

Note) This is an English translation of summarized consolidated financial results prepared for readers' convenience. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.



Consolidated Financial Report for the Third Quarter of Fiscal Year Ending March 31, 2018 [Japan GAAP]

February 1, 2018

Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	http://www.unisys.co.jp/
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	February 13, 2018
Scheduled Starting Date for Dividend Payment:	-
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results in FY2018 Q3 (from April 1, 2017 to December 31, 2017)

(1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from the same period of previous year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2018 Q3	196,567	4.5	9,428	26.3	9,857	35.4	6,786	31.9
FY2017 Q3	188,183	(0.4)	7,464	(2.0)	7,277	1.7	5,144	14.6

(Note) Comprehensive Income FY2018 Q3: 11,083 Million Yen (57.0 %) FY2017 Q3: 7,059 Million Yen (96.5 %)

	Earnings Per Share		Diluted Earnings Per Share	
	Yen		Yen	
FY2018 Q3	67.66		67.42	
FY2017 Q3	47.89		47.67	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Millions of Yen		Millions of Yen		%	
FY2018 Q3	180,572		98,933		53.9%	
FY2017	192,694		90,772		46.7%	

(Reference) Shareholders' Equity FY2018 Q3: 97,365 Million Yen FY2017: 89,918 Million Yen

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen				
FY2017	—	17.50	—	17.50	35.00
FY2018	—	20.00	—	—	—
FY2018 (Forecast)	—	—	—	20.00	40.00

(Note) Revisions to the latest forecast of dividends: No

3. Consolidated Earnings Forecast for FY2018 (from April 1, 2017 to March 31, 2018)

(Percentage below represents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2018	290,000	2.7	16,000	11.8	15,800	14.1	11,000	7.2	109.66

(Note) Revisions to the latest forecast of consolidated earnings: No

* Notes

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries) during this quarterly period: No

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and restatement of corrections

1. Changes in accounting policies in association with revision in accounting standards: No

2. Other changes in accounting policies: No

3. Changes in accounting estimates: No

4. Restatement of corrections: No

(4) Number of shares outstanding (common stock)

(shares)

1. Number of shares outstanding at the end of the period
(including treasury stock)

FY2018 Q3	109,663,524	FY2017	109,663,524
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2. Number of shares of treasury stock at the end of the period

FY2018 Q3	9,348,270	FY2017	9,351,876
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3. Average number of shares outstanding during the period

FY2018 Q3	100,313,784	FY2017 Q3	107,416,390
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*This Consolidated Financial Report is not subject to quarterly review procedures

*Comment regarding appropriate usage of earnings forecast, and other special notes

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

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1. Results of Business Operations and Financial Conditions

(1) Analysis of Business Operations

The first nine months of the fiscal year ending March 2018 witnessed moderate signs of recovery in the Japanese economy, supported through improvements in employment/income environments as well as corporate earnings. On the other hand, the period also reflected continuing uncertainty about the future of a Japanese economy suffering the impacts of political and economic situations in the rest of the world, such as Brexit (Britain's withdrawal from the European Union (EU)), policy management by the U.S. administration, and heightened geopolitical risks from North Korean activity. Against that backdrop, software investments have managed to remain almost unchanged in the domestic information services market. However, we recognize that we continue to be in a difficult environment where we suffer uncertain overseas economies, impacts of fluctuating financial and capital markets, and fiercer races against rival companies. In this environment, the Nihon Unisys Group has entered the final year of the Mid-term Management Plan that was launched in the fiscal year ending March 2016. It has been accelerating our growth strategies of expanding digital/life innovation areas and changes to business ICT platform areas. Furthermore, the Group has been promoting efforts on key strategies mainly of reforming corporate culture and strengthening human resources capabilities.

