

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, 2018 [Japan GAAP]

August 01, 2017

Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	http://www.unisys.co.jp/
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	August 09, 2017
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 in FY2018 Q1 (from April 1, 2017 to June 30, 2017)

(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	%
FY2018 Q1	56,147	0.0	1,434	15.2	1,738	25.4	1,339	48.2
FY2017 Q1	56,143	7.0	1,244	68.3	1,386	7.9	904	5.8

(Note) Comprehensive Income FY2018 Q1: 2,852 Million Yen (428.0 %) FY2017 Q1: 540 Million Yen (65.0 %)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2018 Q1	13.35	13.31
FY2017 Q1	8.45	8.38

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
FY2018 Q1	178,362	92,653	51.1%
FY2017	192,694	90,772	46.7%

(Reference) Shareholders' Equity FY2018 Q1: 91,168 Million Yen FY2017: 89,918 Million Yen

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	—	17.50	—	17.50	35.00
FY2018	—				
FY2018 (Forecast)		20.00	—	20.00	40.00

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

3. Consolidated Earnings Forecast for FY2018 (from April 1, 2017 to March 31, 2018)

(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
FY2018 1st Half	130,000	2.0	5,500	10.4	5,500	9.9	3,700	5.4	36.89
FY2018	290,000	2.7	16,000	11.8	15,800	14.1	11,000	7.2	109.66

(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)

FY2018 Q1	109,663,524	FY2017	109,663,524
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2. Number of shares of treasury stock at the end of the period

FY2018 Q1	9,352,086	FY2017	9,351,876
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3. Average number of shares outstanding during the period

FY2018 Q1	100,311,515	FY2017 Q1	107,041,048
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*This Consolidated Financial Report is not subject to audit 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 2018, the Japanese economy continued to show signs of gradual recovery enabled through improvements in employment and income environments. However, it experienced continuing uncertainty about the future due to overseas factors of concern such as Brexit, the United Kingdom's withdrawal from the European Union as well as principles for policy management by the new US administration. In the domestic information services markets, it witnessed almost the same level of investment in software assets. Thus, we know that we are continuing to operate in difficult environments where we are faced with fiercer rivalries in addition to uncertain overseas economies and changes in money and capital markets.

In this environment, the Nihon Unisys Group has entered the final year of the Mid-term Management Plan that was launched in the fiscal year ending March 2016. It has been accelerating our growth strategies of expanding digital/life innovation areas and changes of business ICT platform area. Furthermore, the Group has been promoting efforts on key strategies mainly of reforming corporate culture and strengthening human resources capabilities.

In the digital innovation area where we challenge ourselves as depicted in the Mid-term Management Plan, a master merchant contract was entered into by JTB Corporation and our new company, 'Canal Payment Services, Ltd.', on the Alipay[®] business. The subsidiary was established with an aim to increase Chinese payment services and Charge Point services. This will help the subsidiary to further implement the Alipay payment scheme at inns and hotels as well as souvenir shops in local tourism spots. Alipay use will thus be promoted in the tourism industry where it used to experience less use.

In the area of life innovation, we started to provide our storage service platform in order to enable dry cleaning/laundry pickup and delivery web services for clothes. The platform will be widely provided as a service platform capable of interconnecting different types of business operators such as real estate agents, apparel makers, rental business operators, and sharing business operators.

In the area of business ICT platforms, we have promoted efforts of standardizing system development methods and business operation processes, re-using knowledge, and increasing implementation-type businesses. Thus, our business change has been making smooth progress towards service-type businesses from conventional-type business models.

Finally, in a key-strategic area of reforming corporate culture and workforce capabilities, we have made efforts to implement projects for developing new management talents and innovative leaders. In addition, we have promoted efforts to develop working environments, such as workstyle reforms (that enable working from home and telecommuting), promoting non-territorial offices and creating satellite offices. Furthermore, we have taken various types of measures to create new businesses enabled through open innovation. These have enabled us to create a corporate culture where employees autonomously take initiative in creating innovations capable of achieving targets, as indicated in the Mid-term Management Plan. We have also become able to future-proof both our research and business creation.

In summary, the Nihon Unisys Group as a whole has been diligently promoting the Mid-term Management Plan.

(Note) Alipay is a registered trademark of Ant Financial Services Group which is an affiliate company of Alibaba Group.

(Note) Other names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For the first three months of the fiscal year ending March 2018, the total net sales were ¥56,147 million (a 0.0 % increase) compared with the same period of the previous fiscal year, as a result of a decrease in system services sales and support services sales despite continuingly strong software sales and outsourcing sales. An increase in earnings driven by the increase in software sales eventually enabled: operating income of ¥ 1,434 million (a 15.2% increase); ordinary income of ¥ 1,738 million (a 25.4 % increase); and profit attributable to owners of parents of ¥ 1,339 million (a 48.2% increase).

(2) Analysis of Financial Condition

At the end of the first quarter of the fiscal year ending March 2018, total assets were ¥178,362 million, down ¥ 14,331 million from the end of the previous fiscal year, partly due to a decrease in accounts receivable-trade.

Liabilities were ¥ 85,708 million, down ¥ 16,213 million from the end of the previous fiscal year, partly due to a decrease in accounts payable-trade.

Net assets were ¥ 92,653 million. Shareholders' equity ratio was 51.1%, up 4.5 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, 2017.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2017 (As of March 31, 2017)	FY2018 Q1 (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	17,823	18,126
Notes and accounts receivable - trade	70,275	48,222
Merchandise and finished goods	5,708	7,670
Work in process	1,684	4,316
Raw materials and supplies	317	310
Deferred tax assets	6,307	5,817
Other	16,196	17,549
Allowance for doubtful accounts	(59)	(49)
Total current assets	118,255	101,963
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,098	4,007
Machinery, equipment and vehicles, net	8,467	8,328
Other, net	3,953	3,961
Total property, plant and equipment	16,519	16,297
Intangible assets		
Goodwill	836	815
Software	21,602	21,900
Other	300	284
Total intangible assets	22,739	23,001
Investments and other assets		
Investment securities	17,911	20,483
Deferred tax assets	1,463	753
Net defined benefit asset	945	947
Other	15,175	15,231
Allowance for doubtful accounts	(316)	(316)
Total investments and other assets	35,179	37,099
Total non-current assets	74,439	76,398
Total assets	192,694	178,362

Millions of Yen

	FY2017 (As of March 31, 2017)	FY2018 Q1 (As of June 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,609	14,775
Short-term loans payable	350	350
Current portion of long-term loans payable	11,007	11,082
Commercial papers	6,000	2,000
Income taxes payable	1,965	226
Accrued expenses	9,985	4,388
Advances received	13,838	18,853
Allowance for loss on contract development	312	333
Other provision	1,232	1,040
Other	9,146	8,658
Total current liabilities	76,448	61,709
Non-current liabilities		
Long-term loans payable	20,282	19,338
Provision	1,147	1,229
Net defined benefit liability	1,813	1,161
Asset retirement obligations	1,132	1,114
Other	1,097	1,155
Total non-current liabilities	25,473	23,999
Total liabilities	101,921	85,708
Net assets		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	14,200	14,361
Retained earnings	80,005	79,589
Treasury shares	(13,592)	(13,593)
Total shareholders' equity	86,096	85,840
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,625	5,637
Deferred gains or losses on hedges	1	0
Remeasurements of defined benefit plans	(805)	(310)
Total accumulated other comprehensive income	3,821	5,327
Subscription rights to shares	294	292
Non-controlling interests	560	1,192
Total net assets	90,772	92,653
Total liabilities and net assets	192,694	178,362

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

Millions of Yen

	FY2017 Q1 (Three months ended June 30, 2016)	FY2018 Q1 (Three months ended June 30, 2017)
Net sales	56,143	56,147
Cost of sales	42,501	42,388
Gross profit	13,642	13,758
Selling, general and administrative expenses	12,397	12,324
Operating income	1,244	1,434
Non-operating income		
Interest income	3	0
Dividend income	277	308
Other	119	84
Total non-operating income	400	393
Non-operating expenses		
Interest expenses	53	33
Loss on investments in partnership	-	41
Other	205	14
Total non-operating expenses	258	89
Ordinary income	1,386	1,738
Extraordinary income		
Gain on transfer of business	-	108
Gain on liquidation of subsidiaries	6	-
Other	-	4
Total extraordinary income	6	113
Extraordinary losses		
Loss on sales and retirement of non-current assets	1	12
Loss on sales of investment securities	43	-
Loss on valuation of investment securities	3	6
Other	17	4
Total extraordinary losses	66	24
Profit before income taxes	1,326	1,827
Income taxes - current	33	(49)
Income taxes - deferred	389	530
Total income taxes	423	481
Profit	902	1,345
Profit (loss) attributable to non-controlling interests	(1)	6
Profit attributable to owners of parent	904	1,339

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2017 Q1	FY2018 Q1
	(Three months ended June 30, 2016)	(Three months ended June 30, 2017)
Profit	902	1,345
Other comprehensive income		
Valuation difference on available-for-sale securities	(845)	1,011
Deferred gains or losses on hedges	(2)	(1)
Remeasurements of defined benefit plans	486	495
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(362)	1,506
Comprehensive income	540	2,852
(Breakdown)		
Comprehensive income attributable to owners of parent	541	2,845
Comprehensive income attributable to non-controlling interests	(1)	6

(3) Notes concerning the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable