

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, 2021 [Japan GAAP]

February 2, 2021

### Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	<a href="https://www.unisys.co.jp/">https://www.unisys.co.jp/</a>
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	February 10, 2021
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 for FY2021 Q3 (from April 1, 2020 to December 31, 2020)

#### (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	%
<b>FY2021 Q3</b>	213,312	(2.6)	16,248	(1.6)	16,337	(5.9)	10,890	(8.4)
<b>FY2020 Q3</b>	218,901	10.1	16,504	36.4	17,357	37.8	11,882	31.7

(Note) Comprehensive Income FY2021 Q3: 12,532 Million Yen (11.7%) FY2020 Q3: 11,221 Million Yen (28.5%)

	Earnings Per Share		Diluted Earnings Per Share	
	Yen		Yen	
<b>FY2021 Q3</b>	108.50		108.11	
<b>FY2020 Q3</b>	118.41		117.99	

#### (2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Millions of Yen		Millions of Yen		%	
<b>FY2021 Q3</b>	205,589		127,914		61.2%	
<b>FY2020</b>	214,975		122,598		56.0%	

(Reference) Shareholders' Equity FY2021 Q3: 125,832 Million Yen FY2020: 120,473 Million Yen

### 2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen				
<b>FY2020</b>	—	32.50	—	37.50	70.00
<b>FY2021</b>	—	35.00	—	—	—
<b>FY2021 (Forecast)</b>	—	—	—	35.00	70.00

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

### 3. Consolidated Earnings Forecast for FY2021 (from April 1, 2020 to March 31, 2021)

(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
<b>FY2021</b>	320,000	2.7	26,000	(0.5)	25,600	(3.8)	17,000	(6.5)	169.38

(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: Yes  
Newly consolidated company : CVCF2 Investment Limited Partnership

(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)

FY2021 Q3	109,663,524	FY2020	109,663,524
-----------	-------------	--------	-------------

2. Number of shares of treasury stock at the end of the period

FY2021 Q3	9,288,300	FY2020	9,295,807
-----------	-----------	--------	-----------

3. Average number of shares outstanding during the period

FY2021 Q3	100,370,798	FY2020 Q3	100,351,687
-----------	-------------	-----------	-------------

\*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.

(Appendix)

Contents

1.Results of Business Operations and Financial Conditions.....	2
(1) Analysis of Business Operations.....	2
(2) Analysis of Financial Condition.....	5
(3) Comments on the Consolidated Earnings Forecasts and Other Forecasts.....	6
2. Consolidated Financial Statements.....	7
(1) Consolidated Balance Sheets.....	7
(2) Consolidated Statements of Income and Statements of Comprehensive Income.....	9
(Consolidated Statements of Income) .....	9
(Consolidated Statements of Comprehensive Income) .....	10
(3) Notes concerning the Quarterly Consolidated Financial Statements.....	11
(Notes on Going Concern Assumption) .....	11
(Notes on Significant Changes in Shareholders' Equity) .....	11

## 1. Results of Business Operations and Financial Conditions

### (1) Analysis of Business Operations

During the past nine months of the fiscal year ending March 2021, the Japanese economy has remained in a difficult situation due to the long-term impacts of COVID-19 pandemic. Although business recoveries are desired, uncertain economic prospects have been continuing, reflecting concerns about a spread of the coronavirus infection at home and abroad.

There is no end in sight to the COVID-19 pandemic that impacts investment trends in the domestic information services market. Companies are forced to postpone ICT investments. We know that we have been operating in a difficult environment.

In this environment, the Nihon Unisys group has made continuous efforts about key initiatives indicated in its mid-term management plan 'Foresight in sight<sup>®</sup> 2020 (FY2018-FY2020), as a 'corporate group resolving social issues through socially beneficial services capable of creating a more affluent society together with customers and business partners'. The group aims to be at the center of the creation of business ecosystems that connect various companies across conventional boundaries of industry and business sector. It also aims to provide platforms capable of digital transformation<sup>Note 1</sup>.

Net sales of system services in the ICT Core business area decreased from the same period of the previous fiscal year. The decrease was due to continuous impacts of reduced or postponed investments in small and medium-sized projects.

However, digital transformation (DX)-related businesses and outsourcing projects mainly about core-banking system for financial institutions have continued to be strong.