In the digital innovation area where we challenge ourselves as depicted in the Mid-term Management Plan, 'Canal Payment Service, Ltd.' our subsidiary specialized in payment/settlement businesses has expanded the availability of Alipay® services from a few to all BEST DENKI Co., Ltd. shops. Furthermore, Nihon Unisys, Ltd., Canal Payment Service, Ltd., and bitFlyer, Inc. together have launched a business aimed at increasing the use of the cryptocurrency bitcoin® for payment/settlement transactions of product sales and eating/drinking services. We will continue to develop and improve an environment where non-Japanese visitors can have convenient and reassuring shopping experiences, keeping in mind the 40 million visitors expected in the year 2020 by government targets.

Our shared-economy approaches performed in the life innovation field have supported Nissan Motor Co., Ltd. through our 'smart oasis® for Carsharing' mobility service platform enabling the 'Nissan e-share mobi' launched on January 15, 2018. We will continue to create innovative services by accelerating creation of IT platforms capable of supporting enhanced use of EVs and Mobility-as-a-Service, in order to facilitate convenient and reassuring transit.

In our business ICT platform area, conventional business models have been incessantly replaced by service-type business models. The smooth transition has been predicated upon our efforts to standardize development methods and business processes, reuse knowledge and expertise, and enhance implementation-type businesses.

Our efforts to reform corporate culture and workforce capabilities include workstyle reforms mainly through: using satellite offices; fully operating the telecommuting system; as well as a campaign to promote wasteless and well-focused work; and promoting the use of paid-leave. Furthermore, our approaches to promote diversity were accredited pursuant to the Act on Promotion of Women's Participation and Advancement in the Workplace, and granted Three-star (highest rank) ERUBOSHI certification.

In summary, the Nihon Unisys Group as a whole has been diligently promoting the Mid-term Management Plan.

(Note) Bitcoin is a globally circulated cryptocurrency used for payment/settlement services with approx. 20 million wallets (accounts) used by approx. 200,000 business operators. Physical retail shops in Japan have been authorized to make avail of the cryptocurrency since April, 2017. An increasing number of shops aware of the demands from inbound tourism targeted for 2020 have come to use the virtual currency that will be increasingly prevalent among domestic users.

(Note) Alipay is a registered trademark of Ant Financial Services Group which is an affiliate company of Alibaba Group.

(Note) Bitcoin is a registered trademark of bitFlyer, Inc.

(Note) Other names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

Net sales on a consolidated basis for the nine-month period under review were ¥ 196,567 million, up by 4.5 % from the same period of the previous fiscal year. The total was enabled by the continued strength of software services and outsourcing sales.

An increase in earnings driven by the increase in software sales eventually enabled the following results. Operating income was ¥ 9,428 million, up by 26.3 % from the same period of the previous fiscal year. Ordinary income was ¥ 9,857 million, up by 35.4 % from the said period. Profit attributable to owners of parent was ¥ 6,786 million, up by 31.9%.

(2) Analysis of Financial Condition

At the end of the nine-month period of the previous fiscal year, total assets were ¥ 180,572 million, down by ¥ 12,121 million from the end of the previous fiscal year, partly due to a decrease in accounts receivable-trade.

Liabilities were ¥ 81,639 million, down by ¥ 20,281 million from the end of the previous fiscal year, partly due to a decrease in accounts payable-trade and loans payable.

Net assets were ¥ 98,933 million. Shareholders' equity ratio was 53.9 %, up by 7.3 percentage points from the end of the previous fiscal year.

(3) Comments on the Consolidated Earnings Forecasts and Other Forecasts

The performance forecasts on a consolidated basis and those on a non-consolidated basis have not been revised since they were announced on May 9, 2017.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2017 (As of March 31, 2017)	FY2018 Q3 (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	17,823	15,326
Notes and accounts receivable - trade	70,275	50,865
Merchandise and finished goods	5,708	8,816
Work in process	1,684	4,892
Raw materials and supplies	317	135
Deferred tax assets	6,307	3,743
Other	16,196	16,994
Allowance for doubtful accounts	(59)	(59)
Total current assets	118,255	100,714
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,098	3,855
Machinery, equipment and vehicles, net	8,467	8,347
Other, net	3,953	3,783
Total property, plant and equipment	16,519	15,986
Intangible assets		
Goodwill	836	774
Software	21,602	22,229
Other	300	59
Total intangible assets	22,739	23,063
Investments and other assets		
Investment securities	17,911	24,016
Deferred tax assets	1,463	138
Net defined benefit asset	945	1,743
Other	15,175	15,215
Allowance for doubtful accounts	(316)	(306)
Total investments and other assets	35,179	40,807
Total non-current assets	74,439	79,857
Total assets	192,694	180,572

Millions of Yen

	FY2017 (As of March 31, 2017)	FY2018 Q3 (As of December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,609	16,587
Short-term loans payable	350	350
Current portion of long-term loans payable	11,007	10,912
Commercial papers	6,000	-
Income taxes payable	1,965	309
Accrued expenses	9,985	5,395
Advances received	13,838	16,874
Allowance for loss on contract development	312	321
Other provision	1,232	810
Other	9,146	8,775
Total current liabilities	76,448	60,337
Non-current liabilities		
Long-term loans payable	20,282	16,616
Provision	1,147	1,306
Net defined benefit liability	1,813	675
Asset retirement obligations	1,132	1,123
Other	1,097	1,580
Total non-current liabilities	25,473	21,302
Total liabilities	101,921	81,639
Net assets		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	14,200	14,361
Retained earnings	80,005	83,027
Treasury shares	(13,592)	(13,587)
Total shareholders' equity	86,096	89,284
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,625	7,401
Deferred gains or losses on hedges	1	0
Remeasurements of defined benefit plans	(805)	680
Foreign currency translation adjustment	-	(1)
Total accumulated other comprehensive income	3,821	8,081
Subscription rights to shares	294	344
Non-controlling interests	560	1,223
Total net assets	90,772	98,933
Total liabilities and net assets	192,694	180,572

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

Millions of Yen

	FY2017 Q3 (Nine months ended December 31, 2016)	FY2018 Q3 (Nine months ended December 31, 2017)
Net sales	188,183	196,567
Cost of sales	142,748	148,912
Gross profit	45,435	47,654
Selling, general and administrative expenses	37,970	38,226
Operating income	7,464	9,428
Non-operating income		
Interest income	5	2
Dividend income	352	383
Other	220	312
Total non-operating income	578	698
Non-operating expenses		
Interest expenses	153	97
Settlement package	409	38
Loss on investments in partnership	10	67
Other	191	67
Total non-operating expenses	764	269
Ordinary income	7,277	9,857
Extraordinary income		
Gain on transfer of business	-	108
Gain on reversal of subscription rights to shares	64	-
Other	107	9
Total extraordinary income	171	118
Extraordinary losses		
Impairment loss	10	213
Loss on sales and retirement of non-current assets	28	64
Loss on sales of investment securities	43	-
Other	3	29
Total extraordinary losses	85	306
Profit before income taxes	7,363	9,668
Income taxes - current	148	74
Income taxes - deferred	2,070	2,770
Total income taxes	2,219	2,844
Profit	5,144	6,824
Profit attributable to non-controlling interests	0	37
Profit attributable to owners of parent	5,144	6,786

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2017 Q3	FY2018 Q3
	(Nine months ended December 31, 2016)	(Nine months ended December 31, 2017)
Profit	5,144	6,824
Other comprehensive income		
Valuation difference on available-for-sale securities	446	2,775
Deferred gains or losses on hedges	10	(1)
Remeasurements of defined benefit plans	1,458	1,486
Foreign currency translation adjustment	-	(1)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	1,914	4,259
Comprehensive income	7,059	11,083
(Breakdown)		
Comprehensive income attributable to owners of parent	7,059	11,046
Comprehensive income attributable to non-controlling interests	0	37

(3) Notes concerning the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable