

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(Unaudited)
(Millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue				
Services	\$ 396.0	\$ 481.0	\$ 821.9	\$ 955.0
Technology	42.8	88.4	132.3	168.9
	<u>438.8</u>	<u>569.4</u>	<u>954.2</u>	<u>1,123.9</u>
Costs and expenses				
Cost of revenue:				
Services	340.0	399.1	715.7	795.9
Technology	23.9	17.7	50.5	50.3
	<u>363.9</u>	<u>416.8</u>	<u>766.2</u>	<u>846.2</u>
Selling, general and administrative	80.2	92.4	167.0	183.3
Research and development	3.2	7.2	9.4	16.2
	<u>447.3</u>	<u>516.4</u>	<u>942.6</u>	<u>1,045.7</u>
Operating income (loss)	(8.5)	53.0	11.6	78.2
Interest expense	4.6	16.2	18.5	31.7
Other expense, net	(53.7)	(28.9)	(101.8)	(59.3)
Income (loss) from continuing operations before income taxes	(66.8)	7.9	(108.7)	(12.8)
Provision for income taxes	9.7	3.6	20.5	13.0
Consolidated net income (loss) from continuing operations	(76.5)	4.3	(129.2)	(25.8)
Net income attributable to noncontrolling interests	-	3.6	0.5	6.2
Net income (loss) from continuing operations attributable to Unisys	\$ (76.5)	\$ 0.7	(129.7)	\$ (32.0)
Income (loss) from discontinued operations, net of tax	(2.1)	25.5	1,066.4	38.8
Net income (loss) attributable to Unisys Corporation	\$ (78.6)	\$ 26.2	\$ 936.7	\$ 6.8
Earnings (loss) per share attributable to Unisys Corporation				
Basic				
Continuing Operations	\$ (1.21)	\$ 0.01	\$ (2.06)	\$ (0.62)
Discontinuing Operations	\$ (0.04)	\$ 0.50	\$ 16.97	\$ 0.75
Total	\$ (1.25)	\$ 0.51	\$ 14.91	\$ 0.13
Diluted				
Continuing Operations	\$ (1.21)	\$ 0.01	\$ (2.06)	\$ (0.62)
Discontinuing Operations	\$ (0.04)	\$ 0.49	\$ 16.97	\$ 0.75
Total	\$ (1.25)	\$ 0.50	\$ 14.91	\$ 0.13
Shares used in the per share computations (in thousands):				
Basic	63,010	51,782	62,830	51,600
Diluted	63,010	52,110	62,830	51,600

UNISYS CORPORATION

SEGMENT RESULTS

(Unaudited)

(Millions)

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended June 30, 2020				
Customer revenue	\$ 438.8	\$ -	\$ 396.0	\$ 42.8
Intersegment	-	(2.4)	-	2.4
Total revenue	<u>\$ 438.8</u>	<u>\$ (2.4)</u>	<u>\$ 396.0</u>	<u>\$ 45.2</u>
Gross profit percent	<u>17.1 %</u>		<u>15.5 %</u>	<u>42.0 %</u>
Operating profit (loss) percent	<u>(1.9)%</u>		<u>(0.4)%</u>	<u>2.2 %</u>
Three Months Ended June 30, 2019				
Customer revenue	\$ 569.4	\$ -	\$ 481.0	\$ 88.4
Intersegment	-	(2.1)	-	2.1
Total revenue	<u>\$ 569.4</u>	<u>\$ (2.1)</u>	<u>\$ 481.0</u>	<u>\$ 90.5</u>
Gross profit percent	<u>26.8 %</u>		<u>16.5 %</u>	<u>78.1 %</u>
Operating profit percent	<u>9.3 %</u>		<u>1.9 %</u>	<u>56.7 %</u>
	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Six Months Ended June 30, 2020				
Customer revenue	\$ 954.2	\$ -	\$ 821.9	\$ 132.3
Intersegment	-	(4.9)	-	4.9
Total revenue	<u>\$ 954.2</u>	<u>\$ (4.9)</u>	<u>\$ 821.9</u>	<u>\$ 137.2</u>
Gross profit percent	<u>19.7 %</u>		<u>14.2 %</u>	<u>59.6 %</u>
Operating profit percent	<u>1.2 %</u>		<u>(1.9)%</u>	<u>31.5 %</u>
Six Months Ended June 30, 2019				
Customer revenue	\$ 1,123.9	\$ -	\$ 955.0	\$ 168.9
Intersegment	-	(4.5)	-	4.5
Total revenue	<u>\$ 1,123.9</u>	<u>\$ (4.5)</u>	<u>\$ 955.0</u>	<u>\$ 173.4</u>
Gross profit percent	<u>24.7 %</u>		<u>15.8 %</u>	<u>68.6 %</u>
Operating profit percent	<u>7.0 %</u>		<u>0.8 %</u>	<u>45.9 %</u>

