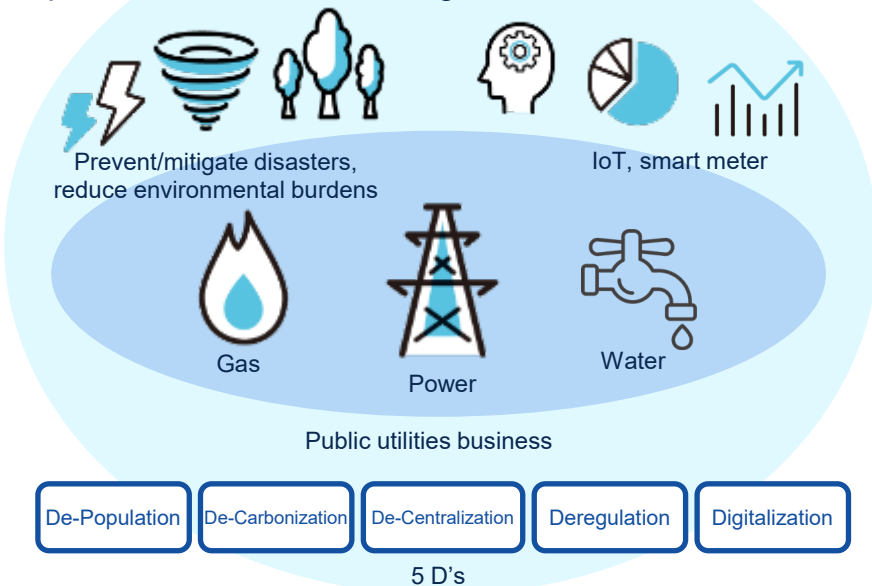
- ✓ We boosted proposal activities to sell EC platform services, part of our service-based-type (business creation-type) outsourcing services.
- ✓ We have confidence about a pile-up of projects in the pipeline to further grow to the level before the pandemic.

<Attempts to enable more orders in H2>

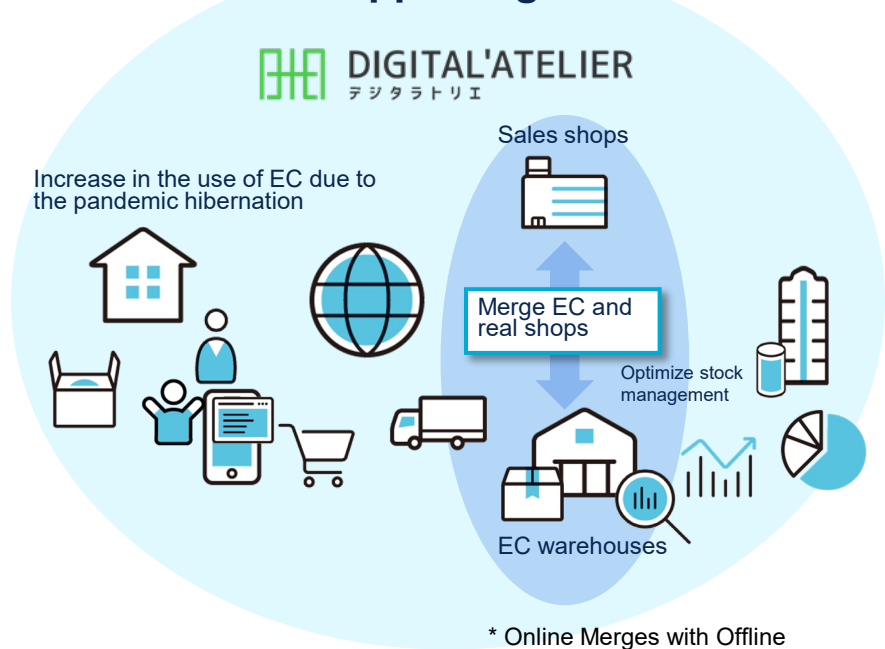
DX projects for public services (such as electricity, gas and water) have made progress. EC platform services are more enthusiastically used.

