

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 First Quarter of Fiscal Year Ending March 31, 2020 [Japan GAAP]

August 01, 2019

### 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:	August 08, 2019
Scheduled Starting Date for Dividend Payment:	-
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors, analysts)

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

### 1. Consolidated Financial Results for FY2020 Q1 (from April 1, 2019 to June 30, 2019)

#### (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>FY2020 Q1</b>	65,154	14.2	3,076	109.8	3,719	109.4	2,642	87.6
<b>FY2019 Q1</b>	57,030	1.6	1,466	2.2	1,776	2.2	1,408	5.1

(Note) Comprehensive Income FY2020 Q1: 1,786 Million Yen (-4.3 %) FY2019 Q1: 1,867 Million Yen (-34.5 %)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
<b>FY2020 Q1</b>	26.33	26.24
<b>FY2019 Q1</b>	14.04	13.99

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
<b>FY2020 Q1</b>	199,688	115,305	56.8%
<b>FY2019</b>	211,421	116,615	54.2%

(Reference) Shareholders' Equity FY2020 Q1: 113,432 Million Yen FY2019: 114,638 Million Yen

### 2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
<b>FY2019</b>	—	25.00	—	30.00	55.00
<b>FY2020</b>	—	—	—	—	—
<b>FY2020 (Forecast)</b>	—	32.50	—	32.50	65.00

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

### 3. Consolidated Earnings Forecast for FY2020 (from April 1, 2019 to March 31, 2020)

(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>FY2020 1st Half</b>	137,000	2.4	9,000	10.9	9,000	5.4	6,500	5.0	64.77
<b>FY2020</b>	307,000	2.7	23,000	11.5	22,800	11.1	16,000	12.4	159.44

(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)

FY2020 Q1	109,663,524	FY2019	109,663,524
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2. Number of shares of treasury stock at the end of the period

FY2020 Q1	9,311,485	FY2019	9,315,429
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3. Average number of shares outstanding during the period

FY2020 Q1	100,350,623	FY2019 Q1	100,327,674
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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

During the first three months of the fiscal year ending March 2020, there were concerns about the impact of situations such as trade issues on the global economy. However, the Japanese economy continued to show signs of gradual recovery enabled through improvements in employment and income environments.

Investments in information system have remained strong as well in the domestic information services market. However, the Company has been operating in a continually difficult environment due to tough rivalries that are expected to be further intensified as a result of participants from other business categories.

Against this background, the Nihon Unisys group established its mid-term management plan 'Foresight in sight® 2020 '(FY2018-FY2020). The plan describes the intention of the Company to be at the center of the creation of business ecosystems that connect industries and business types across conventional boundaries. Furthermore, the intention of the Company is to provide platforms capable of digital transformation. The Company has made efforts about key measures indicated in the plan as a 'corporate group resolving social issues through socially beneficial services capable of creating a more affluent society together with customers and business partners'.

We have been performing cross-functional activities beyond the boundaries of four focal areas set forth in the mid-term management plan in order to deal with social issues that we target.

Our key efforts are exemplified by our continued performance of entrusted businesses by the Ministry of Economy, Trade, and Industry in the energy management area.

We have helped the ministry implement the 'study on an increase in the non-fossil fuel energy use value (study on Tracking Information for FIT non-fossil fuel energy certificates)' since the previous fiscal year. Furthermore, we have decided to begin practical operations about certification described in the 'administrative work for non-fossil fuel energy certification pursuant to the Act on Sophisticated Methods of Energy Supply Structures', as a third-party organization entrusted by the ministry in this fiscal year. We will perform practical efforts related to power generation amount such as those to collect, tabulate and manage data of non-fossil sources which are not under FIT scheme.

We are prepared to contribute to a further enhancement of renewable energy through these projects and more, by maximizing the use of our technologies and knowledge that we have accumulated through our efforts in the energy industry.

Furthermore, the Company created a virtual housing exhibition service 'MY HOME MARKET®' where we fleshed out a concept, 'Use Virtual Reality to design my home' in cooperation with JIBUNHOUSE, Inc. The Company has served *Shinshowa*

*Withearth Higashi Kanto, Shinshowa FC Partners (Cleverlyhome), and Asahi Kasei Homes Corporation* by helping their home sales activities through this solution that it launched in March 2018.

The Company has been steadily expanding its market. The 'MY HOME MARKET' will continue to help end-users design their homes in conformance with their ideal homes. Also, the service will enable us to help the housing businesses cope with a labor scarcity and promote work style reforms for their employees amidst a flurry of customer needs.

We launched new services as part of our IoT business platform initiatives. They are an equipment inspection service for building and condominium management firms, '*Marutto Tenken*' and a service to monitor outdoor equipment and the environment, '*MUDEN Monitoring Service*'. Duties to regularly inspect and monitor infrastructure equipment have been growing in importance from the viewpoint of impacts of large-scale natural disasters and environmental changes. Enabling efficient inspections and promoting work style reforms for operators on actual work sites are urgently required. We will contribute to sophisticating equipment maintenance operations and coping with a labor shortage through the digital services to enable remote monitoring and streamlined inspection operations.

We have seen SI-type projects and infrastructure-use product sales steadily accumulating in a wide range of ICT core businesses. We have been selecting projects from the viewpoint of meticulously examining project risks. Furthermore, we have been promoting efforts to improve productivity of system development and operations partly through sharing and re-using knowledge.

In summary, the Nihon Unisys group as a whole has been studious in achieving its goals set forth in the mid-term management plan, 'Foresight in sight 2020'.

(NOTES)

1. Digital transformation: To reform business through digital technologies
2. Non-fossil fuel energy certificate: The Ministry of Economy, Trade and Industry established a non-fossil fuel energy value trading market in May 2018. This is a market where environmental value of power generated through non-fossil fuel energy facilities mainly depending on natural energy that does not emit CO<sub>2</sub> (Carbon Dioxide) is certified and thus can be traded in the form of 'non-fossil certificate'.
3. FIT: An institution to obligate power companies to purchase power generated by renewable energies for a certain period of time at a fixed price. The intention is to widely propagate renewable energies.
4. Act on Sophisticated Methods of Energy Supply Structures: An act to promote use of non-fossil energy sources such as renewable energy and nuclear energy (provided by business operators to supply energy such as electricity, gas and oil) as well as effective use of fossil energy sources
5. MY HOME MARKET: Service operated by Nihon Unisys, Ltd. through the use of digital devices such as smartphone. It enables users to check display houses through VR simulated experiences and helps users design a home in conformance with their ideal homes.
6. IoT business platform: Platform provided by the Nihon Unisys group which enables a one-stop management of data collection from devices such as sensors and cameras, data analysis, and machine learning.
7. *Marutto Tenken*: Equipment inspection service provided by Nihon Unisys, Ltd. for buildings and condominiums. The service predicated on combined capabilities of IoT, AI and smart glasses significantly reduces equipment inspection costs and promotes work style reforms for building/condominium management firms.
8. *MUDEN* Monitoring Service: Service provided by Nihon Unisys, Ltd. to enable remote monitoring of outdoor environment/equipment without power source and relay stations
9. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For the first quarter, net sales were ¥65,154 million (a 14.2% increase compared with the same period of the previous fiscal year) mainly due to the continued strength of system services as well as software & hardware sales.

Despite an increase in R&D costs, we had an increase in income as a result of the increase in net sales. We posted: ¥3,076million operating income (an increase of 109.8 % ); ¥3,719 million ordinary income (an increase of 109.4 % ); and ¥2,642 million profit attributable to owners of parent (an increase of 87.6 %).

## (2) Analysis of Financial Condition

In the first three months, total assets were ¥199,688 million, a decrease of ¥11,732million compared with the end of the previous fiscal year.

Total current assets were ¥ 117,778 million, a decrease of ¥10,491million, partly due to a ¥26,176 million decrease in notes and accounts receivable-trade despite a ¥8,128 million increase in cash and deposits.

Despite a ¥1,513 million investment mainly in the outsourcing services related businesses of the focal areas and ICT core areas, total non-current assets were ¥81,910 million, a decrease of ¥1,241 million, partly due to posting a ¥2,739 million depreciation.

In addition, we made strategic investments in start-up companies and funds in order to strengthen and increase our businesses in the focal areas. However, investment securities decreased by ¥154 million compared with the end of the previous fiscal year, due to sales of part of stocks that we kept as a result of examining their position in our investment strategy and a decrease in the price of listed stocks that we hold.

Liabilities were ¥ 84,383 million, a ¥10,423 million decrease from the end of the previous fiscal year, partly due to a decrease in notes and accounts payable-trade.

Net assets decreased to ¥115,305 million down by ¥1,309 million compared with the end of the previous fiscal year, due to impacts of payments of dividends that overweighed an increase in profit attributable to owners of parent.

Shareholders' equity ratio was 56.8%, up by 2.6 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, 2019.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Millions of Yen

	FY2019 (As of March 31, 2019)	FY2020 Q1 (As of June 30, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	27,200	35,328
Notes and accounts receivable - trade	72,479	46,303
Merchandise and finished goods	8,248	11,206
Work in process	1,947	4,462
Raw materials and supplies	86	81
Other	18,364	20,433
Allowance for doubtful accounts	(56)	(38)
<b>Total current assets</b>	<b>128,270</b>	<b>117,778</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	4,082	4,047
Machinery, equipment and vehicles, net	6,670	6,209
Other, net	3,496	3,378
<b>Total property, plant and equipment</b>	<b>14,249</b>	<b>13,634</b>
<b>Intangible assets</b>		
Goodwill	1,288	1,234
Software	19,982	19,408
Other	102	94
<b>Total intangible assets</b>	<b>21,373</b>	<b>20,738</b>
<b>Investments and other assets</b>		
Investment securities	23,854	23,699
Deferred tax assets	1,656	1,236
Net defined benefit asset	7,087	7,563
Other	15,237	15,336
Allowance for doubtful accounts	(307)	(298)
<b>Total investments and other assets</b>	<b>47,528</b>	<b>47,537</b>
<b>Total non-current assets</b>	<b>83,151</b>	<b>81,910</b>
<b>Total assets</b>	<b>211,421</b>	<b>199,688</b>



Millions of Yen

	FY2019 (As of March 31, 2019)	FY2020 Q1 (As of June 30, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	26,009	19,203
Short-term loans payable	1,050	350
Current portion of long-term loans payable	5,255	5,180
Income taxes payable	2,905	287
Accrued expenses	11,155	7,119
Advances received	15,761	22,766
Allowance for loss on contract development	652	387
Other provision	1,555	1,182
Other	10,254	9,632
<b>Total current liabilities</b>	<b>74,600</b>	<b>66,109</b>
<b>Non-current liabilities</b>		
Long-term loans payable	16,635	15,765
Provision	416	231
Net defined benefit liability	614	624
Asset retirement obligations	1,131	1,136
Other	1,408	514
<b>Total non-current liabilities</b>	<b>20,206</b>	<b>18,273</b>
<b>Total liabilities</b>	<b>94,806</b>	<b>84,383</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,483	5,483
Capital surplus	14,909	14,909
Retained earnings	97,893	97,522
Treasury shares	(13,540)	(13,535)
<b>Total shareholders' equity</b>	<b>104,745</b>	<b>104,379</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,561	6,049
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(31)	(54)
Remeasurements of defined benefit plans	3,361	3,057
<b>Total accumulated other comprehensive income</b>	<b>9,892</b>	<b>9,052</b>
Stock acquisition rights	432	428
Non-controlling interests	1,544	1,444
<b>Total net assets</b>	<b>116,615</b>	<b>115,305</b>
<b>Total liabilities and net assets</b>	<b>211,421</b>	<b>199,688</b>

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

(Consolidated Statements of Income)

Millions of Yen

	FY2019 Q1 (Three months ended June 30, 2018)	FY2020 Q1 (Three months ended June 30, 2019)
<b>Net sales</b>	<b>57,030</b>	<b>65,154</b>
<b>Cost of sales</b>	<b>43,035</b>	<b>49,426</b>
<b>Gross profit</b>	<b>13,994</b>	<b>15,728</b>
<b>Selling, general and administrative expenses</b>	<b>12,528</b>	<b>12,652</b>
<b>Operating income</b>	<b>1,466</b>	<b>3,076</b>
<b>Non-operating income</b>		
Interest income	1	2
Dividend income	336	353
Reversal of reserve for contingent losses	-	300
Other	63	108
<b>Total non-operating income</b>	<b>401</b>	<b>764</b>
<b>Non-operating expenses</b>		
Interest expenses	24	18
Settlement package	2	65
Loss on investments in partnership	9	25
Other	54	11
<b>Total non-operating expenses</b>	<b>91</b>	<b>120</b>
<b>Ordinary income</b>	<b>1,776</b>	<b>3,719</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	-	11
Other	-	0
<b>Total extraordinary income</b>	<b>-</b>	<b>11</b>
<b>Extraordinary losses</b>		
Impairment loss	-	51
Loss on valuation of investment securities	182	45
Other	2	4
<b>Total extraordinary losses</b>	<b>184</b>	<b>101</b>
<b>Profit before income taxes</b>	<b>1,591</b>	<b>3,629</b>
<b>Income taxes - current</b>	<b>(39)</b>	<b>235</b>
<b>Income taxes - deferred</b>	<b>230</b>	<b>766</b>
<b>Total income taxes</b>	<b>191</b>	<b>1,001</b>
<b>Profit</b>	<b>1,399</b>	<b>2,627</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>(8)</b>	<b>(14)</b>
<b>Profit attributable to owners of parent</b>	<b>1,408</b>	<b>2,642</b>

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2019 Q1	FY2020 Q1
	(Three months ended June 30, 2018)	(Three months ended June 30, 2019)
<b>Profit</b>	<b>1,399</b>	<b>2,627</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	422	(512)
Deferred gains or losses on hedges	(0)	(1)
Remeasurements of defined benefit plans	131	(303)
Share of other comprehensive income of entities accounted for using equity method	(86)	(23)
<b>Total other comprehensive income</b>	<b>467</b>	<b>(841)</b>
<b>Comprehensive income</b>	<b>1,867</b>	<b>1,786</b>
<b>(Breakdown)</b>		
Comprehensive income attributable to owners of parent	1,875	1,801
Comprehensive income attributable to non-controlling interests	(8)	(15)

(3) Notes concerning the Quarterly Consolidated Financial Statements  
(Notes on Going Concern Assumption)  
Not applicable  
(Notes on Significant Changes in Shareholders' Equity)  
Not applicable