

**Earnings Announcement  
for the Fourth Quarter of the Fiscal Year Ended March 2019  
held on May 9, 2019**

**Principal Questions and Answers**

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

[Questioner A]

Q : I would like to know why the result of the fiscal year ended March 2019 beat the forecast.

A : There are three reasons for the forecast-beating increase in the result of the fiscal year. The first reason is a continued strength of small and medium-sized system services projects. The small to mid-size projects have a short duration of system development and are highly profitable. The second reason is a significant increase in DX (digital transformation)-related projects in the focal areas witnessed in the fourth quarter (Q4). The increase is enabled by the service-type business and fee-for-service type business that grew as expected and DX-related businesses that have been growing through our group companies as well. The third reason is the strength of sales of DX-related products including AI products that has been witnessed. These factors contributed to enabling our Q4 results to outperform our predictions.

Q : May I ask why the amount of selling, general and administrative expenses (SG&A expenses) was posted at a lower level for the fiscal year ended March 2019 than expected? Would it be due to an increase in the operation rate of system engineers who should be busily engaged in the continuingly strong system services projects?

A : A significant increase in the operation rate of system engineers in Q4 contributed to an increase in gross profit. We have been able to win bids for projects on the basis of our proposals where we spent costs of sales support extended by system engineers less than assumed. We hope that we can continue this trend to the extent that SG&A expenses are impacted.

Q : It is stated that you posted an AI-related large-scale project in your focal areas in Q4. May I ask you to share details with us? Will it be a one-off project or a project that can be developed or expanded in the future?

A : That is a one-off project to provide AI-related infrastructures. Part of the project was delivered and a corresponding amount of sales was posted in Q4. The rest to be posted in the next fiscal year still remains in the amount of order backlogs. Although we can expect AI-related businesses to grow in the future to the extent that they continuously accumulate data, this is a project to provide infrastructure.

Q : May I ask about the net sales amount of fee-for-service business for the fiscal year ended March 2019?

It is stated that you plan to increase the net sales of your focal areas where fee-for-service type businesses are included to ¥45 billion in the fiscal year ending March 2020. May I ask which business areas you expect to grow?

A : We almost achieved the target net sales of fee-for-service businesses, ¥7 billion, for this fiscal year.

We are counting on fee-for-service businesses and service-type businesses in the focal areas. We have deployed a fee-for-service business in the electronic payment area. This revenue has been increasing against the backdrop where cashless payments are becoming more popular as 2020 approaches.

Furthermore, we have been providing fee-for-service/service-type MaaS and energy management businesses. We expect the businesses to drive an increase in the net sales of our focal areas, on the basis of our assumption that we will witness a rise in awareness of MaaS and energy management in the market.

In addition, most of the DX-related business net sales was enabled by Nihon Unisys up to Q3. Our group companies have also been beginning to focus on the business in Q4 and thereafter, and they have currently enabled a growth of the business. We hope to achieve the net sales target of the focal area for the fiscal year ending March 2020, ¥45 billion, based on these businesses.

Q : We know that you posted an increase of approx. ¥6 billion net sales in the focal areas in Q4, compared with the same period of the previous fiscal year. May I ask how much of the increase you owed to the AI-related large-scale project?

A : Approx. ¥2 billion.

Q : You executed a business alliance with JCB in the area of electronic payment business last Autumn. May I ask you to share with us progress situations thereafter such as an increase in the member shop number?

A : Member shops have been steadily increasing, although we are not able to share publicly most of their names. We have been continuously increasing types of electronic payments to deal with.

(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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