

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Revenue				
Services	\$ 426.0	\$ 478.8	\$ 1,247.9	\$ 1,433.8
Technology	69.2	73.3	201.5	242.2
	<u>495.2</u>	<u>552.1</u>	<u>1,449.4</u>	<u>1,676.0</u>
Costs and expenses				
Cost of revenue:				
Services	345.9	389.3	1,061.6	1,185.2
Technology	29.4	22.8	79.9	73.1
	<u>375.3</u>	<u>412.1</u>	<u>1,141.5</u>	<u>1,258.3</u>
Selling, general and administrative	85.5	84.7	252.5	268.0
Research and development	6.7	5.9	16.1	22.1
	<u>467.5</u>	<u>502.7</u>	<u>1,410.1</u>	<u>1,548.4</u>
Operating income	27.7	49.4	39.3	127.6
Interest expense	2.4	15.2	20.9	46.9
Other expense, net	(32.5)	(49.2)	(134.3)	(108.5)
Loss from continuing operations before income taxes	(7.2)	(15.0)	(115.9)	(27.8)
Provision for income taxes	6.1	10.4	26.6	23.4
Consolidated net loss from continuing operations	(13.3)	(25.4)	(142.5)	(51.2)
Net income attributable to noncontrolling interests	-	3.8	0.5	10.0
Net loss from continuing operations attributable to Unisys Corporation	(13.3)	(29.2)	(143.0)	(61.2)
Income loss from discontinued operations, net of tax	0.4	16.0	1,066.8	54.8
Net income (loss) attributable to Unisys Corporation	\$ (12.9)	\$ (13.2)	\$ 923.8	\$ (6.4)
Earnings (loss) per share attributable to Unisys Corporation				
Basic				
Continuing Operations	\$ (0.21)	\$ (0.50)	\$ (2.27)	\$ (1.14)
Discontinued Operations	0.01	0.27	16.96	1.02
Total	\$ (0.20)	\$ (0.23)	\$ 14.69	\$ (0.12)
Diluted				
Continuing Operations	\$ (0.21)	\$ (0.50)	\$ (2.27)	\$ (1.14)
Discontinued Operations	0.01	0.27	16.96	1.02
Total	\$ (0.20)	\$ (0.23)	\$ 14.69	\$ (0.12)

UNISYS CORPORATION

SEGMENT RESULTS

(Unaudited)

(Millions)

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
Three Months Ended September 30, 2020				
Customer revenue	\$ 495.2	\$ -	\$ 426.0	\$ 69.2
Intersegment	-	(6.0)	-	6.0
Total revenue	<u>\$ 495.2</u>	<u>\$ (6.0)</u>	<u>\$ 426.0</u>	<u>\$ 75.2</u>
Gross profit percent	<u>24.2 %</u>		<u>19.0 %</u>	<u>59.7 %</u>
Operating profit percent	<u>5.6 %</u>		<u>4.9 %</u>	<u>33.1 %</u>
Three Months Ended September 30, 2019				
Customer revenue	\$ 552.1	\$ -	\$ 478.8	\$ 73.3
Intersegment	-	(2.3)	-	2.3
Total revenue	<u>\$ 552.1</u>	<u>\$ (2.3)</u>	<u>\$ 478.8</u>	<u>\$ 75.6</u>
Gross profit percent	<u>25.4 %</u>		<u>18.1 %</u>	<u>66.4 %</u>
Operating profit percent	<u>8.9 %</u>		<u>3.7 %</u>	<u>42.1 %</u>
Nine Months Ended September 30, 2020				
Customer revenue	\$ 1,449.4	\$ -	\$ 1,247.9	\$ 201.5
Intersegment	-	(10.9)	-	10.9
Total revenue	<u>\$ 1,449.4</u>	<u>\$ (10.9)</u>	<u>\$ 1,247.9</u>	<u>\$ 212.4</u>
Gross profit percent	<u>21.2 %</u>		<u>15.8 %</u>	<u>59.7 %</u>
Operating profit percent	<u>2.7 %</u>		<u>0.4 %</u>	<u>32.1 %</u>
Nine Months Ended September 30, 2019				
Customer revenue	\$ 1,676.0	\$ -	\$ 1,433.8	\$ 242.2
Intersegment	-	(6.8)	-	6.8
Total revenue	<u>\$ 1,676.0</u>	<u>\$ (6.8)</u>	<u>\$ 1,433.8</u>	<u>\$ 249.0</u>
Gross profit percent	<u>24.9 %</u>		<u>16.6 %</u>	<u>67.9 %</u>
Operating profit percent	<u>7.6 %</u>		<u>1.8 %</u>	<u>44.7 %</u>

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Millions)

	September 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 774.0	\$ 538.8
Accounts receivable, net	364.1	417.7
Contract assets	47.0	38.4
Inventories	14.5	16.4
Prepaid expenses and other current assets	103.0	100.7
Current assets of discontinued operations	-	109.3
Total current assets	1,302.6	1,221.3
Properties	755.6	784.0
Less-accumulated depreciation and amortization	648.7	668.0
Properties, net	106.9	116.0
Outsourcing assets, net	177.3	202.1
Marketable software, net	191.5	186.8
Operating lease right-of-use assets	67.8	71.4
Prepaid postretirement assets	144.2	136.2
Deferred income taxes	121.6	114.0
Goodwill	108.6	110.4
Restricted cash	10.1	13.0
Other long-term assets	176.8	198.9
Long-term assets of discontinued operations	-	133.9
Total assets	\$ 2,407.4	\$ 2,504.0
Liabilities and deficit		
Current liabilities:		
Current maturities of long-term-debt	\$ 100.0	\$ 13.5
Accounts payable	183.4	204.3
Deferred revenue	197.4	246.4
Other accrued liabilities	272.4	316.7
Current liabilities of discontinued operations	-	146.4
Total current liabilities	753.2	927.3
Long-term debt	48.4	565.9
Long-term postretirement liabilities	1,563.6	1,960.2
Long-term deferred revenue	122.5	147.0
Long-term operating lease liabilities	49.3	56.0
Other long-term liabilities	70.7	47.6
Long-term liabilities of discontinued operations	-	28.3
Commitments and contingencies		
Total Unisys Corporation stockholders' deficit	(237.9)	(1,265.4)
Noncontrolling interests	37.6	37.1
Total deficit	(200.3)	(1,228.3)
Total liabilities and deficit	\$ 2,407.4	\$ 2,504.0

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

	Nine Months Ended	
	September 30,	
	2020	2019
Cash flows from operating activities		
Consolidated net loss from continuing operations	\$ (142.5)	\$ (51.2)
Income from discontinued operations, net of tax	1,066.8	54.8
Adjustments to reconcile consolidated net loss to net cash used for operating activities:		
Gain on sale of U.S. Federal business	(1,057.7)	-
Loss on debt extinguishment	28.5	20.2
Foreign currency translation losses	14.3	7.2
Non-cash interest expense	3.5	7.5
Employee stock compensation	11.1	10.1
Depreciation and amortization of properties	22.0	26.7
Depreciation and amortization of outsourcing assets	48.9	47.3
Amortization of marketable software	50.2	35.0
Other non-cash operating activities	0.6	(0.8)
Loss on disposal of capital assets	3.3	1.3
Postretirement contributions	(344.5)	(82.3)
Postretirement expense	72.8	71.5
Deferred income taxes, net	(16.9)	1.0
Changes in operating assets and liabilities:		
Receivables, net	12.4	(17.4)
Inventories	1.5	(1.7)
Accounts payable and current liabilities	(127.7)	(173.4)
Other liabilities	27.2	33.1
Other assets	0.4	9.3
Net cash used for operating activities	(325.8)	(1.8)
Cash flows from investing activities		
Net proceeds from sale of U.S. Federal business	1,162.9	-
Proceeds from investments	2,550.2	2,824.9
Purchases of investments	(2,561.7)	(2,835.8)
Investment in marketable software	(54.8)	(56.2)
Capital additions of properties	(16.7)	(29.1)
Capital additions of outsourcing assets	(23.6)	(44.4)
Net proceeds from sale of properties	-	(0.2)
Other	(0.5)	(0.9)
Net cash provided by (used for) investing activities	1,055.8	(141.7)
Cash flows from financing activities		
Cash paid in connection with debt extinguishment	(23.7)	(56.3)
Proceeds from capped call transactions	-	7.2
Proceeds from issuance of long-term debt	7.1	28.6
Payments of long-term debt	(451.0)	(12.2)
Other	(4.8)	(4.6)
Net cash used for financing activities	(472.4)	(37.3)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(25.3)	(10.0)
Increase (decrease) in cash, cash equivalents and restricted cash	232.3	(190.8)
Cash, cash equivalents and restricted cash, beginning of period	551.8	624.1
Cash, cash equivalents and restricted cash, end of period	\$ 784.1	\$ 433.3

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

		<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
		<u>September 30,</u>		<u>September 30,</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
GAAP net loss from continuing operations attributable to Unisys		\$ (13.3)	\$ (29.2)	\$ (143.0)	\$ (61.2)
Postretirement expense:	pretax	24.4	24.4	72.8	71.5
	tax	0.4	(0.1)	1.1	(0.2)
	net of tax	<u>24.0</u>	<u>24.5</u>	<u>71.7</u>	<u>71.7</u>
Debt extinguishment, cost reduction and other expenses:	pretax	23.7	18.1	97.4	28.7
	tax	(0.2)	0.8	0.9	1.8
	net of tax	<u>23.9</u>	<u>17.3</u>	<u>96.5</u>	<u>26.9</u>
	minority interest	-	3.4	0.4	6.6
	net of minority interest	<u>23.9</u>	<u>20.7</u>	<u>96.9</u>	<u>33.5</u>
Non-GAAP net income from continuing operations attributable to Unisys Corporation		34.6	16.0	25.6	44.0
Add interest expense on convertible notes		<u>2.1</u>	<u>3.2</u>	<u>6.2</u>	<u>13.3</u>
Non-GAAP net income attributable to Unisys Corporation for diluted earnings per share		<u>\$ 36.7</u>	<u>\$ 19.2</u>	<u>\$ 31.8</u>	<u>\$ 57.3</u>
Weighted average shares (thousands)		63,032	58,245	62,897	53,815
Plus incremental shares from assumed conversion:					
	Employee stock plans	613	341	504	395
	Convertible notes	<u>8,625</u>	<u>13,951</u>	<u>8,625</u>	<u>19,229</u>
Non-GAAP adjusted weighted average shares		<u>72,270</u>	<u>72,537</u>	<u>72,026</u>	<u>73,439</u>
Diluted earnings (loss) per share from continuing operations					
<u>GAAP basis</u>					
GAAP net loss from continuing operations attributable to Unisys Corporation for diluted earnings per share		\$ (13.3)	\$ (29.2)	\$ (143.0)	\$ (61.2)
Divided by weighted average shares		63,032	58,245	62,897	53,815
GAAP diluted loss per share		<u>\$ (0.21)</u>	<u>\$ (0.50)</u>	<u>\$ (2.27)</u>	<u>\$ (1.14)</u>
<u>Non-GAAP basis</u>					
Non-GAAP net income from continuing operations attributable to Unisys Corporation for diluted earnings per share		\$ 36.7	\$ 19.2	\$ 31.8	\$ 57.3
Divided by Non-GAAP adjusted weighted average shares		72,270	72,537	72,026	73,439
Non-GAAP diluted loss per share		<u>\$ 0.51</u>	<u>\$ 0.26</u>	<u>\$ 0.44</u>	<u>\$ 0.78</u>

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

FREE CASH FLOW

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Cash provided by (used for) operations	\$ 66.3	\$ 17.7	\$ (325.8)	\$ (1.8)
Additions to marketable software	(18.1)	(19.0)	(54.8)	(56.2)
Additions to properties	(6.1)	(8.3)	(16.7)	(29.1)
Additions to outsourcing assets	(7.8)	(4.7)	(23.6)	(44.4)
Free cash flow	34.3	(14.3)	(420.9)	(131.5)
Postretirement funding	11.5	34.6	344.5	82.3
Discontinued operations	0.2	(21.6)	(8.9)	(73.3)
Debt extinguishment, cost reduction and other payments, net of reimbursements	6.4	15.2	23.5	37.1
Adjusted free cash flow	\$ 52.4	\$ 13.9	\$ (61.8)	\$ (85.4)