DX projects in the Focal Area have continuingly grown as they did in the second quarter, such as projects to strengthen customer interactions at financial institutions, projects about an electronic shelf label solution for retail shops, and businesses to support the GIGA School Program<sup>Note 2</sup>.

Net sales from the Area increased by 37.2% compared with the same period of the previous fiscal year.

The Focal Area has made an incessant progress towards a full-year target value faster than in the corresponding period of the previous fiscal year.

Our fee-for-service businesses include continuously sluggish services such as those related to carsharing and shared workspace.

However, a strong transaction volume of value card business and digital code service has been continuously underpinned mainly by demands from staying at home.

The transaction volume of Japanese QR code/bar code settlement service continues to show signs of increase.

In addition, we have seen a steady growth of services mainly about energy management.

As a result, net sales of the all fee-for-service businesses exceeded the third quarter of the previous fiscal year.

The businesses have conducted to an increase in the net sales of the Focal Area.

Orders and order backlogs both showed signs of improvement in the third quarter. Orders were ¥ 213,714 million, up by 5.3% from the same quarter of the previous fiscal year. Order backlogs were ¥231,037 million, up by 9.7%. This means that we have been able to obtain projects that enable us to achieve a future growth in the midst of the pandemic. Order backlogs to be posted as net sales of the fiscal year under review also are higher on a year-over-year basis.

We will continue to focus on the industries and business sectors capable of continuously showing strength even in the COVID-19 afflicted circumstances as business fields to drive our future sales. For example, we launched an AI robot service ‘RASFOR™’. It is a DX service for the retail industry designed to streamline shop operation tasks and reduce opportunity losses. Robots autonomously traveling in unmanned closed shops perform duties on behalf of human employees. They take shots of commodity shelves, check sales prices and POP<sup>Note 3</sup> terms, and even check if goods are sold out. Thus, robots can help to solve serious labor shortage. We will conduct to solving retailers’ issues by meeting their digitalization needs of business operations in the new normal era.

In addition, UNIADDEX, Ltd. of our group, took the initiative in solving social issues in light of considerations about the global environment and keen awareness about environmental issues. The subsidiary established a company ‘*Shigen Junkan Systems Kabushiki Gaisha*’ in cooperation with the other companies, *Shigen Junkan Network* and *Daiei Kankyo Kabushiki Gaisha*, for the purpose of promoting digital transformation of the waste disposal and recycling industry.

The new company aims to create an innovative circular business capable of simultaneously decarbonizing and creating a circular economy by smoothing a supply chain unique to the recycling industry through the use of digital technologies such as IoT and AI.

Our subsidiary’s initiative exemplifies our determination to assume a role in a sustainable zero-waste society by proactively working on SDGs<sup>Note 4</sup> achievement.

Furthermore, we opened ‘Nihon Unisys Wakuwaku Farm’, an outdoor farm to help us further diversify our employment. This farm is designed to promote employment of people with disabilities. It provides an environment where handicapped people can play active roles in performing worthwhile as well as

mentally and physically healthy agricultural work with joy.

Furthermore, we will attempt to include this initiative in our businesses partly through implementing a demonstration experiment of agricultural IoT.

Also, we were recognized by WICI Japan for the integrated report that we issued in October 2020. We were awarded the ‘Bronze Award’ at ‘WICI Japan Integrated Reporting Award’<sup>Note 5</sup>.

We will endeavor to continuously improve our corporate value by continuing communications with numerous stakeholders surrounding our group.

Our group will continuously endeavor to prevent the COVID-19 infection from spreading.

Furthermore, we will monitor thoroughly and intensively in order to sense early any changes in situations and make appropriate responses.

We are expected to transform ourselves to be fit for new lifestyles and new workstyles. We have been continuously implementing measures to enable highly flexible workstyles in light of workplace and time and digitalize business partly through digitalizing agreement documents.

Also, we have been transforming our sales operations in order to enable new workstyles and provide new services. For example, we have come to implement proposal presentation by partly using online technologies such as Webinar<sup>Note 6</sup>. Furthermore, we have shied away from a scheme to mainly depend on continuous presence of engineers in order to perform system development, maintenance/support, and operation. We now use a scheme to partly use online remote operations.

In addition, we will support business continuity in various industries which the Japanese economy depends upon through offering free of charge some of our services such as SmartTransport<sup>®</sup>. This solution for booking trucks and accepting truck reservations will streamline operations in the logistics and distribution industry through contactless operations.

In summary, the Nihon Unisys group as a whole has been studious in achieving its goals set forth in the midterm management plan, ‘Foresight in sight 2020’.

(Notes)

1. Digital Transformation:

Companies transform themselves through the use of data and digital technologies in an attempt to enable agile responses to needs of customers and needs of society. Such a transformation in light of products, services, and business models, as well as businesses, organizations, processes, and corporate culture helps companies establish and strengthen competitive edges to cope with drastic changes in a business environment.

2. GIGA School Program:

Initiative of the Ministry of Education, Culture, Sports, Science and Technology to aim to enable education at a school site across the nation where creativity is promoted through digitalization optimized for diverse individual children.

The initiative is implemented by promoting cloud-computing on the basis of developing in an integrated fashion PCs and a high-speed large-capacity communications network for individual students.

### 3. POP:

POP is an acronym for Point of Purchase Advertising referred to as POP ad. It is an advertisement medium that shows product name and price as well as descriptions. POP ad is used for product promotion mainly at retail shops.

### 4. SDGs:

SDGs means Sustainable Development Goals, which are the global targets from 2016 to 2030 as stipulated in the '2030 Agenda for Sustainable Development' adopted in the United Nations summit in September 2015. The Goals consist of 17 goals and 169 targets to create a sustainable world.

### 5. WICI Japan Integrated Reporting Award:

It is an award established in 2013 and sponsored by the World Intellectual Capital/Assets Initiative (WICI) as a measure to promote integrated reporting in Japan.

The institution takes an initiative about reporting and disclosing intangible assets (mainly, intellectual capital).

### 6. Webinar:

It is a word coined from combining web and seminar. It means a seminar on the Internet.

### 7. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For the third quarter, net sales were ¥ 213,312million (a 2.6% decrease compared with the same period of the previous fiscal year) mainly due to a decrease in the net sales of system services as well as software & hardware sales partly impacted by the COVID-19 pandemic, despite an increase in outsourcing services.

We posted operating income ¥ 16,248 million (a decrease of 1.6% compared with the same period of the previous fiscal year). This reflects an increase in R&D costs for creating new businesses, despite an improved profit as a result of an increase in net sales of outsourcing business as well as a decrease in general expenses.

Ordinary income was ¥ 16,337 million (a decrease of 5.9%). Profit attributable to owners of parent was ¥ 10,890 million (a decrease of 8.4%).

## (2) Analysis of Financial Condition

In the nine months of the fiscal year under review, total assets were ¥ 205,589 million, a decrease of ¥ 9,386 million compared with the end of the previous fiscal year. This is partly attributable to a decrease in accounts receivable-trade.

Liabilities were ¥ 77,674 million, a ¥ 14,702 million decrease from the end of the previous fiscal year, partly due to a decrease in accounts payable-trade and interest-bearing debt.

Net assets were ¥ 127,914 million. Shareholders' equity ratio was 61.2%, up by 5.2 pts. from the end of previous fiscal year.

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

The performance forecasts on a consolidated basis have not been revised since they were announced on May 18, 2020.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Millions of Yen

	FY2020 (As of March 31, 2020)	FY2021 Q3 (As of December 31, 2020)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	33,287	39,596
Notes and accounts receivable - trade	70,840	49,227
Merchandise and finished goods	7,443	8,359
Work in process	1,843	4,842
Raw materials and supplies	77	67
Other	19,825	20,962
Allowance for doubtful accounts	(21)	(53)
<b>Total current assets</b>	<b>133,297</b>	<b>123,000</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	3,764	3,618
Machinery, equipment and vehicles, net	6,414	5,562
Other, net	3,286	3,399
<b>Total property, plant and equipment</b>	<b>13,465</b>	<b>12,580</b>
<b>Intangible assets</b>		
Goodwill	1,509	1,456
Software	18,711	19,233
Other	203	694
<b>Total intangible assets</b>	<b>20,423</b>	<b>21,383</b>
<b>Investments and other assets</b>		
Investment securities	23,272	26,230
Deferred tax assets	3,818	694
Retirement benefit asset	4,357	5,750
Other	16,637	16,241
Allowance for doubtful accounts	(296)	(292)
<b>Total investments and other assets</b>	<b>47,789</b>	<b>48,624</b>
<b>Total non-current assets</b>	<b>81,678</b>	<b>82,588</b>
<b>Total assets</b>	<b>214,975</b>	<b>205,589</b>

Millions of Yen

	FY2020 (As of March 31, 2020)	FY2021 Q3 (As of December 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	22,475	17,383
Current portion of long-term borrowings	5,617	4,070
Income taxes payable	4,654	437
Accrued expenses	10,905	6,221
Advances received	18,477	19,898
Provision for loss on contract development	708	395
Other provisions	846	1,046
Other	10,431	10,320
<b>Total current liabilities</b>	<b>74,117</b>	<b>59,774</b>
<b>Non-current liabilities</b>		
Long-term borrowings	15,717	14,192
Provisions	94	23
Retirement benefit liability	651	689
Asset retirement obligations	1,128	1,205
Other	668	1,789
<b>Total non-current liabilities</b>	<b>18,260</b>	<b>17,900</b>
<b>Total liabilities</b>	<b>92,377</b>	<b>77,674</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,483	5,483
Capital surplus	14,909	14,901
Retained earnings	109,795	113,404
Treasury shares	(13,513)	(13,502)
<b>Total shareholders' equity</b>	<b>116,675</b>	<b>120,286</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,886	6,924
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(33)	(64)
Remeasurements of defined benefit plans	(1,056)	(1,313)
<b>Total accumulated other comprehensive income</b>	<b>3,798</b>	<b>5,546</b>
Stock acquisition rights	491	522
Non-controlling interests	1,633	1,558
<b>Total net assets</b>	<b>122,598</b>	<b>127,914</b>
<b>Total liabilities and net assets</b>	<b>214,975</b>	<b>205,589</b>

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

(Consolidated Statements of Income)

Millions of Yen

	FY2020 Q3 (Nine months ended December 31, 2019)	FY2021 Q3 (Nine months ended December 31, 2020)
<b>Net sales</b>	<b>218,901</b>	<b>213,312</b>
<b>Cost of sales</b>	<b>163,047</b>	<b>157,646</b>
<b>Gross profit</b>	<b>55,854</b>	<b>55,666</b>
<b>Selling, general and administrative expenses</b>	<b>39,349</b>	<b>39,417</b>
<b>Operating income</b>	<b>16,504</b>	<b>16,248</b>
<b>Non-operating income</b>		
Interest income	6	7
Dividend income	486	414
Other	727	140
<b>Total non-operating income</b>	<b>1,220</b>	<b>562</b>
<b>Non-operating expenses</b>		
Interest expenses	64	76
Share of loss of entities accounted for using equity method	-	181
Loss on investments in partnership	98	150
Other	204	65
<b>Total non-operating expenses</b>	<b>367</b>	<b>473</b>
<b>Ordinary income</b>	<b>17,357</b>	<b>16,337</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	118	461
Gain on sale of shares of subsidiaries and associates	-	85
Other	0	12
<b>Total extraordinary income</b>	<b>118</b>	<b>559</b>
<b>Extraordinary losses</b>		
Loss on valuation of investment securities	315	684
Other	327	17
<b>Total extraordinary losses</b>	<b>643</b>	<b>702</b>
<b>Profit before income taxes</b>	<b>16,832</b>	<b>16,195</b>
<b>Income taxes - current</b>	<b>2,184</b>	<b>2,705</b>
<b>Income taxes - deferred</b>	<b>2,844</b>	<b>2,698</b>
<b>Total income taxes</b>	<b>5,029</b>	<b>5,404</b>
<b>Profit</b>	<b>11,803</b>	<b>10,790</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>(79)</b>	<b>(99)</b>
<b>Profit attributable to owners of parent</b>	<b>11,882</b>	<b>10,890</b>

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2020 Q3	FY2021 Q3
	(Nine months ended December 31, 2019)	(Nine months ended December 31, 2020)
<b>Profit</b>	<b>11,803</b>	<b>10,790</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	377	2,038
Deferred gains or losses on hedges	(1)	(1)
Foreign currency translation adjustment	(15)	(38)
Remeasurements of defined benefit plans	(911)	(256)
Share of other comprehensive income of entities accounted for using equity method	(31)	(0)
<b>Total other comprehensive income</b>	<b>(581)</b>	<b>1,741</b>
<b>Comprehensive income</b>	<b>11,221</b>	<b>12,532</b>
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	11,303	12,638
Comprehensive income attributable to non-controlling interests	(81)	(106)

(3) Notes concerning the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable