

# Results for the 2nd Quarter of FY March 2021

November 6, 2020  
Nihon Unisys, Ltd.

Foresight in sight

(Note) The expression 'FY/Fiscal Year' utilized in this document indicates a fiscal year which finishes at the end of March of the following year.  
Example: The expression of FY2020 refers to the fiscal year ending March 2021.

# 1 Summary of Financial Results

## 2 Efforts in accordance with the Mid-term Management Plan

# FY2020 H1 Consolidated Performance Results

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- ✓ Increased gross profit attributable to improved profitability and decreased SG&A expenses pushed up operating income.

(Unit: Billion Yen)

	H1 (Apr-Sep)		Changes	
	FY2020	FY2019		
Net Sales	144.6	149.7	-5.2	-3.4%
Gross Profit	37.7	37.4	+0.3	+0.9%
SG&A Expenses	-26.2	-26.4	+0.2	+0.8%
Operating Income	11.6	11.0	+0.5	+5.0%
(Operating Margin)	(8.0%)	(7.4%)		(+0.6pts)
Profit Attributable to Owners of Parent	7.6	7.9	-0.4	-4.6%
Orders	141.7	138.3	+3.4	+2.5%
Order Backlogs	227.8	215.1	+12.7	+5.9%

## <Key Points of H1 Performance Results>

### ■ Net sales

Despite a significant growth in outsourcing, net sales decreased due to a decline in products sales ('products') and systems services mainly of the ICT Core area.

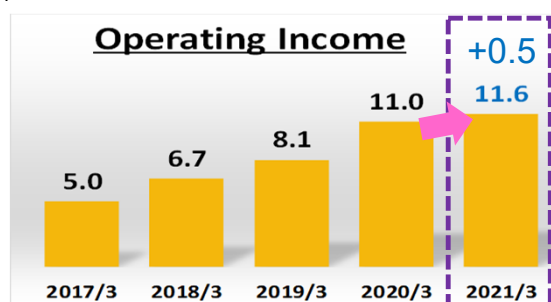
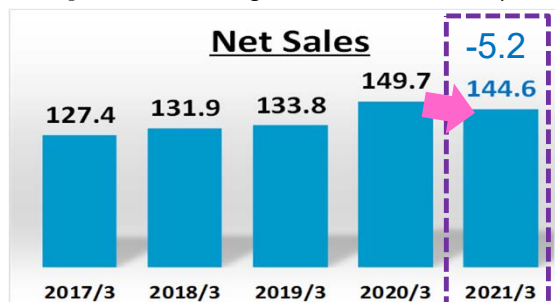
### ■ Operating income

Despite the decline in net sales, gross profit increased due to improved profitability. While R&D costs for new business creation increased, SG&A expenses decreased as a result of a decline in general expenses mainly attributable to restricted movements under the COVID-19 pandemic. Thus, operating income rose year-on-year, and operating margin was 8%, the full-year target.

### ■ Orders and order backlogs

Both orders and order backlog were driven up by receiving several orders for long-term large-scale outsourcing project under the circumstances where sales activities have been gradually resumed. Order backlogs to be posted in FY 2020 recovered to almost the same level as Q2 of FY2019.

[Reference] 5-Year Changes of H1 Results (Unit: Billion Yen)



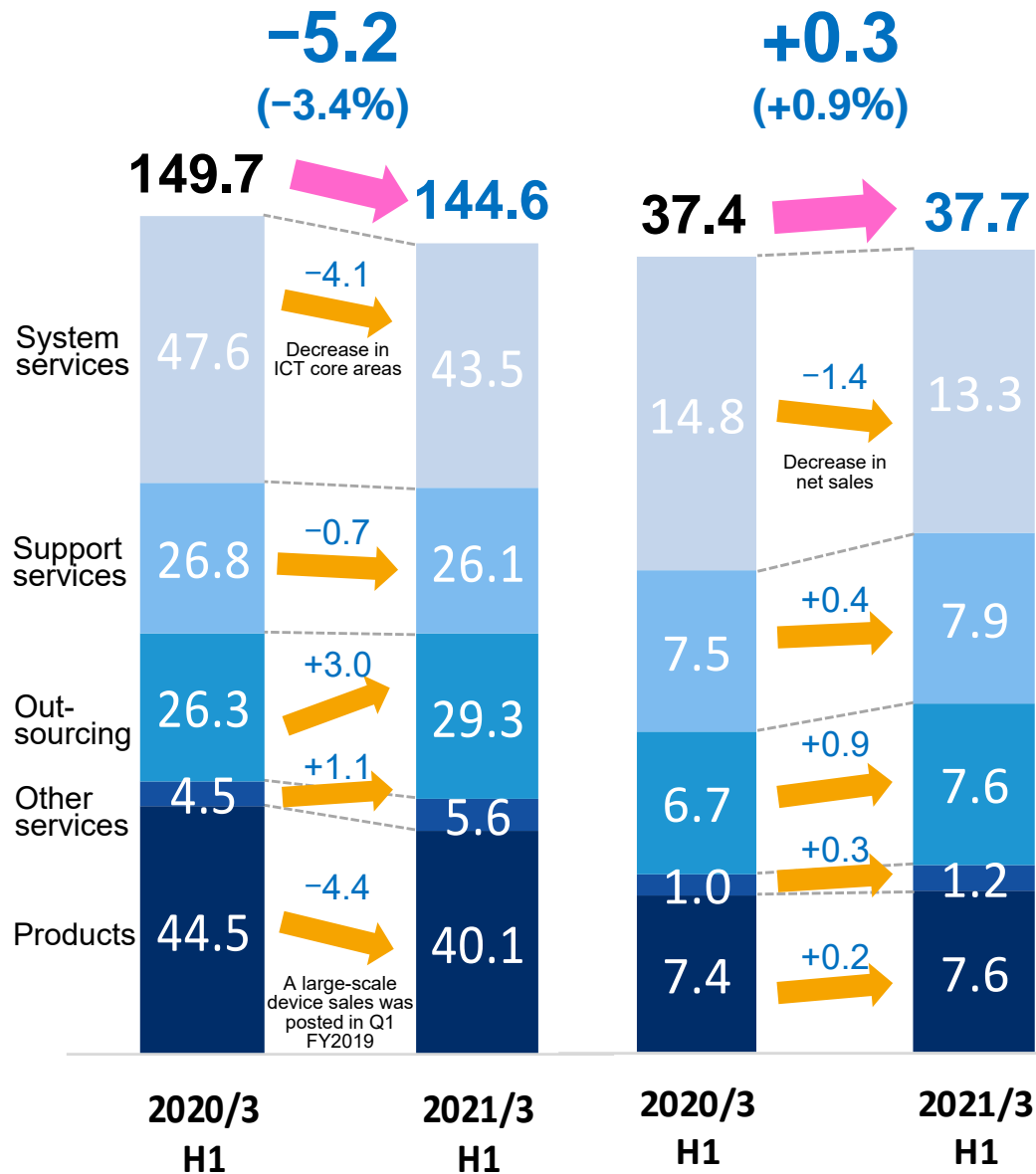
# FY2020 H1 Net Sales and Gross Profit by Segment

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(Unit: Billion Yen)

## Net Sales

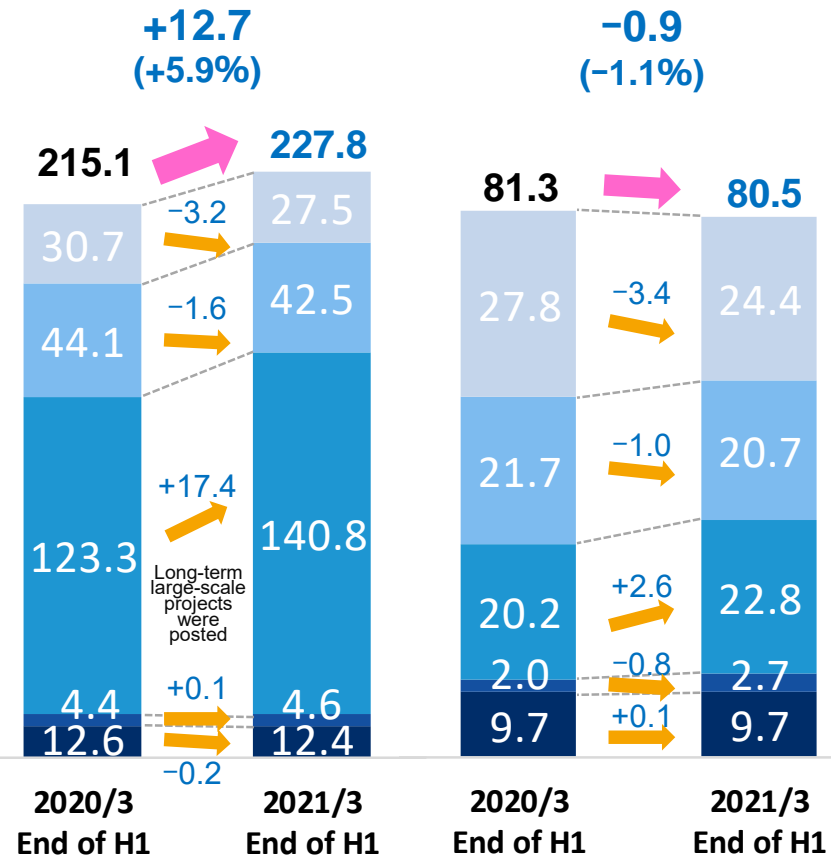
## Gross Profit



## 【Reference】

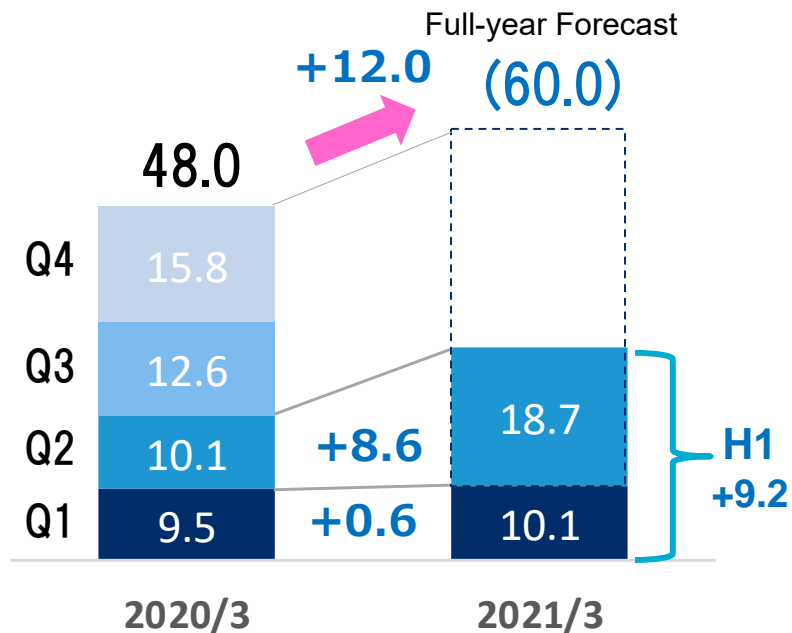
### Order Backlogs (Total)

### Order Backlogs (to be posted as net sales within the FY)



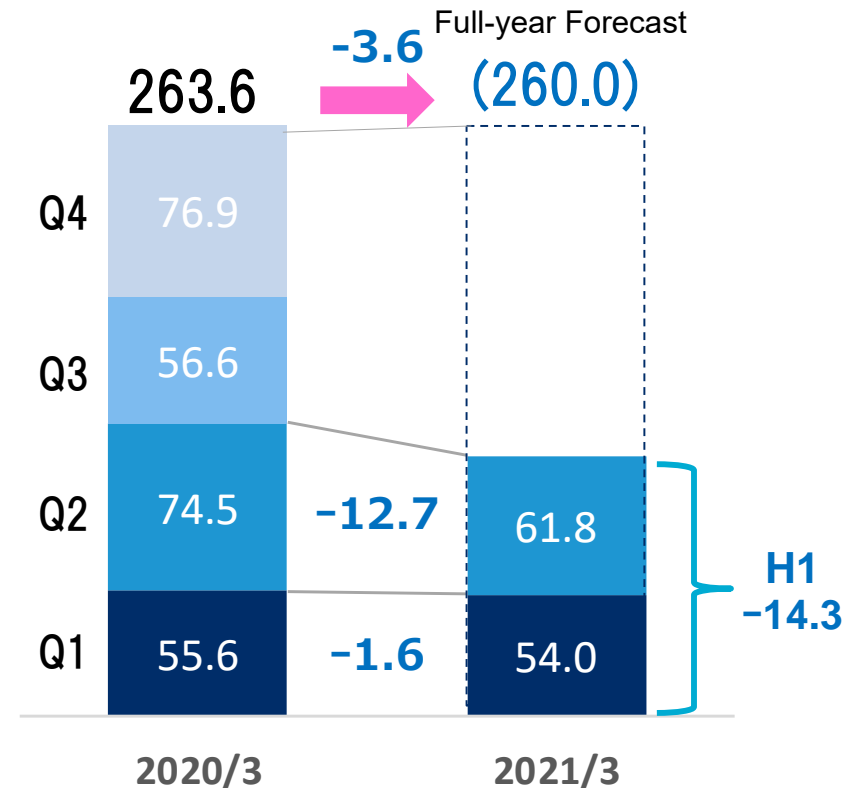
(Unit: Billion Yen)

## Net Sales of Focal Areas



- DX-related services mainly for retail businesses as well as customer interaction-related services for financial institutions remained strong.
- Increase in the sales of devices to drive digital transformation in education (GIGA school program)
- Steady growth in the use of dashcams and energy management services

## Net Sales of ICT Core Areas



- Net sales decreased compared with Q2 FY2019 when demands for small devices were robust.
- Investments were held down in some sectors. Investment projects mainly related to back-office systems were postponed.

# Full-Year Performance Forecast for FY2020

Foresight in sight

✓ The full-year forecast announced on August 6 remains unchanged.

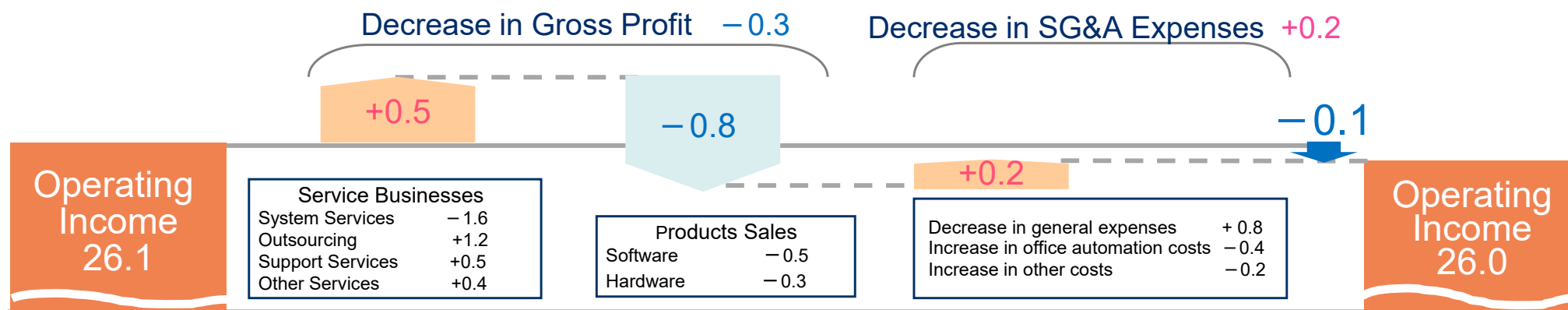
(Unit: Billion Yen)

	FY2020 H1 Actual		FY2020 H2 Forecast		FY2020 Full-Year Forecast		FY2020 Targets stipulated in the mid-term management plan
	Amount	Yr/Yr	Amount	Yr/Yr	Amount	Yr/Yr	Amount
Net Sales	144.6	-5.2	175.4	+13.6	320.0	+8.4	320.0
Operating Income	11.6	+0.5	14.4	-0.7	26.0	-0.1	
(Operating Margin)	(8.0%)	(+0.6pt)	(8.2%)	(-1.1pt)	(8.1%)	(-0.3pt)	8.0% or more
Profit Attributable to Owners of Parent	7.6	-0.4	9.4	-0.8	17.0	-1.2	

\* See the supplementary material for a breakdown of the forecast above.

## 【Details of FY2020 Full-Year Operating Income Forecast】

(Unit: Billion Yen) (Yr/Yr changes)



FY2019 Full-Year

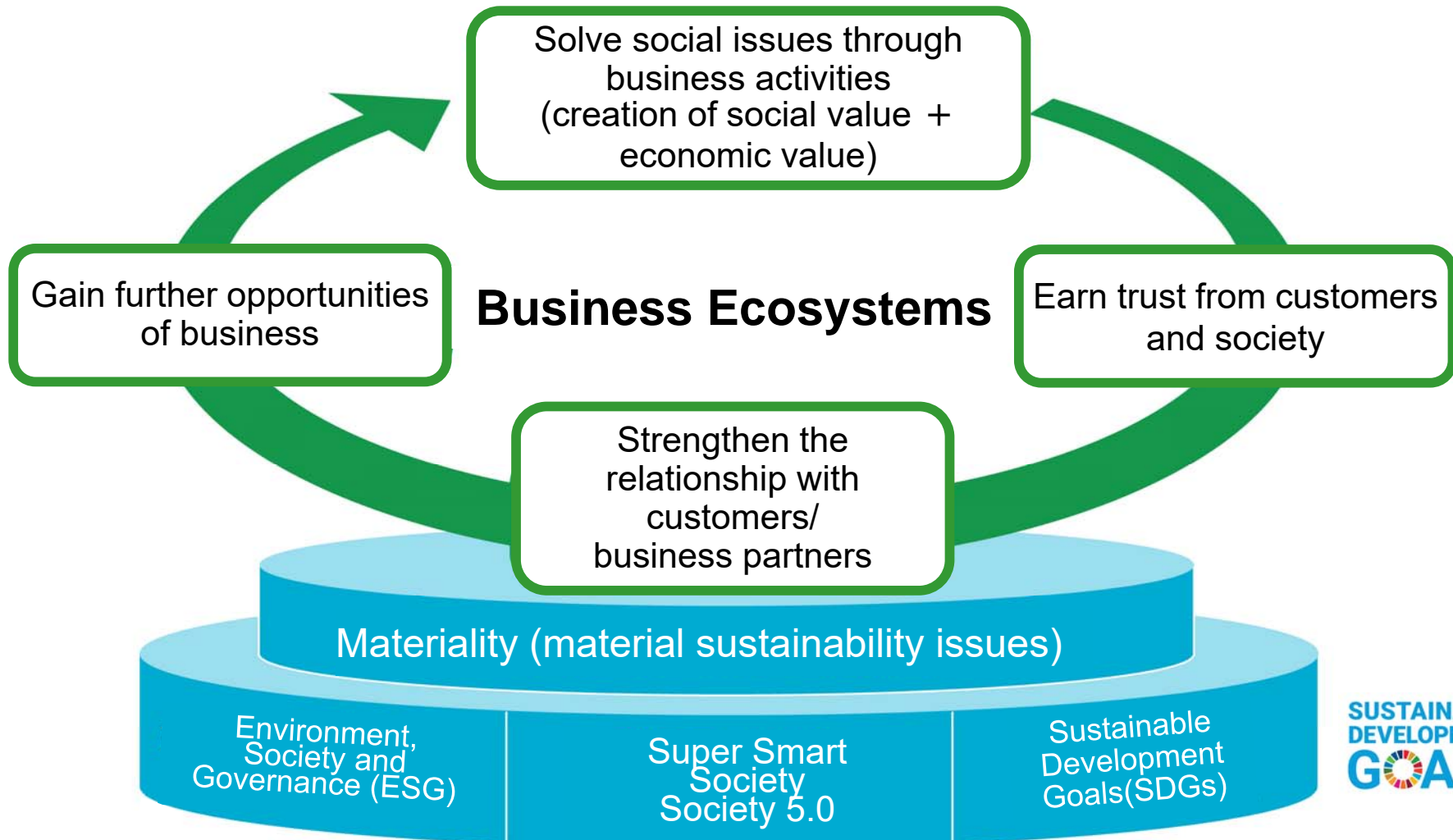
FY2020 Full-Year

**1** Summary of Financial Results

**2** Efforts in accordance with the Mid-term Management Plan

**Become a sustainable company following a cycle of sustainable growth that is predicated on solving, through business activities in our areas of focus, social issues that lie behind issues experienced by customers**

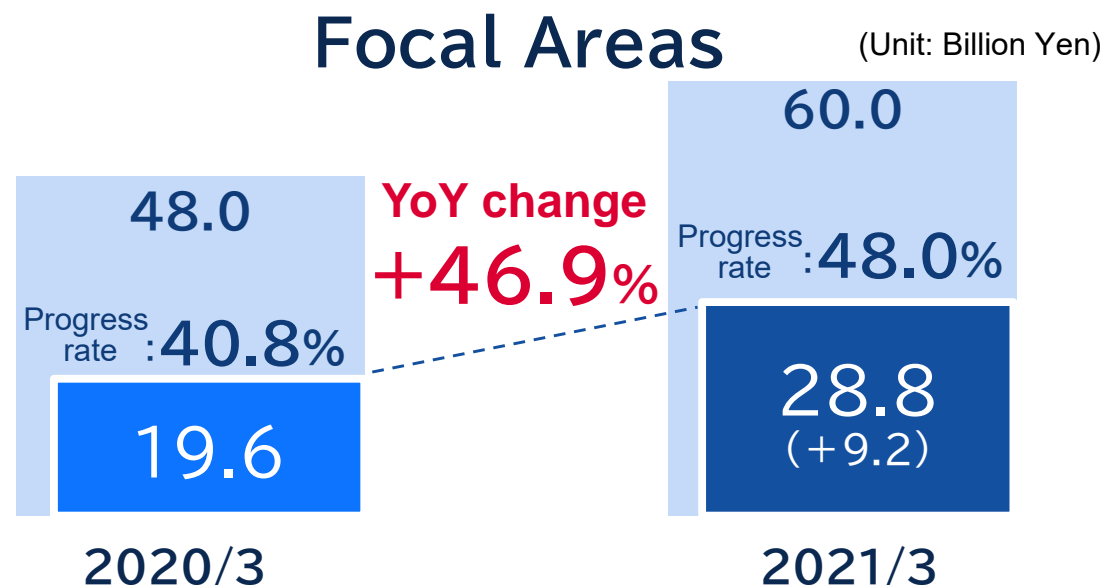
Sustainable Growth Cycle for the Nihon Unisys Group





## <H1 performance analysis>

In the Focal Areas, DX business grew significantly in response to robust demand under the COVID-19 pandemic. DX service, a revenue source, has become strong enough to make up for sluggish businesses. It is growing robustly and rapidly in various business sectors such as retail.



### Strong

- Customer interaction
- Retail
- Digitalization in educational sites
- Fee-for-service businesses
- Value-card
- QR code settlement (domestic)
- Dashcam service
- Energy management service
- Storage service

### Weak

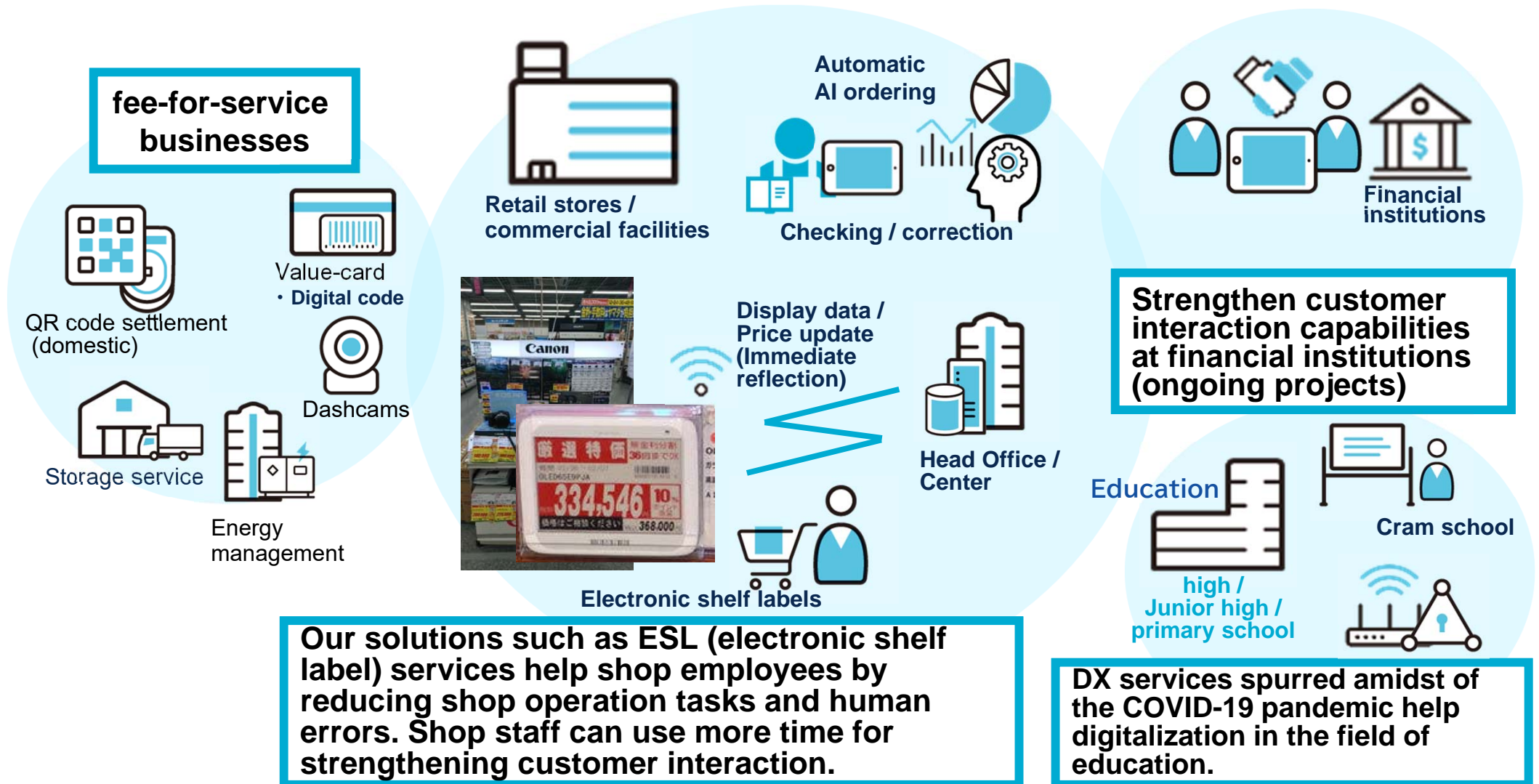
- Fee-for-service businesses
- Inbound tourism
- QR code settlement (international)
- Carsharing

### Key factors of increase/decrease

- ✓ Reduced or postponed investments in Product sales and small-and medium-sized projects of System Services have impacted the ICT Core area.
- ✓ DX services to transform business operation such as those to strengthen customer interactions at sales offices of financial institutions and enable ESL (electronic shelf label) for retailers drove up the Focal Area sales. Workstyle reforms and digital environment development are promoted by the rapidly growing DX businesses.

## <Growth of DX projects>

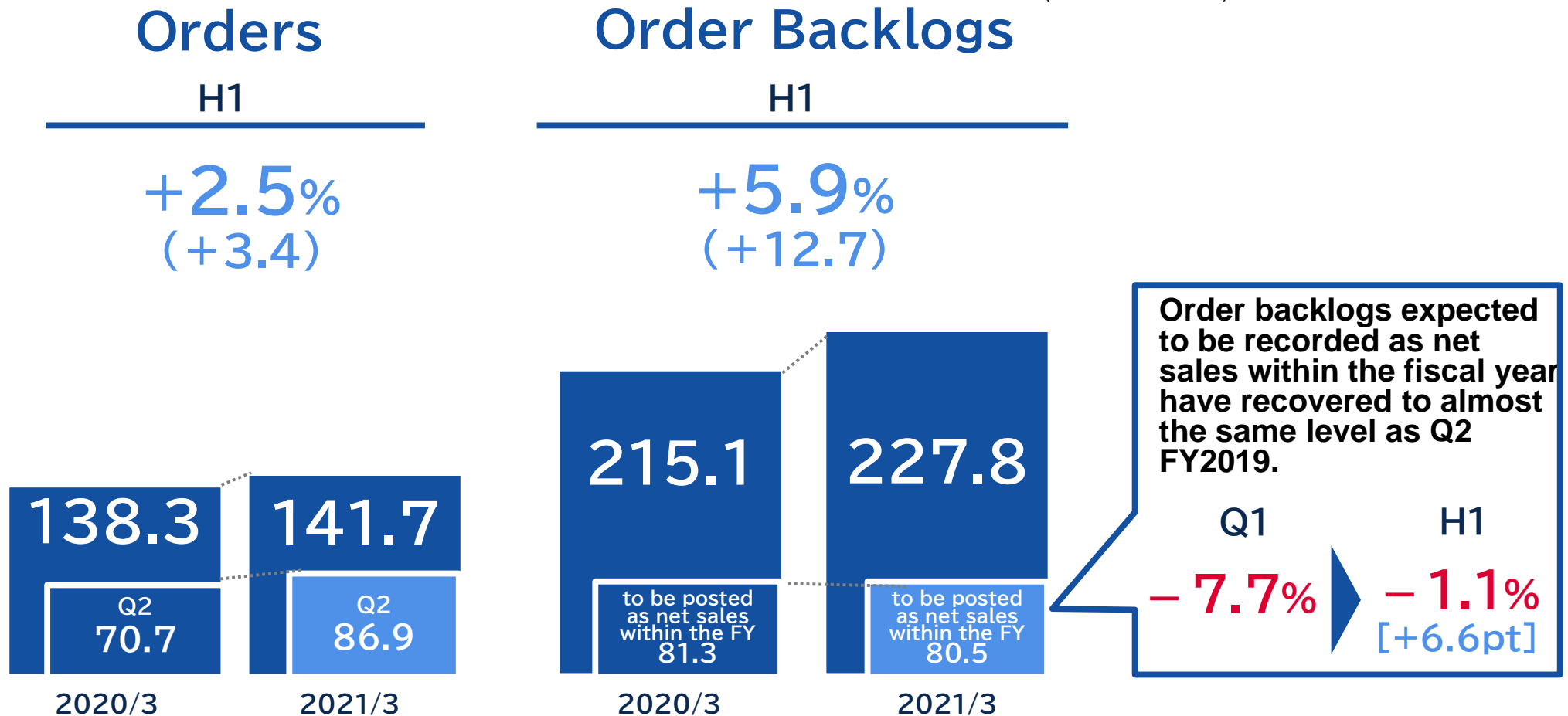
DX businesses for real shop services increased such as those to strengthen customer interactions for financial institutions and to enable ESL (electronic shelf label) for retailers. DX services spurred amidst of the COVID-19 pandemic has contributed to workstyle reforms and digitalization in the field of education.



## <Status of orders and order backlogs>

Both orders and order backlogs increased. The order backlogs to be posted as net sales in the current fiscal year have recovered to the same level as Q2 FY2019. DX businesses in the Focal Areas are expected to continue to drive up the sales in H2.

(Unit: Billion Yen)

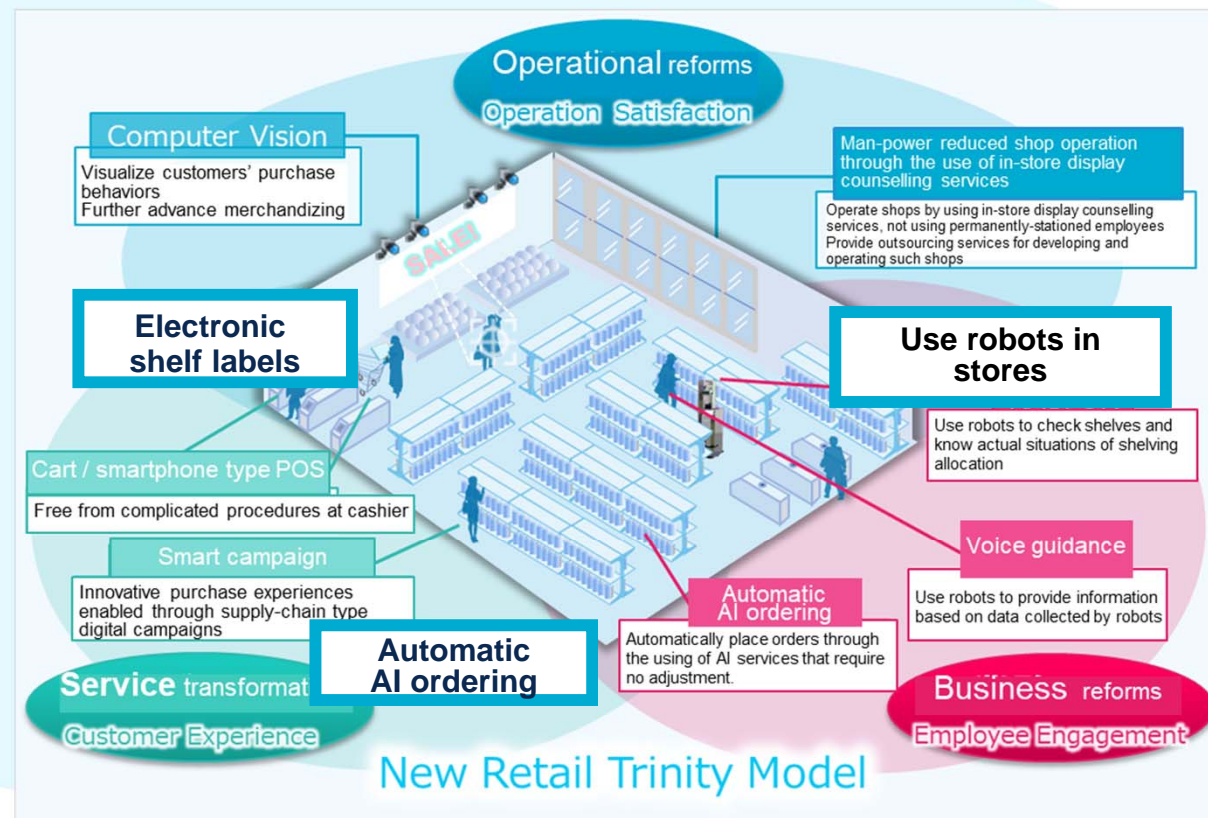


## <Focal Areas for the second half>

With the advent of the New Normal era, the DX field will continue to drive orders in the second half, mainly in retail.

## Business reform to support essential workers

### Business reforms at retail stores



## DX penetration fields / case studies

In retail, the use of AI contributes to social issues by reducing the burden on store operations and reducing food loss.

Promote our sustainability management strategies predicated upon working on businesses conducive to achieving the SDGs as well as formulating the Long-Term Environmental Vision 2050 and joining RE100.

## Initiative to promote participation in social contribution activities

### "BE+CAUS"

- Platform where opportunities of social contribution are provided through cooperation among consumers, retailers and manufacturers
- A campaign to reduce marine debris was launched, the first attempt in July 2020, by enabling participation through shopping at supermarkets



## Food loss and waste

- The cloud-based automatic ordering service "AI-Order-Foresight" automates order operations based on AI-driven demand forecasts.
- This service makes up for labor shortage in the retail industry, reduces excessive inventory in supply chain and contributes to efforts in addressing an environmental issue of food loss & waste.

## Social issues in the retail industry

Food loss in food retail  
**Approximately 640,000 tons per year**  
 Loss of daily delivery at retail stores  
**About 18,000 tons per year**  
 (about 7.6 billion yen)

Labor supply shortage in wholesale retail in 2017  
**About 220,000 people**  
 Outlook for labor supply shortage in wholesale retail in 2030  
**Expansion to about 600,000 people**  
 (5.2%)

\* Source: Ministry of Agriculture, Forestry and Fisheries "Food Loss and Recycling Situation" (May 2020)

\* Source: METI, "Monthly Topics" (March 2, 2018) PERSONAL RESEARCH AND CONSULTING CO., LTD. & Chuo University, "Future Estimate of Labor Market 2030" (March 1, 2019)

## CO2 reduction, climate change

- Toward the proliferation/spread of environmental value tradings.
- The Company participated in demonstration projects selected as 'Virtual Power Plant Construction and Demonstration Project for Fiscal 2020'
- The Company established the NUL Group's Long-Term Environmental Vision 2050 and joined RE100



# Foresight in sight

**UNISYS**

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(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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