

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2020**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

**Commission file number 1-8729**

**UNISYS CORPORATION**

**(Exact name of registrant as specified in its charter)**

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**38-0387840**

(I.R.S. Employer  
Identification No.)

**801 Lakeview Drive, Suite 100  
Blue Bell, Pennsylvania 19422  
(215) 986-4011**

(Address, zip code and telephone number, including area code, of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01	UIS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of Common Stock outstanding as of September 30, 2020: 63,037,852.

# UNISYS CORPORATION

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## Part I - FINANCIAL INFORMATION

### Item 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Revenue</b>				
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>
<b>Costs and expenses</b>				
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 from discontinued operations, net of tax	0.4	16.0	1,066.8	54.8
Net income (loss) attributable to Unisys Corporation	<u>\$ (12.9)</u>	<u>\$ (13.2)</u>	<u>\$ 923.8</u>	<u>\$ (6.4)</u>
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	<u>\$ (0.20)</u>	<u>\$ (0.23)</u>	<u>\$ 14.69</u>	<u>\$ (0.12)</u>
Diluted				
Continuing operations	\$ (0.21)	\$ (0.50)	\$ (2.27)	\$ (1.14)
Discontinued operations	0.01	0.27	16.96	1.02
Total	<u>\$ (0.20)</u>	<u>\$ (0.23)</u>	<u>\$ 14.69</u>	<u>\$ (0.12)</u>

See notes to consolidated financial statements

**UNISYS CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)**  
**(Millions)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Consolidated net loss from continuing operations	\$ (13.3)	\$ (25.4)	\$ (142.5)	\$ (51.2)
Income from discontinued operations, net of tax	0.4	16.0	1,066.8	54.8
Total	<u>(12.9)</u>	<u>(9.4)</u>	<u>924.3</u>	<u>3.6</u>
Other comprehensive income				
Foreign currency translation	40.1	(51.7)	(41.1)	(99.7)
Postretirement adjustments, net of tax of \$(7.8) and \$6.4 in 2020 and \$8.8 and \$11.9 in 2019	8.2	63.4	139.4	182.3
Total other comprehensive income	<u>48.3</u>	<u>11.7</u>	<u>98.3</u>	<u>82.6</u>
Comprehensive income	35.4	2.3	1,022.6	86.2
Less comprehensive income attributable to noncontrolling interests	<u>2.0</u>	<u>2.6</u>	<u>0.5</u>	<u>5.8</u>
Comprehensive income (loss) attributable to Unisys Corporation	<u>\$ 33.4</u>	<u>\$ (0.3)</u>	<u>\$ 1,022.1</u>	<u>\$ 80.4</u>

*See notes to consolidated financial statements*

**UNISYS CORPORATION**  
**CONSOLIDATED BALANCE SHEETS (Unaudited)**  
**(Millions)**

	September 30, 2020	December 31, 2019
<b>Assets</b>		
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	<u>1,302.6</u>	<u>1,221.3</u>
Properties	755.6	784.0
Less-accumulated depreciation and amortization	648.7	668.0
Properties, net	<u>106.9</u>	<u>116.0</u>
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	<u>\$ 2,407.4</u>	<u>\$ 2,504.0</u>
<b>Liabilities and deficit</b>		
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	<u>753.2</u>	<u>927.3</u>
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 (see note 14)		
Deficit:		
Common stock, shares issued: 2020; 66.8, 2019; 65.9	0.7	0.7
Accumulated deficit	(787.4)	(1,711.2)
Treasury stock, shares at cost: 2020; 3.8, 2019; 3.5	(114.4)	(109.6)
Paid-in capital	4,653.5	4,643.3
Accumulated other comprehensive loss	(3,990.3)	(4,088.6)
Total Unisys Corporation stockholders' deficit	<u>(237.9)</u>	<u>(1,265.4)</u>
Noncontrolling interests	37.6	37.1
Total deficit	<u>(200.3)</u>	<u>(1,228.3)</u>
Total liabilities and deficit	<u>\$ 2,407.4</u>	<u>\$ 2,504.0</u>

See notes to consolidated financial statements

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

	Nine Months Ended September 30,	
	2020	2019
<b>Cash flows from operating activities</b>		
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	<u>(325.8)</u>	<u>(1.8)</u>
<b>Cash flows from investing activities</b>		
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	<u>1,055.8</u>	<u>(141.7)</u>
<b>Cash flows from financing activities</b>		
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	<u>(472.4)</u>	<u>(37.3)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(25.3)</u>	<u>(10.0)</u>
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	<u>\$ 784.1</u>	<u>\$ 433.3</u>

See notes to consolidated financial statements

**UNISYS CORPORATION**  
**CONSOLIDATED STATEMENTS OF DEFICIT (Unaudited)**  
**(Millions)**

	Unisys Corporation							
	Total	Total Unisys Corporation	Common Stock Par Value	Accumulated Deficit	Treasury Stock At Cost	Paid-in Capital	Accumulated Other Comprehensive Loss	Non-controlling Interests
<b>Balance at December 31, 2019</b>	\$ (1,228.3)	\$ (1,265.4)	\$ 0.7	\$ (1,711.2)	\$ (109.6)	\$ 4,643.3	\$ (4,088.6)	\$ 37.1
Consolidated net income	1,015.8	1,015.3		1,015.3				0.5
Stock-based activity	(0.5)	(0.5)			(4.6)	4.1		
Translation adjustments	(87.6)	(81.6)					(81.6)	(6.0)
Postretirement plans	91.2	87.5					87.5	3.7
<b>Balance at March 31, 2020</b>	<u>\$ (209.4)</u>	<u>\$ (244.7)</u>	<u>\$ 0.7</u>	<u>\$ (695.9)</u>	<u>\$ (114.2)</u>	<u>\$ 4,647.4</u>	<u>\$ (4,082.7)</u>	<u>\$ 35.3</u>
Consolidated net loss	(78.6)	(78.6)		(78.6)				
Stock-based activity	2.9	2.9			(0.1)	3.0		
Translation adjustments	6.4	6.5					6.5	(0.1)
Postretirement plans	40.0	39.6					39.6	0.4
<b>Balance at June 30, 2020</b>	<u>\$ (238.7)</u>	<u>\$ (274.3)</u>	<u>\$ 0.7</u>	<u>\$ (774.5)</u>	<u>\$ (114.3)</u>	<u>\$ 4,650.4</u>	<u>\$ (4,036.6)</u>	<u>\$ 35.6</u>
Consolidated net loss	(12.9)	(12.9)		(12.9)				
Stock-based activity	3.0	3.0			(0.1)	3.1		
Translation adjustments	40.1	38.6					38.6	1.5
Postretirement plans	8.2	7.7					7.7	0.5
<b>Balance at September 30, 2020</b>	<u>\$ (200.3)</u>	<u>\$ (237.9)</u>	<u>\$ 0.7</u>	<u>\$ (787.4)</u>	<u>\$ (114.4)</u>	<u>\$ 4,653.5</u>	<u>\$ (3,990.3)</u>	<u>\$ 37.6</u>

	Unisys Corporation							
	Total	Total Unisys Corporation	Common Stock Par Value	Accumulated Deficit	Treasury Stock At Cost	Paid-in Capital	Accumulated Other Comprehensive Loss	Non-controlling Interests
<b>Balance at December 31, 2018</b>	\$ (1,299.6)	\$ (1,343.5)	\$ 0.5	\$ (1,694.0)	\$ (105.0)	\$ 4,539.8	\$ (4,084.8)	\$ 43.9
Consolidated net income (loss)	(16.8)	(19.4)		(19.4)				2.6
Stock-based activity	(0.4)	(0.4)	0.1		(4.4)	3.9		
Translation adjustments	(34.2)	(32.8)					(32.8)	(1.4)
Postretirement plans	68.5	69.2					69.2	(0.7)
<b>Balance at March 31, 2019</b>	<u>\$ (1,282.5)</u>	<u>\$ (1,326.9)</u>	<u>\$ 0.6</u>	<u>\$ (1,713.4)</u>	<u>\$ (109.4)</u>	<u>\$ 4,543.7</u>	<u>\$ (4,048.4)</u>	<u>\$ 44.4</u>
Consolidated net income	29.8	26.2		26.2				3.6
Stock-based activity	2.4	2.4			(0.1)	2.5		
Translation adjustments	(13.8)	(11.6)					(11.6)	(2.2)
Postretirement plans	50.4	49.1					49.1	1.3
<b>Balance at June 30, 2019</b>	<u>\$ (1,213.7)</u>	<u>\$ (1,260.8)</u>	<u>\$ 0.6</u>	<u>\$ (1,687.2)</u>	<u>\$ (109.5)</u>	<u>\$ 4,546.2</u>	<u>\$ (4,010.9)</u>	<u>\$ 47.1</u>
Consolidated net income (loss)	(9.4)	(13.2)		(13.2)				3.8
Stock-based activity	2.9	2.9			(0.1)	3.0		
Debt exchange	83.9	83.9	0.1			83.8		
Capped call on debt exchange	7.2	7.2				7.2		
Translation adjustments	(51.7)	(49.0)					(49.0)	(2.7)
Postretirement plans	63.4	61.9					61.9	1.5
<b>Balance at September 30, 2019</b>	<u>\$ (1,117.4)</u>	<u>\$ (1,167.1)</u>	<u>\$ 0.7</u>	<u>\$ (1,700.4)</u>	<u>\$ (109.6)</u>	<u>\$ 4,640.2</u>	<u>\$ (3,998.0)</u>	<u>\$ 49.7</u>

See notes to consolidated financial statements

**UNISYS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
**(Dollars in millions, except share and per share amounts)**

**Note 1 - Basis of Presentation**

The accompanying consolidated financial statements and footnotes of Unisys Corporation have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The financial statements and footnotes are unaudited. In the opinion of management, the financial information furnished herein reflects all adjustments necessary for a fair statement of the results of operations, comprehensive income, financial position, cash flows and deficit for the interim periods specified. These adjustments consist only of normal recurring accruals except as disclosed herein. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and the reported amounts of revenue and expenses. Such estimates include the valuation of estimated credit losses, contract assets, inventories, operating lease right-of-use assets, outsourcing assets, marketable software, goodwill and other long-lived assets, legal contingencies, indemnifications, assumptions used in the calculation for systems integration projects, income taxes and retirement and other post-employment benefits, among others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ materially from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

We assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to us and the unknown future impacts of COVID-19 as of September 30, 2020 and through the date of this report. The accounting matters assessed included, but were not limited to the valuation of estimated credit losses, contract assets, outsourcing assets, marketable software, goodwill and other long-lived assets, and retirement and other post-employment benefits. While there was not a material impact to our consolidated financial position as of September 30, 2020 resulting from our assessments, our future assessment of our current expectations at that time of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to our consolidated financial position in future reporting periods.

The company's accounting policies are set forth in detail in Note 1 of the Notes to Consolidated Financial Statements in the company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission. Such Annual Report also contains a discussion of the company's critical accounting policies and estimates. The company believes that these critical accounting policies and estimates affect its more significant estimates and judgments used in the preparation of the company's consolidated financial statements.

**Note 2 - Discontinued Operations**

On March 13, 2020, the company completed the sale of its U.S. Federal business to Science Applications International Corporation for cash of \$1.2 billion. The company's financial statements have been retroactively reclassified to report the U.S. Federal business as discontinued operations. As a result, all items relating to the business within the consolidated statements of income (loss) have been reported as income from discontinued operations, net of tax, and all items relating to the business within the consolidated balance sheets have been reported as either assets or liabilities of discontinued operations. Depreciation, amortization, capital expenditures, and significant noncash operating and investing activities related to the U.S. Federal business were immaterial for all periods presented.