Progress of public services DX

- attempts towards decarbonization as well as disaster prevention and disaster mitigation -

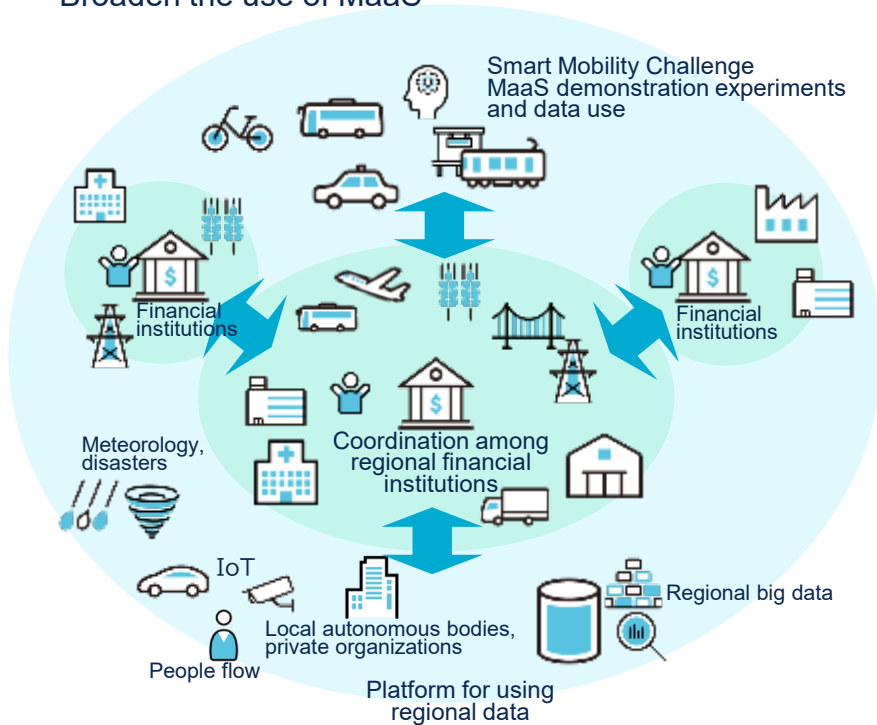


Increase in the use of EC Platform Services supporting OMO*



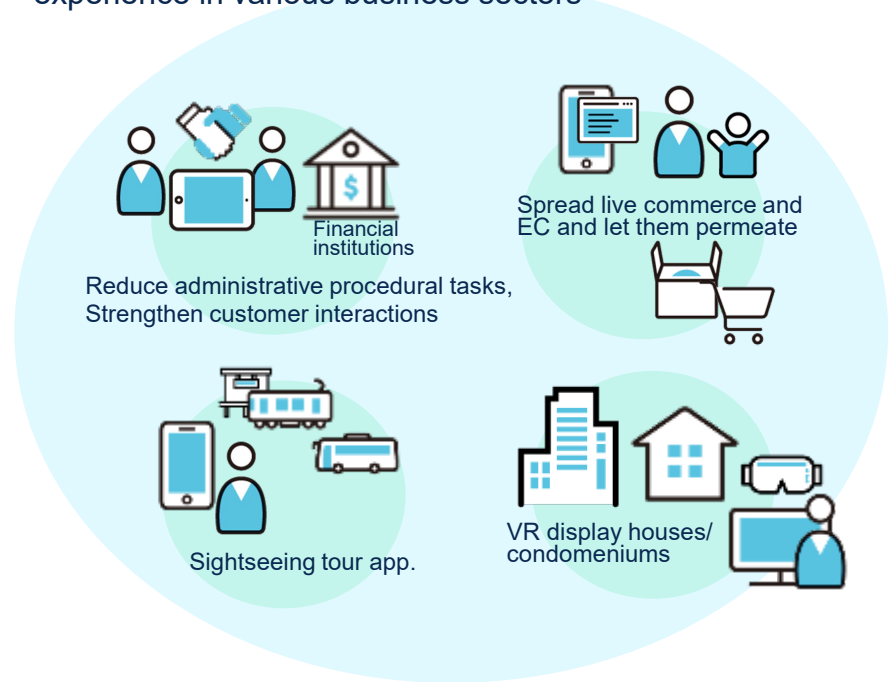
Revitalize regional economies

- Coordinate regional financial institutions
- Spread the use of local autonomous bodies' regional data
- Broaden the use of MaaS



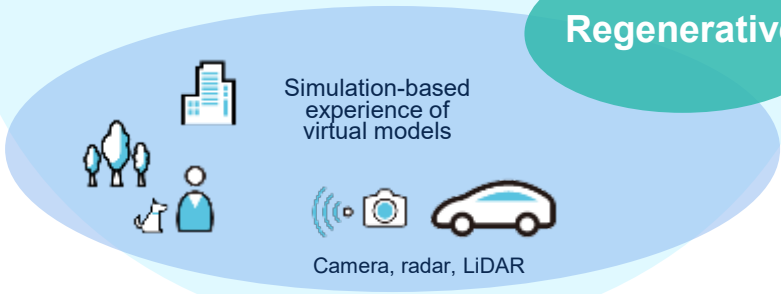
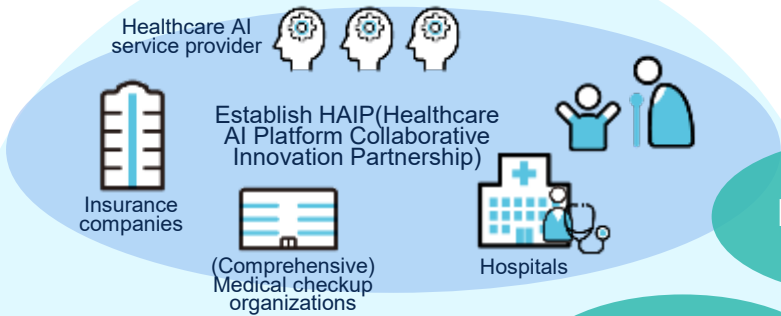
Use digitalization capabilities and increase the interaction points from the viewpoint of consumers

- Provide services useful for intensifying the value of customer experience in various business sectors



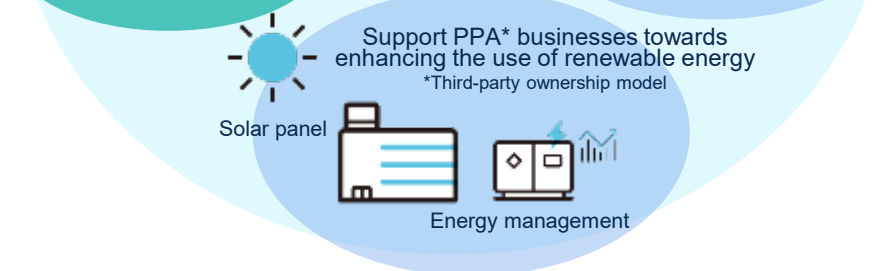
Participate in Cabinet Office's Strategic Innovation Program (SIP) program

- System for Advanced Diagnosis and Treatment by AI Hospitals & Automated Driving



Enable a decarbonized society

- Contribute to an enhanced use of renewable energy and conduct businesses related to environmental value



Sustainability Management

- ✓ Establish a new materiality with an eye towards achieving Vision 2030 (with non-financial indicators incorporated into KPI)
- ✓ Respect for human rights and implement efforts related to labor (by promoting efforts to achieve SDGs in compliance with the Ten Principles of the UN Global Compact)
- ✓ Implement efforts on RE100 (by procuring renewable energy for our own facilities)
- ✓ Strengthen the governance system (through diversifying our directorship composition and revising the director remuneration system)

Strategic Investment

- ✓ Accelerate investments in funds and startups through a corporate venture capital (CVC) function
- ✓ NSSC, a group company that conducts overseas research centered on North America, has opened a new base in Boston.
- ✓ Participation in the 'Decarbonized Tech Fund' and establishment of a company operating a platform for wood distribution

Corporate Reform and Internal DX

- ✓ We attempted the use of application to create a sense of togetherness and enliven communications among employees on an internal trial
The app. is used on a trial basis before commercialization as "PRAISE CARD" (in cooperation with Hakuholdo Inc. and Hakuholdo Consulting Inc.)
- ✓ Make it a norm to co-create systems with customers through hybridizing system development and maintenance/support services and the agile software development methodology



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.



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



BIPROGY

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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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