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 782.2	\$ 538.8
Accounts receivable, net	364.5	417.7
Contract assets	39.0	38.4
Inventories	14.8	16.4
Prepaid expenses and other current assets	119.6	100.7
Current assets of discontinued operations	-	109.3
Total current assets	1,320.1	1,221.3
Properties	761.2	784.0
Less-accumulated depreciation and amortization	652.7	668.0
Properties, net	108.5	116.0
Outsourcing assets, net	182.1	202.1
Marketable software, net	187.5	186.8
Operating lease right-of-use assets	66.3	71.4
Prepaid postretirement assets	136.1	136.2
Deferred income taxes	109.0	114.0
Goodwill	108.6	110.4
Restricted cash	10.2	13.0
Other long-term assets	170.9	198.9
Long-term assets of discontinued operations	-	133.9
Total assets	\$ 2,399.3	\$ 2,504.0
Liabilities and deficit		
Current liabilities:		
Notes payable	\$ 60.3	\$ -
Current maturities of long-term-debt	97.5	13.5
Accounts payable	161.6	204.3
Deferred revenue	217.8	246.4
Other accrued liabilities	255.6	316.7
Current liabilities of discontinued operations	-	146.4
Total current liabilities	792.8	927.3
Long-term debt	47.3	565.9
Long-term postretirement liabilities	1,574.4	1,960.2
Long-term deferred revenue	130.4	147.0
Long-term operating lease liabilities	47.9	56.0
Other long-term liabilities	45.2	47.6
Long-term liabilities of discontinued operations	-	28.3
Commitments and contingencies		
Total Unisys Corporation stockholders' deficit	(274.3)	(1,265.4)
Noncontrolling interests	35.6	37.1
Total deficit	(238.7)	(1,228.3)
Total liabilities and deficit	\$ 2,399.3	\$ 2,504.0

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Millions)

	Six Months Ended	
	June 30,	
	2020	2019
Cash flows from operating activities		
Consolidated net loss from continuing operations	\$ (129.2)	\$ (25.8)
Income from discontinued operations, net of tax	1,066.4	38.8
Adjustments to reconcile consolidated net loss to net cash used for operating activities:		
Gain on sale of U.S. Federal business	(1,057.4)	-
Loss on debt extinguishment	28.5	-
Foreign currency translation losses	15.3	5.3
Non-cash interest expense	2.7	5.4
Employee stock compensation	8.0	7.3
Depreciation and amortization of properties	15.6	17.8
Depreciation and amortization of outsourcing assets	32.7	31.7
Amortization of marketable software	36.0	21.6
Other non-cash operating activities	1.3	(0.2)
Loss on disposal of capital assets	0.5	1.3
Postretirement contributions	(333.0)	(47.7)
Postretirement expense	48.4	47.1
Deferred income taxes, net	(7.0)	2.7
Changes in operating assets and liabilities:		
Receivables, net	39.6	10.1
Inventories	1.4	(0.3)
Accounts payable and current liabilities	(161.5)	(140.3)
Other liabilities	2.6	16.9
Other assets	(3.0)	(11.2)
Net cash used for operating activities	(392.1)	(19.5)
Cash flows from investing activities		
Net proceeds from sale of U.S. Federal business	1,159.4	-
Proceeds from investments	1,735.3	1,704.1
Purchases of investments	(1,755.9)	(1,706.9)
Investment in marketable software	(36.7)	(37.2)
Capital additions of properties	(10.6)	(20.8)
Capital additions of outsourcing assets	(15.8)	(39.7)
Net proceeds from sale of properties	-	(0.2)
Other	(0.2)	(0.4)
Net cash provided by (used for) investing activities	1,075.5	(101.1)
Cash flows from financing activities		
Proceeds from notes payable	60.3	-
Proceeds from issuance of long-term debt	4.0	28.1
Payments of long-term debt	(448.4)	(10.5)
Cash paid for debt extinguishment	(23.7)	-
Other	(4.7)	(4.5)
Net cash (used for) provided by financing activities	(412.5)	13.1
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(30.3)	0.9
Increase (decrease) in cash, cash equivalents and restricted cash	240.6	(106.6)
Cash, cash equivalents and restricted cash, beginning of period	551.8	624.1
Cash, cash equivalents and restricted cash, end of period	\$ 792.4	\$ 517.5