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

EBITDA

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net loss from continuing operations attributable to Unisys Corporation	\$ (13.3)	\$ (29.2)	\$ (143.0)	\$ (61.2)
Net income attributable to noncontrolling interests	-	3.8	0.5	10.0
Interest expense, net of interest income of \$1.3, \$2.8, \$6.0, \$8.6 respectively*	1.1	12.4	14.9	38.3
Provision for income taxes	6.1	10.4	26.6	23.4
Depreciation	22.6	24.5	70.9	74.0
Amortization	14.2	13.4	50.2	35.0
EBITDA	\$ 30.7	\$ 35.3	\$ 20.1	\$ 119.5
Postretirement expense	\$ 24.4	\$ 24.4	\$ 72.8	\$ 71.5
Debt extinguishment, cost reduction and other expenses**	15.5	18.1	89.2	27.6
Non-cash share based expense	3.1	2.8	11.1	10.1
Other expense, net adjustment***	0.3	3.8	2.4	14.9
Adjusted EBITDA	\$ 74.0	\$ 84.4	\$ 195.6	\$ 243.6

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

**Reduced for depreciation and amortization included above

***Other (income) 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		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Revenue	\$ 495.2	\$ 552.1	\$ 1,449.4	\$ 1,676.0
Non-GAAP revenue	495.1	545.3	1,448.4	1,660.7
Net loss from continuing operations attributable to Unisys Corporation as a percentage of revenue	(2.7)%	(5.3)%	(9.9)%	(3.7)%
Non-GAAP net income from continuing operations attributable to Unisys Corporation as a percentage of Non-GAAP revenue	7.0 %	2.9 %	1.8 %	2.6 %
Adjusted EBITDA as a percentage of Non-GAAP revenue	14.9 %	15.5 %	13.5 %	14.7 %

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

Services Segment	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
GAAP total revenue	\$ 426.0	\$ 478.8	\$ 1,247.9	\$ 1,433.8
Restructuring reimbursement	(0.1)	(6.8)	(1.0)	(15.3)
Non-GAAP revenue	<u>\$ 425.9</u>	<u>\$ 472.0</u>	<u>\$ 1,246.9</u>	<u>\$ 1,418.5</u>
GAAP gross margin	\$ 81.0	\$ 87.0	\$ 197.4	\$ 237.7
Restructuring reimbursement	(0.1)	(6.8)	(1.0)	(15.3)
Non-GAAP gross margin	<u>\$ 80.9</u>	<u>\$ 80.2</u>	<u>\$ 196.4</u>	<u>\$ 222.4</u>
GAAP operating profit	\$ 20.7	\$ 17.7	\$ 5.1	\$ 25.3
Restructuring reimbursement	(0.1)	(6.8)	(1.0)	(15.3)
Non-GAAP operating profit	<u>\$ 20.6</u>	<u>\$ 10.9</u>	<u>\$ 4.1</u>	<u>\$ 10.0</u>
GAAP gross margin %	19.0%	18.2%	15.8%	16.6%
Non-GAAP gross margin %	19.0%	17.0%	15.8%	15.7%
GAAP operating profit %	4.9%	3.7%	0.4%	1.8%
Non-GAAP operating profit %	4.8%	2.3%	0.3%	0.7%
Total Unisys	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
GAAP total revenue	\$ 495.2	\$ 552.1	\$ 1,449.4	\$ 1,676.0
Restructuring reimbursement	(0.1)	(6.8)	(1.0)	(15.3)
Non-GAAP revenue	<u>\$ 495.1</u>	<u>\$ 545.3</u>	<u>\$ 1,448.4</u>	<u>\$ 1,660.7</u>
GAAP gross margin	\$ 119.9	\$ 140.0	\$ 307.9	\$ 417.7
Restructuring reimbursement	(0.1)	(6.8)	(1.0)	(15.3)
Cost reduction expense	2.9	(1.9)	15.7	(6.6)
Non-GAAP gross margin	<u>\$ 122.7</u>	<u>\$ 131.3</u>	<u>\$ 322.6</u>	<u>\$ 395.8</u>
GAAP operating profit	\$ 27.7	\$ 49.4	\$ 39.3	\$ 127.6
Restructuring reimbursement	(0.1)	(6.8)	(1.0)	(15.3)
Postretirement expense	0.9	0.9	2.5	2.5
Cost reduction and other expense	13.8	0.2	30.8	10.8
Non-GAAP operating profit	<u>\$ 42.3</u>	<u>\$ 43.7</u>	<u>\$ 71.6</u>	<u>\$ 125.6</u>
GAAP gross margin %	24.2%	25.4%	21.2%	24.9%
Non-GAAP gross margin %	24.8%	24.1%	22.3%	23.8%
GAAP operating profit %	5.6%	8.9%	2.7%	7.6%
Non-GAAP operating profit %	8.5%	8.0%	4.9%	7.6%