

Nihon Unisys, Ltd.

Earnings Announcement

for the First Quarter of the Fiscal Year Ending March 2017

held on August 2, 2016

Principal Questions & Answers

(with certain details modified in an attempt to provide readers with a deeper understanding)

[Questioner A]

Q : Why did outsourcing orders and order backlogs as well as net sales increase in the first quarter (Q1)?

A : Outsourcing orders and order backlogs both increased as a result of posting a long-term large-scale project for a financial institution in Q1. Outsourcing net sales increased, due to continued strength of electronic gift card business and a buildup of small and medium-sized projects.

Q : I think that the Company had expected to acquire new projects of BankVision, core-banking system for regional banks, during the fiscal year ending March 2017. Can I ask if you were awarded orders in Q1? I would like to confirm the current sales conditions.

A : We were not awarded orders in Q1. We have received an unofficial announcement as of now, and we are at the stage of working out details of agreement. Thus, we expect that we can receive an order in the Q2.

Q : You have left the H1 forecast unrevised. Net income and operating income forecasts will have a decrease if the Q1 actual results are subtracted from the H1 forecast. It would seem that the forecast numbers are slightly inaccurate if we take into consideration the order prospect for BankVision. I would like to ask why you have not revised the H1 forecast.

A : We expect the order for BankVision in Q2. The sales amount to be posted in Q2 is anticipated to be smaller than that forecasted in our plan at the beginning of the fiscal year.

Thus, we concluded that it would not constitute a strong reason to revise the H1 forecast publicly announced at the beginning of the period.

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[Questioner B]

Q : The large-scale outsourcing project for a financial institution was posted as an order for Q1. I would like to know if it is a renewal project that had existed for a while or a new project.

A : It is a renewal project which we have taken on for a long time and it will start operation next year.

[Questioner C]

Q : According to the consolidated financial report, new settlement services businesses have steadily grown. Please provide a sense of volume of sales of these businesses at this point in time.

A : We are only at the stage of starting various new services related to settlement. The businesses make only a small contribution to the revenue and profits of the fiscal year ending March 2017.

[Questioner D]

Q : I think that you are expecting to acquire 2 new projects of BankVision in the fiscal year ending March 2017. Can I ask about sales efforts regarding the other project?

A : We always make activities of proposal to multiple banks, and we have received formal requests for information from them. We have been continuously making efforts to provide proposals capable of satisfying their requirements and receiving orders.

Q : Financial institutions such as regional banks and Shinkin banks seem to be slightly prudent in investment, due to impacts of a negative interest rate. Have your businesses been impacted?

A : Generally speaking, the negative interest rate may contribute to worsened profit structures of banks. Our businesses have not been significantly impacted at this point in time.

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Q : The support services gross margin used to be unfavorable till the previous fiscal year. It was slightly improved in Q1, attributable to effects of overhauling the cost structure of the business.

Can I expect that this sign of recovery will continue in the future?

A : We have been taking on reforming the cost structure of support services since the previous fiscal year. Results of reducing subcontracting costs of support services were recognized in Q1. We think that we are able to continue to decrease the support services costs gradually. Therefore, we hope that the operating margin may be gradually improved to exceed 30% as we aim.

Q : Can you provide reasons why the Q1 SG&A costs increased by ¥0.6 billion, compared with the same period of the previous fiscal year?

A : The Q1 SG&A costs were increased, attributable to a buildup of small cost increases such as: an increase in the burden of retirement benefit expenses due to a reduction of pension discount rate; an increase in the burden as a result of pro-forma standard taxation rate revision; and an increase in office expenses. The increase in the Q1 SG&A costs is within our expectations.

[Questioner C]

Q : Can you provide reasons why the Q1 net sales from utilities/services/others markets increased by ¥2.1 billion, compared with the same period of the previous fiscal year?

A : The telecommunications carrier net sales only slightly outperformed those of the previous fiscal year, despite a continued strength. The Q1 net sales from several projects relating to power/gas market liberalization remained unchanged on a year-over-year basis. The net sales from utilities/services/others markets were driven by an accumulation of small projects as well as strong businesses pertaining to airline and railroad projects.