UNISYS CORPORATION
RECONCILIATIONS OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES
(Unaudited)
(Millions, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
GAAP net income (loss) from continuing operations attributable to Unisys Corporation	\$ (76.5)	\$ 0.7	\$ (129.7)	\$ (32.0)
Postretirement expense:				
pretax	24.9	23.6	48.4	47.1
tax	0.4	-	0.7	(0.1)
net of tax	24.5	23.6	47.7	47.2
Debt extinguishment, cost reduction and other expenses:				
pretax	42.8	7.0	73.7	10.6
tax	0.5	0.3	1.1	1.0
net of tax	42.3	6.7	72.6	9.6
minority interest	-	2.6	0.4	3.3
net of minority interest	42.3	9.3	73.0	12.9
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation	(9.7)	33.6	(9.0)	28.1
Add interest expense on convertible notes	-	5.0	-	10.0
Non-GAAP net income (loss) attributable to Unisys Corporation for diluted earnings per share	\$ (9.7)	\$ 38.6	\$ (9.0)	\$ 38.1
Weighted average shares (thousands)	63,010	51,782	62,830	51,600
Plus incremental shares from assumed conversion:				
Employee stock plans	-	328	-	422
Convertible notes	-	21,868	-	21,868
Non-GAAP adjusted weighted average shares	63,010	73,978	62,830	73,890
Diluted earnings (loss) per share from continuing operations				
GAAP basis				
GAAP net income (loss) from continuing operations attributable to Unisys Corporation for diluted earnings per share	\$ (76.5)	\$ 0.7	\$ (129.7)	\$ (32.0)
Divided by weighted average shares	63,010	52,110	62,830	51,600
GAAP diluted earnings (loss) per share	\$ (1.21)	\$ 0.01	\$ (2.06)	\$ (0.62)
Non-GAAP basis				
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation for diluted earnings per share	\$ (9.7)	\$ 38.6	\$ (9.0)	\$ 38.1
Divided by Non-GAAP adjusted weighted average shares	63,010	73,978	62,830	73,890
Non-GAAP diluted earnings (loss) per share	\$ (0.15)	\$ 0.52	\$ (0.14)	\$ 0.52

UNISYS CORPORATION
RECONCILIATIONS OF GAAP TO NON-GAAP
(Unaudited)
(Millions)

FREE CASH FLOW

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Cash (used for) provided by operations	\$ (14.2)	\$ 50.9	\$ (392.1)	\$ (19.5)
Additions to marketable software	(19.4)	(19.2)	(36.7)	(37.2)
Additions to properties	(5.0)	(10.1)	(10.6)	(20.8)
Additions to outsourcing assets	(11.0)	(10.3)	(15.8)	(39.7)
Free cash flow	(49.6)	11.3	(455.2)	(117.2)
Postretirement funding	5.3	24.6	333.0	47.7
Discontinued operations	(0.1)	(34.0)	(9.1)	(51.7)
Debt extinguishment, cost reduction and other payments, net of reimbursements	7.3	12.4	17.1	21.9
Adjusted free cash flow	\$ (37.1)	\$ 14.3	\$ (114.2)	\$ (99.3)

UNISYS CORPORATION
RECONCILIATIONS OF GAAP TO NON-GAAP
(Unaudited)
(Millions)

EBITDA

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net income (loss) from continuing operations attributable to Unisys Corporation	\$ (76.5)	\$ 0.7	\$ (129.7)	\$ (32.0)
Net income attributable to noncontrolling interests	-	3.6	0.5	6.2
Interest expense, net of interest income of \$2.4, \$2.9, \$4.7, \$5.8 respectively*	2.2	13.3	13.8	25.9
Provision for income taxes	9.7	3.6	20.5	13.0
Depreciation	24.1	24.5	48.3	49.5
Amortization	22.4	12.1	36.0	21.6
EBITDA	\$ (18.1)	\$ 57.8	\$ (10.6)	\$ 84.2
Postretirement expense	24.9	23.6	48.4	47.1
Debt extinguishment, cost reduction and other expenses**	42.8	7.0	73.7	9.5
Non-cash share based expense	2.9	2.6	8.0	7.3
Other expense, net adjustment***	(2.3)	3.5	2.1	11.1
Adjusted EBITDA	\$ 50.2	\$ 94.5	\$ 121.6	\$ 159.2

*Included in other expense, net on the consolidated statements of income

**Reduced for depreciation and amortization included above

***Other expense, net as reported on the consolidated statements of income less postretirement expense, interest income and items included in debt extinguishment, cost reduction and other expenses

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Revenue	\$ 438.8	\$ 569.4	\$ 954.2	\$ 1,123.9
Non-GAAP revenue	\$ 438.8	\$ 562.9	\$ 953.3	\$ 1,115.4
Net income (loss) from continuing operations attributable to Unisys Corporation as a percentage of revenue	(17.4)%	0.1 %	(13.6)%	(2.8)%
Non-GAAP net income (loss) from continuing operations attributable to Unisys Corporation as a percentage of Non-GAAP	(2.2)%	6.0 %	(0.9)%	2.5 %
Adjusted EBITDA as a percentage of Non-GAAP revenue	11.4 %	16.8 %	12.8 %	14.3 %

UNISYS CORPORATION
RECONCILIATIONS OF SEGMENT REPORTING TO NON-GAAP SEGMENT REPORTING
(Unaudited)
(Millions)

<u>Services Segment</u>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
GAAP total revenue	\$ 396.0	\$ 481.0	\$ 821.9	\$ 955.0
Restructuring reimbursement	-	(6.5)	(0.9)	(8.5)
Non-GAAP revenue	<u>\$ 396.0</u>	<u>\$ 474.5</u>	<u>\$ 821.0</u>	<u>\$ 946.5</u>
GAAP gross margin	\$ 61.5	\$ 79.3	\$ 116.4	\$ 150.8
Restructuring reimbursement	-	(6.5)	(0.9)	(8.5)
Non-GAAP gross margin	<u>\$ 61.5</u>	<u>\$ 72.8</u>	<u>\$ 115.5</u>	<u>\$ 142.3</u>
GAAP operating profit	\$ (1.6)	\$ 9.0	\$ (15.6)	\$ 7.6
Restructuring reimbursement	-	(6.5)	(0.9)	(8.5)
Non-GAAP operating profit (loss)	<u>\$ (1.6)</u>	<u>\$ 2.5</u>	<u>\$ (16.5)</u>	<u>\$ (0.9)</u>
GAAP gross margin %	15.5%	16.5%	14.2%	15.8%
Non-GAAP gross margin %	15.5%	15.3%	14.1%	15.0%
GAAP operating profit %	(0.4)%	1.9%	(1.9)%	0.8%
Non-GAAP operating profit (loss) %	(0.4)%	0.5%	(2.0)%	(0.1)%
<u>Total Unisys</u>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
GAAP total revenue	\$ 438.8	\$ 569.4	\$ 954.2	\$ 1,123.9
Restructuring reimbursement	-	(6.5)	(0.9)	(8.5)
Non-GAAP revenue	<u>\$ 438.8</u>	<u>\$ 562.9</u>	<u>\$ 953.3</u>	<u>\$ 1,115.4</u>
GAAP gross margin	\$ 74.9	\$ 152.6	\$ 188.0	\$ 277.7
Restructuring reimbursement	-	(6.5)	(0.9)	(8.5)
Cost reduction expense	6.9	(1.0)	12.8	(4.7)
Non-GAAP gross margin	<u>\$ 81.8</u>	<u>\$ 145.1</u>	<u>\$ 199.9</u>	<u>\$ 264.5</u>
GAAP operating profit	\$ (8.5)	\$ 53.0	\$ 11.6	\$ 78.2
Restructuring reimbursement	-	(6.5)	(0.9)	(8.5)
Postretirement expense	0.8	0.8	1.6	1.6
Cost reduction and other expense	8.5	8.0	17.0	10.6
Non-GAAP operating profit	<u>\$ 0.8</u>	<u>\$ 55.3</u>	<u>\$ 29.3</u>	<u>\$ 81.9</u>
GAAP gross margin %	17.1%	26.8%	19.7%	24.7%
Non-GAAP gross margin %	18.6%	25.8%	21.0%	23.7%
GAAP operating profit %	(1.9)%	9.3%	1.2%	7.0%
Non-GAAP operating profit %	0.2%	9.8%	3.1%	7.3%