The results of the U.S. Federal business discontinued operations for the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020*	2019
Revenue	\$ —	\$ 205.5	\$ 149.5	\$ 531.2
<b>Income (loss)</b>				
Operations	—	21.5	9.1	73.2
Gain on sale	(0.2)	—	1,060.6	—
	(0.2)	21.5	1,069.7	73.2
Income tax provision (benefit)	(0.6)	5.5	2.9	18.4
Income from discontinued operations, net of tax	\$ 0.4	\$ 16.0	\$ 1,066.8	\$ 54.8

\* Includes results of operations through the March 13, 2020 closing date.

### Note 3 - Accounting Standards

Effective January 1, 2020, the company adopted ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* which clarifies the accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The company adopted the new guidance on a prospective basis and the adoption did not have a material impact on its consolidated results of operations and financial position.

Effective January 1, 2020, the company adopted ASU No. 2016-13 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected losses. This includes trade and other receivables, contract assets, loans and other financial instruments. The adoption did not have a material impact on the company's consolidated results of operations and financial position.

Effective January 1, 2020, the company adopted ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* which removed certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new standard was applied to the presentation of the company's U.S. Federal business, which is reflected in discontinued operations.

### Note 4 - Cost-Reduction Actions

During the three months ended September 30, 2020, the company recognized cost-reduction charges and other costs of \$13.2 million. The charges (credits) related to work-force reductions were \$0.7 million, principally related to severance costs, and were comprised of: (a) a charge of \$2.7 million and (b) a credit of \$(2.0) million for changes in estimates. In addition, the company recorded a credit of \$(0.6) million for net foreign currency gains related to exiting foreign countries, a charge of \$7.5 million for asset impairments and \$5.6 million of other expenses. The charges (credits) were recorded in the following statement of income classifications: cost of revenue - services, \$2.9 million; selling, general and administrative expenses, \$10.8 million; research and development expenses, \$0.1 million; and other expense, net, \$(0.6) million.

During the three months ended September 30, 2019, the company recognized cost-reduction charges and other costs of \$0.2 million. Charges (credits) were comprised of \$0.7 million for lease abandonment costs and \$(0.5) million for changes in estimates principally related to work-force reductions. The charges (credits) were recorded in the following statement of income classifications: cost of revenue - services, \$(1.9) million and selling, general and administrative expenses, \$2.1 million.

During the nine months ended September 30, 2020, the company recognized cost-reduction charges and other costs of \$48.6 million. The charges related to work-force reductions were \$6.2 million, principally related to severance costs, and were comprised of: (a) a charge of \$14.0 million and (b) a credit of \$(7.8) million for changes in estimates. In addition, the company recorded charges of \$17.8 million for net foreign currency losses related to exiting foreign countries, \$19.0 million for asset impairments and \$5.6 million of other expenses. The charges were recorded in the following statement of income classifications: cost of revenue - services, \$15.7 million; selling, general and administrative expenses, \$14.8 million; research and development expenses, \$0.3 million; and other expense, net, \$17.8 million.

During the nine months ended September 30, 2019, the company recognized cost-reduction charges and other costs of \$5.4 million. Charges were comprised of \$5.0 million for lease abandonment costs and asset write-offs and \$0.4 million for changes in estimates principally related to work-force reductions. The charges were recorded in the following statement of income classifications: cost of revenue - services, \$(6.6) million; selling, general and administrative expenses, \$10.7 million; and research and development expenses, \$1.3 million.

Liabilities and expected future payments related to the company's work-force reduction actions are as follows:

	Total	U.S.	International
Balance at December 31, 2019	\$ 49.8	\$ 5.2	\$ 44.6
Additional provisions	14.0	4.0	10.0
Payments	(17.7)	(2.3)	(15.4)
Changes in estimates	(7.8)	—	(7.8)
Translation adjustments	0.7	—	0.7
Balance at September 30, 2020	<u>\$ 39.0</u>	<u>\$ 6.9</u>	<u>\$ 32.1</u>
Expected future utilization on balance at September 30, 2020:			
2020 remaining three months	\$ 9.1	\$ 5.6	\$ 3.5
Beyond 2020	\$ 29.9	\$ 1.3	\$ 28.6

## Note 5 - Pension and Postretirement Benefits

Net periodic pension expense for the three and nine months ended September 30, 2020 and 2019 is presented below:

	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Total	U.S. Plans	International Plans	Total	U.S. Plans	International Plans
Service cost <sup>(i)</sup>	\$ 0.8	\$ —	\$ 0.8	\$ 0.7	\$ —	\$ 0.7
Interest cost	54.1	40.6	13.5	66.1	49.6	16.5
Expected return on plan assets	(75.0)	(52.1)	(22.9)	(80.1)	(54.7)	(25.4)
Amortization of prior service benefit	(1.3)	(0.6)	(0.7)	(1.2)	(0.6)	(0.6)
Recognized net actuarial loss	44.8	33.8	11.0	37.9	29.6	8.3
Net periodic pension expense (benefit)	<u>\$ 23.4</u>	<u>\$ 21.7</u>	<u>\$ 1.7</u>	<u>\$ 23.4</u>	<u>\$ 23.9</u>	<u>\$ (0.5)</u>

  

	Nine Months Ended September 30, 2020			Nine Months Ended September 30, 2019		
	Total	U.S. Plans	International Plans	Total	U.S. Plans	International Plans
Service cost <sup>(i)</sup>	\$ 2.2	\$ —	\$ 2.2	\$ 2.1	\$ —	\$ 2.1
Interest cost	161.7	121.8	39.9	199.3	148.1	51.2
Expected return on plan assets	(224.0)	(156.4)	(67.6)	(242.2)	(163.7)	(78.5)
Amortization of prior service benefit	(3.8)	(1.9)	(1.9)	(3.7)	(1.9)	(1.8)
Recognized net actuarial loss	133.8	101.6	32.2	113.1	87.5	25.6
Net periodic pension expense (benefit)	<u>\$ 69.9</u>	<u>\$ 65.1</u>	<u>\$ 4.8</u>	<u>\$ 68.6</u>	<u>\$ 70.0</u>	<u>\$ (1.4)</u>

<sup>(i)</sup>Service cost is reported in selling, general and administrative expense. All other components of net periodic pension expense are reported in other expense, net in the consolidated statements of income (loss).

For the nine months ended September 30, 2020 and 2019, the company made cash contributions of \$340.2 million and \$78.8 million, respectively. For the remainder of 2020, the company expects to make additional cash contributions of approximately \$485.6 million resulting in total 2020 cash contributions of approximately \$825.8 million to its worldwide defined benefit pension plans, which are comprised of \$793.1 million for the company's U.S. qualified defined benefit pension plans and \$32.7 million primarily for the company's international defined benefit pension plans. In 2019, the company made cash contributions of \$103.9 million to its worldwide defined benefit pension plans.

Net periodic postretirement benefit expense for the three and nine months ended September 30, 2020 and 2019 is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Service cost <sup>(i)</sup>	\$ 0.1	\$ 0.1	\$ 0.3	\$ 0.3
Interest cost	1.1	1.2	3.3	3.6
Expected return on assets	(0.1)	(0.1)	(0.3)	(0.3)
Recognized net actuarial loss	0.3	0.2	0.8	0.5
Amortization of prior service cost	(0.4)	(0.4)	(1.2)	(1.2)
Net periodic postretirement benefit expense	<u>\$ 1.0</u>	<u>\$ 1.0</u>	<u>\$ 2.9</u>	<u>\$ 2.9</u>

<sup>(i)</sup>Service cost is reported in selling, general and administrative expense. All other components of net periodic postretirement benefit expense are reported in other expense, net in the consolidated statements of income (loss).

The company expects to make cash contributions of approximately \$6.0 million to its postretirement benefit plan in 2020 compared to \$5.5 million in 2019. For the nine months ended September 30, 2020 and 2019, the company made cash contributions of \$4.3 million and \$3.5 million, respectively.

## Note 6 - Stock Compensation

Under stockholder approved stock-based plans, stock options, stock appreciation rights, restricted stock and restricted stock units may be granted to officers, directors and other key employees.

As of September 30, 2020, the company has granted non-qualified stock options and restricted stock units under these plans. The company recognizes compensation cost, net of a forfeiture rate, in selling, general and administrative expense, and recognizes compensation cost only for those awards expected to vest. The company estimates the forfeiture rate based on its historical experience and its expectations about future forfeitures.

During the nine months ended September 30, 2020 and 2019, the company recorded \$11.1 million and \$10.1 million of share-based restricted stock unit compensation expense, respectively.

Restricted stock unit awards may contain time-based units, performance-based units, total shareholder return market-based units, or a combination of these units. Each performance-based and market-based unit will vest into zero to two shares depending on the degree to which the performance or market conditions are met. Compensation expense for performance-based awards is recognized as expense ratably for each installment from the date of grant until the date the restrictions lapse, and is based on the fair market value at the date of grant and the probability of achievement of the specific performance-related goals. Compensation expense for market-related awards is recognized as expense ratably over the measurement period, regardless of the actual level of achievement, provided the service requirement is met. Restricted stock unit grants for the company's directors vest upon award and compensation expense for such awards is recognized upon grant.

A summary of restricted stock unit activity for the nine months ended September 30, 2020 follows (shares in thousands):

	Restricted Stock Units	Weighted- Average Grant-Date Fair Value
Outstanding at December 31, 2019	2,040	\$ 14.17
Granted	747	22.45
Vested	(940)	13.80
Forfeited and expired	(116)	15.88
Outstanding at September 30, 2020	<u>1,731</u>	<u>17.84</u>

The aggregate weighted-average grant-date fair value of restricted stock units granted during the nine months ended September 30, 2020 and 2019 was \$17.2 million and \$16.8 million, respectively. The fair value of restricted stock units with time and performance conditions was determined based on the trading price of the company's common shares on the date of grant. The fair value of awards with market conditions was estimated using a Monte Carlo simulation with the following weighted-average assumptions:

	Nine Months Ended September 30,	
	2020	2019
Weighted-average fair value of grant	\$ 28.33	\$ 16.58
Risk-free interest rate <sup>(i)</sup>	1.35 %	2.49 %
Expected volatility <sup>(ii)</sup>	51.81 %	47.91 %
Expected life of restricted stock units in years <sup>(iii)</sup>	2.86	2.87
Expected dividend yield	— %	— %

<sup>(i)</sup>Represents the continuously compounded semi-annual zero-coupon U.S. treasury rate commensurate with the remaining performance period

<sup>(ii)</sup>Based on historical volatility for the company that is commensurate with the length of the performance period

<sup>(iii)</sup>Represents the remaining life of the longest performance period

As of September 30, 2020, there was \$16.1 million of total unrecognized compensation cost related to outstanding restricted stock units granted under the company's plans. That cost is expected to be recognized over a weighted-average period of 2.1 years. The aggregate weighted-average grant-date fair value of restricted stock units vested during the nine months ended September 30, 2020 and 2019 was \$13.0 million and \$14.8 million, respectively.

Common stock issued upon the lapse of restrictions on restricted stock units are newly issued shares. In light of its tax position, the company is currently not recognizing any tax benefits from the issuance of stock upon lapse of restrictions on restricted stock units.

## Note 7 - Income Taxes

Accounting rules governing income taxes require that deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. These rules also require that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or the entire deferred tax asset will not be realized.

The company evaluates the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are the company's historical profitability, forecast of future taxable income and available tax-planning strategies that could be implemented to realize the net deferred tax assets. The company uses tax-planning strategies to realize or renew net deferred tax assets to avoid the potential loss of future tax benefits.

A full valuation allowance is currently maintained for all U.S. and certain foreign deferred tax assets in excess of deferred tax liabilities. The company will record a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their net deferred tax assets. Any profit or loss recorded for the company's U.S. operations will have no provision or benefit associated with it due to such valuation allowance, except with respect to withholding taxes not creditable against future taxable income. As a result, the company's provision or benefit for taxes may vary significantly depending on the geographic distribution of income.

A corporation's ability to deduct its federal NOL carryforwards and utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 of the Code (Section 382) if it undergoes an "ownership change" as defined in Section 382 (generally where cumulative stock ownership changes among material shareholders exceed 50 percent during a rolling three-year period). Similar rules may apply under state tax laws. A future tax "ownership change" pursuant to Section 382, may severely limit or effectively eliminate the company's ability to utilize its NOL carryforwards and other tax attributes. On August 4, 2020, the company has terminated the previously implemented tax asset protection plan as a result of the completion of sale of the company's U.S. Federal business.

## Note 8 - Earnings Per Share

The following table shows how earnings (loss) per share attributable to Unisys Corporation was computed for the three and nine months ended September 30, 2020 and 2019 (shares in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Basic earnings (loss) per common share computation:</b>				
Net loss from continuing operations attributable to Unisys Corporation	\$ (13.3)	\$ (29.2)	\$ (143.0)	\$ (61.2)
Income from discontinued operations, net of tax	0.4	16.0	1,066.8	54.8
Net income (loss) attributable to Unisys Corporation	<u>\$ (12.9)</u>	<u>\$ (13.2)</u>	<u>\$ 923.8</u>	<u>\$ (6.4)</u>
Weighted average shares	<u>63,032</u>	<u>58,245</u>	<u>62,897</u>	<u>53,815</u>
Basic earnings (loss) per share attributable to Unisys Corporation				
Continuing operations	\$ (0.21)	\$ (0.50)	\$ (2.27)	\$ (1.14)
Discontinued operations	0.01	0.27	16.96	1.02
Total	<u>\$ (0.20)</u>	<u>\$ (0.23)</u>	<u>\$ 14.69</u>	<u>\$ (0.12)</u>
<b>Diluted earnings (loss) per common share computation:</b>				
Net loss from continuing operations attributable to Unisys Corporation	\$ (13.3)	\$ (29.2)	\$ (143.0)	\$ (61.2)
Add interest expense on convertible senior notes, net of tax of zero	—	—	—	—
Net loss from continuing operations attributable to Unisys Corporation for diluted earnings per share	(13.3)	(29.2)	(143.0)	(61.2)
Income from discontinued operations, net of tax	0.4	16.0	1,066.8	54.8
Net income (loss) attributable to Unisys Corporation for diluted earnings per share	<u>\$ (12.9)</u>	<u>\$ (13.2)</u>	<u>\$ 923.8</u>	<u>\$ (6.4)</u>
Weighted average shares	63,032	58,245	62,897	53,815
Plus incremental shares from assumed conversions:				
Employee stock plans	—	—	—	—
Convertible senior notes	—	—	—	—
Adjusted weighted average shares	<u>63,032</u>	<u>58,245</u>	<u>62,897</u>	<u>53,815</u>
Diluted earnings (loss) per share attributable to Unisys Corporation				
Continuing operations	\$ (0.21)	\$ (0.50)	\$ (2.27)	\$ (1.14)
Discontinued operations	0.01	0.27	16.96	1.02
Total	<u>\$ (0.20)</u>	<u>\$ (0.23)</u>	<u>\$ 14.69</u>	<u>\$ (0.12)</u>
Anti-dilutive weighted-average stock options and restricted stock units <sup>(i)</sup>	998	1,462	892	1,394
Anti-dilutive weighted-average common shares issuable upon conversion of the 5.50% convertible senior notes <sup>(i)</sup>	8,625	13,951	8,625	19,229

<sup>(i)</sup> Amounts represent shares excluded from the computation of diluted earnings per share, as their effect, if included, would have been anti-dilutive for the periods presented.

## Note 9 - Contract Assets and Contract Liabilities

Contract assets represent rights to consideration in exchange for goods or services transferred to a customer when that right is conditional on something other than the passage of time. Contract liabilities represent deferred revenue.

Net contract assets (liabilities) as of September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020	December 31, 2019
Contract assets - current	\$ 47.0	\$ 38.4
Contract assets - long-term <sup>(i)</sup>	21.3	21.6
Deferred revenue - current	(197.4)	(246.4)
Deferred revenue - long-term	(122.5)	(147.0)

<sup>(i)</sup>Reported in other long-term assets on the company's consolidated balance sheets

Significant changes during the three and nine months ended September 30, 2020 and 2019 in the above contract asset and liability balances were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue recognized that was included in deferred revenue at the beginning of the period	\$ 48.1	\$ 30.1	\$ 197.3	\$ 202.1

## Note 10 - Capitalized Contract Costs

The company's incremental direct costs of obtaining a contract consist of sales commissions which are deferred and amortized ratably over the initial contract life. These costs are classified as current or noncurrent based on the timing of when the company expects to recognize the expense. The current and noncurrent portions of deferred commissions are included in prepaid expenses and other current assets and in other long-term assets, respectively, in the company's consolidated balance sheets. At September 30, 2020 and December 31, 2019, the company had \$9.2 million and \$9.1 million, respectively, of deferred commissions.

Amortization expense related to deferred commissions for the three and nine months ended September 30, 2020 and 2019 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Deferred commissions - amortization expense <sup>(i)</sup>	\$ 0.8	\$ 0.7	\$ 2.3	\$ 2.4

<sup>(i)</sup>Reported in selling, general and administrative expense in the company's consolidated statements of income (loss)

Costs on outsourcing contracts are generally expensed as incurred. However, certain costs incurred upon initiation of an outsourcing contract (costs to fulfill a contract), principally initial customer setup, are capitalized and expensed over the initial contract life. These costs are included in outsourcing assets, net in the company's consolidated balance sheets. The amount of such costs at September 30, 2020 and December 31, 2019 was \$74.2 million and \$75.8 million, respectively. These costs are amortized over the initial contract life and reported in Services cost of revenue.

During the three and nine months ended September 30, 2020 and 2019, amortization expense related to costs to fulfill a contract was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Costs to fulfill a contract - amortization expense	\$ 7.9	\$ 5.9	\$ 20.6	\$ 17.8

The remaining balance of outsourcing assets, net is comprised of fixed assets and software used in connection with outsourcing contracts. These costs are capitalized and depreciated over the shorter of the initial contract life or in accordance with the company's fixed asset policy.

## Note 11 - Financial Instruments and Fair Value Measurements

Due to its foreign operations, the company is exposed to the effects of foreign currency exchange rate fluctuations on the U.S. dollar, principally related to intercompany account balances. The company uses derivative financial instruments to reduce its exposure to market risks from changes in foreign currency exchange rates on such balances. The company enters into foreign exchange forward contracts, generally having maturities of three months or less, which have not been designated as hedging instruments. At September 30, 2020 and December 31, 2019, the notional amount of these contracts was \$360.9 million and \$437.0 million, respectively. The fair value of these forward contracts is based on quoted prices for similar but not identical financial instruments; as such, the inputs are considered Level 2 inputs.

The following table summarizes the fair value of the company's foreign exchange forward contracts as of September 30, 2020 and December 31, 2019.

	September 30, 2020	December 31, 2019
<b>Balance Sheet Location</b>		
Prepaid expenses and other current assets	\$ 3.2	\$ 2.1
Other accrued liabilities	0.5	0.1
<b>Total fair value</b>	<b>\$ 2.7</b>	<b>\$ 2.0</b>

The following table summarizes the location and amount of gains and losses recognized on foreign exchange forward contracts for the three and nine months ended September 30, 2020 and 2019.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Statement of Income Location</b>				
Other expense, net	\$ 13.7	\$ (11.9)	\$ (10.9)	\$ (17.1)

Financial assets with carrying values approximating fair value include cash and cash equivalents and accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable and other liabilities. The carrying amounts of these financial assets and liabilities approximate fair value due to their short maturities. Such financial instruments are not included in the following table that provides information about the estimated fair values of other financial instruments that are not measured at fair value in the consolidated balance sheets as of September 30, 2020 and December 31, 2019.

	September 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Long-term debt:</b>				
5.50% convertible senior notes due 2021	\$ 82.7	\$ 100.9	\$ 80.0	\$ 115.8

Long-term debt is carried at amortized cost and its estimated fair value is based on market prices classified as Level 2 in the fair value hierarchy.

## Note 12 - Goodwill

At September 30, 2020, the amount of goodwill allocated to reporting units with negative net assets was as follows: Business Process Outsourcing Services, \$10.3 million.

Changes in the carrying amount of goodwill by segment at September 30, 2020 was as follows:

	Total	Services	Technology
Balance at December 31, 2019	\$ 110.4	\$ 10.3	\$ 100.1
Translation adjustments	(1.8)	—	(1.8)
Balance at September 30, 2020	<u>\$ 108.6</u>	<u>\$ 10.3</u>	<u>\$ 98.3</u>

## Note 13 - Debt

Long-term debt, which excludes borrowings under the company's revolving credit agreement, is comprised of the following:

	September 30, 2020	December 31, 2019
10.75% senior secured notes (\$440.0 million face value less unamortized discount and fees of \$5.5 million at December 31, 2019)	\$ —	\$ 434.5
5.50% convertible senior notes due March 1, 2021 (Face value of \$84.2 million less unamortized discount and fees of \$1.5 million and \$4.2 million at September 30, 2020 and December 31, 2019, respectively)	82.7	80.0
Finance leases	6.0	5.3
Other debt	59.7	59.6
Total	148.4	579.4
Less – current maturities	100.0	13.5
Total long-term debt	<u>\$ 48.4</u>	<u>\$ 565.9</u>

See Note 11 for the fair value of the notes.

### Senior Secured Notes

On April 15, 2020, the company redeemed all \$440.0 million in aggregate principal amount of its outstanding 10.75% Senior Secured Notes due 2022 (the Notes) for a redemption price equal to 105.375% of the aggregate principal amount of the Notes redeemed plus accrued but unpaid interest to, but not including, the redemption date. The redemption price paid was \$487.3 million and is made up of the following: \$440.0 million of principal amount due, \$23.65 million of call premium and \$23.65 million of accrued interest through April 14, 2020. In the second quarter of 2020, the company recorded a loss on debt extinguishment in other expense, net of \$28.5 million consisting of the premium of \$23.65 million and write off of \$4.8 million of unamortized discount and fees related to the issuance of the Notes.

Interest expense related to the Notes for the three and nine month periods ended September 30, 2020 and 2019 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Contractual interest coupon	\$ —	\$ 11.9	\$ 13.8	\$ 35.5
Amortization of debt issuance costs	—	0.6	0.7	1.8
Total	<u>\$ —</u>	<u>\$ 12.5</u>	<u>\$ 14.5</u>	<u>\$ 37.3</u>

### Convertible Senior Notes

In 2016, the company issued \$213.5 million aggregate principal amount of Convertible Senior Notes due 2021 (the "2021 Notes"). The 2021 Notes, which are senior unsecured obligations, bear interest at a coupon rate of 5.50% (or 9.5% effective interest rate) per year until maturity, payable semiannually in arrears on March 1 and September 1 of each year. The 2021 Notes are not redeemable by the company prior to maturity. The 2021 Notes are convertible by the holders into shares of the company's common stock if certain conditions set forth in the indenture governing the 2021 Notes have been satisfied. The conversion rate for the 2021 Notes is 102.4249 shares of the company's common stock per \$1,000 principal amount of the 2021 Notes (or a total amount at issuance date of 21,867,716 shares), which is equivalent to an initial conversion price of approximately \$9.76 per share of the company's common stock. Upon any conversion, the company will settle its conversion

obligation in cash, shares of its common stock, or a combination of cash and shares of its common stock, at its election. On the maturity date, the company will be required to repay in cash the principal amount, plus accrued and unpaid interest, of any 2021 Notes that remain outstanding on that date.

In connection with the issuance of the 2021 Notes, the company also paid \$27.3 million to enter into privately negotiated capped call transactions with the initial purchasers and/or affiliates of the initial purchasers. The capped call transactions will cover, subject to customary anti-dilution adjustments, the number of shares of the company's common stock that will initially underlie the 2021 Notes. The capped call transactions will effectively raise the conversion premium on the 2021 Notes from approximately 22.5% to approximately 60%, which raises the initial conversion price from approximately \$9.76 per share of common stock to approximately \$12.75 per share of common stock. The capped call transactions are expected to reduce potential dilution to the company's common stock and/or offset potential cash payments the company is required to make in excess of the principal amount upon any conversion of the 2021 Notes.

On August 2, 2019, the company entered into separate, privately negotiated exchange agreements pursuant to which it (i) issued an aggregate of 10,593,930 shares of its common stock, and (ii) paid cash in an aggregate amount of \$59.4 million, such cash amount included \$3.1 million of accrued and unpaid interest on the exchanged 2021 Notes up to, but excluding, the settlement date, in exchange for \$129.3 million in aggregate principal amount of its outstanding 2021 Notes. The transactions closed on August 6, 2019. Upon closing, \$84.2 million aggregate principal amount of 2021 Notes remained outstanding. In connection with the transactions, the company unwound a pro rata portion of the capped call transactions described above and received proceeds of \$7.2 million. Following the 2021 Notes exchange, the capped call transactions remaining cover approximately 8.6 million shares of the company's common stock. As a result of the exchange, the company recognized a charge of \$20.2 million in other expense, net in the three months ended September 30, 2019.

Interest expense related to the 2021 Notes for the three and nine month periods ended September 30, 2020 and 2019 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Contractual interest coupon	\$ 1.2	\$ 1.8	\$ 3.5	\$ 7.7
Amortization of debt discount	0.7	1.2	2.3	4.7
Amortization of debt issuance costs	0.2	0.2	0.4	0.8
Total	<u>\$ 2.1</u>	<u>\$ 3.2</u>	<u>\$ 6.2</u>	<u>\$ 13.2</u>

#### ***Other Debt***

On March 27, 2019, the company entered into a \$27.7 million Installment Payment Agreement (IPA) with a syndicate of financial institutions to finance the acquisition of certain software licenses necessary for the provision of services to a client. Interest accrues at an annual rate of 7.0% and the company is required to make monthly principal and interest payments on each agreement in arrears. At September 30, 2020, \$6.3 million was reported in current maturities of long-term debt.

On September 5, 2019, the company entered into a vendor agreement in the amount of \$19.3 million to finance the acquisition of certain software licenses used to provide services to its clients and for its own internal use. Interest accrues at an annual rate of 5.47% and the company is required to make annual principal and interest payments in advance with the last payment due on March 1, 2024. At September 30, 2020, \$3.6 million was reported in current maturities of long-term debt.

#### ***Revolving Credit Facility***

The company has a secured revolving credit facility (the "Credit Agreement") that provides for loans and letters of credit up to an aggregate amount of \$145.0 million (with a limit on letters of credit of \$30.0 million). The Credit Agreement includes an accordion feature allowing for an increase in the amount of the facility up to \$150.0 million. Availability under the credit facility is subject to a borrowing base calculated by reference to the company's receivables. At September 30, 2020, the company had no borrowings and \$5.8 million of letters of credit outstanding, and availability under the facility was \$71.2 million net of letters of credit issued. The Credit Agreement expires October 5, 2022, subject to a springing maturity on the date that is 91 days prior to the maturity date of the 2021 Notes unless, on such date, certain conditions are met.

The credit facility is guaranteed by Unisys Holding Corporation, Unisys NPL, Inc., Unisys AP Investment Company I and any future material domestic subsidiaries. The facility is secured by the assets of the company and the subsidiary guarantors, other than certain excluded assets, under a security agreement entered into by the company and the subsidiary guarantors in favor of JPMorgan Chase Bank, N.A., as agent for the lenders under the credit facility.

The company is required to maintain a minimum fixed charge coverage ratio if the availability under the credit facility falls below the greater of 10% of the lenders' commitments under the facility and \$15.0 million.

The Credit Agreement contains customary representations and warranties, including that there has been no material adverse change in the company's business, properties, operations or financial condition. The Credit Agreement includes limitations on the ability of the company and its subsidiaries to, among other things, incur other debt or liens, dispose of assets and make acquisitions, loans and investments, repurchase its equity, and prepay other debt. Events of default include non-payment, failure to comply with covenants, materially incorrect representations and warranties, change of control and default under other debt aggregating at least \$50.0 million.

At September 30, 2020, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions.

## **Note 14 - Litigation and Contingencies**

There are various lawsuits, claims, investigations and proceedings that have been brought or asserted against the company, which arise in the ordinary course of business, including actions with respect to commercial and government contracts, labor and employment, employee benefits, environmental matters, intellectual property and non-income tax matters. The company records a provision for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Any provisions are reviewed at least quarterly and are adjusted to reflect the impact and status of settlements, rulings, advice of counsel and other information and events pertinent to a particular matter.

The company believes that it has valid defenses with respect to legal matters pending against it. Based on its experience, the company also believes that the damage amounts claimed in the lawsuits disclosed below are not a meaningful indicator of the company's potential liability. Litigation is inherently unpredictable, however, and it is possible that the company's results of operations or cash flow could be materially affected in any particular period by the resolution of one or more of the legal matters pending against it.

The company's Brazilian operations, along with those of many other companies doing business in Brazil, are involved in various litigation matters, including numerous governmental assessments related to indirect and other taxes, as well as disputes associated with former employees and contract labor. The tax-related matters pertain to value-added taxes, customs, duties, sales and other non-income-related tax exposures. The labor-related matters include claims related to compensation. The company believes that appropriate accruals have been established for such matters based on information currently available. At September 30, 2020, excluding those matters that have been assessed by management as being remote as to the likelihood of ultimately resulting in a loss, the amount related to unreserved tax-related matters, inclusive of any related interest, is estimated to be up to approximately \$75 million.

On June 26, 2014, the State of Louisiana filed a Petition for Damages against, among other defendants, the company and Molina Information Systems, LLC, in the Parish of East Baton Rouge, 19th Judicial District. The State alleged that between 1989 and 2012 the defendants, each acting successively as the State's Medicaid fiscal intermediary, utilized an incorrect reimbursement formula for the payment of pharmaceutical claims causing the State to pay excessive amounts for prescription drugs. The State contends it has incurred damages of approximately \$48 million for the period July 1, 1989 through September 4, 2012, plus interest. The company believes that it has valid defenses to Louisiana's claims and is asserting them in the pending litigation.

With respect to the specific legal proceedings and claims described above, except as otherwise noted, either (i) the amount or range of possible losses in excess of amounts accrued, if any, is not reasonably estimable or (ii) the company believes that the amount or range of possible losses in excess of amounts accrued that are estimable would not be material.

Litigation is inherently unpredictable and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such matters could exceed the amounts accrued in an amount that could be material to the company's financial condition, results of operations and cash flows in any particular reporting period.

Notwithstanding that the ultimate results of the lawsuits, claims, investigations and proceedings that have been brought or asserted against the company are not currently determinable, the company believes that at September 30, 2020, it has adequate provisions for any such matters.

## Note 15 - Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss as of September 30, 2020 is as follows:

	Total	Translation Adjustments	Postretirement Plans
Balance at December 31, 2019	\$ (4,088.6)	\$ (872.9)	\$ (3,215.7)
Other comprehensive income (loss) before reclassifications	(8.2)	(18.7)	10.5
Amounts reclassified from accumulated other comprehensive income	106.5	(17.8)	124.3
Current period other comprehensive income	98.3	(36.5)	134.8
Balance at September 30, 2020	<u>\$ (3,990.3)</u>	<u>\$ (909.4)</u>	<u>\$ (3,080.9)</u>

Amounts reclassified out of accumulated other comprehensive loss for the three and nine months ended September 30, 2020 and 2019 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Translation Adjustments:</b>				
Adjustment for substantial completion of liquidation of foreign subsidiaries <sup>(i)</sup>	\$ 0.6	\$ —	\$ (17.8)	\$ —
<b>Postretirement Plans<sup>(ii)</sup>:</b>				
Amortization of prior service cost	(1.5)	(1.4)	(4.4)	(4.4)
Amortization of actuarial losses	44.5	37.6	132.8	112.3
Total before tax	43.6	36.2	110.6	107.9
Income tax benefit	(1.4)	(1.0)	(4.1)	(3.0)
Total reclassifications for the period	<u>\$ 42.2</u>	<u>\$ 35.2</u>	<u>\$ 106.5</u>	<u>\$ 104.9</u>

<sup>(i)</sup> Reported in other expense, net in the consolidated statements of income (loss).

<sup>(ii)</sup> These items are included in net periodic postretirement cost (see Note 5).

## Note 16 - Supplemental Cash Flow Information

	Nine Months Ended September 30,	
	2020	2019
<b>Cash paid during the period for:</b>		
Income taxes, net of refunds	\$ 14.8	\$ 44.7
Interest	\$ 31.9	\$ 36.3

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheets to the total of the amounts shown in the consolidated statements of cash flows.

	September 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 774.0	\$ 538.8
Restricted cash	10.1	13.0
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 784.1</u>	<u>\$ 551.8</u>

Cash and cash equivalents subject to contractual restrictions and not readily available are classified as restricted cash.

Restricted cash includes cash the company is contractually obligated to maintain in accordance with the terms of its U.K. business process outsourcing joint venture agreement and other cash that is restricted from withdrawal.

## Note 17 - Segment Information

The company has two business segments: Services and Technology. Revenue classifications within the Services and Technology segments are as follows:

- Cloud & infrastructure services. This represents revenue from helping clients apply cloud and as-a-service delivery models to capitalize on business opportunities, make their end users more productive and manage and secure their IT infrastructure and operations more economically.
- Application services. This represents revenue from helping clients transform their business processes by developing and managing new leading-edge applications for select industries, offering advanced data analytics and modernizing existing enterprise applications.
- Business process outsourcing (BPO) services. This represents revenue from the management of critical processes and functions for clients in target industries, helping them improve performance and reduce costs.
- Technology. This represents revenue from designing and developing software and offering hardware and other related products to help clients improve security and flexibility, reduce costs and improve the efficiency of their data-center environments.

The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment records intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, records customer revenue and marketing profits on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended September 30, 2020 and 2019 was \$5.3 million and zero, respectively. The amount for the nine months ended September 30, 2020 and 2019 was \$5.3 million and \$0.2 million, respectively. The sales and profit on these transactions are eliminated in Corporate.

The company evaluates business segment performance based on operating income exclusive of the service cost component of postretirement income or expense, restructuring charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments based principally on revenue, employees, square footage or usage.

A summary of the company's operations by business segment for the three and nine month periods ended September 30, 2020 and 2019 is presented below:

	Total	Corporate	Services	Technology
<b>Three Months Ended September 30, 2020</b>				
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>
Operating income (loss)	<u>\$ 27.7</u>	<u>\$ (17.9)</u>	<u>\$ 20.7</u>	<u>\$ 24.9</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>
Operating income (loss)	<u>\$ 49.4</u>	<u>\$ (0.1)</u>	<u>\$ 17.7</u>	<u>\$ 31.8</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>
Operating income (loss)	<u>\$ 39.3</u>	<u>\$ (33.9)</u>	<u>\$ 5.1</u>	<u>\$ 68.1</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>
Operating income (loss)	<u>\$ 127.6</u>	<u>\$ (9.1)</u>	<u>\$ 25.3</u>	<u>\$ 111.4</u>

Presented below is a reconciliation of total business segment operating income (loss) to consolidated loss from continuing operations before income taxes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total segment operating income	\$ 45.6	\$ 49.5	\$ 73.2	\$ 136.7
Interest expense	(2.4)	(15.2)	(20.9)	(46.9)
Other expense, net	(32.5)	(49.2)	(134.3)	(108.5)
Cost-reduction charges	(13.8)	(0.2)	(30.8)	(5.4)
Corporate and eliminations	(4.1)	0.1	(3.1)	(3.7)
Total loss from continuing operations before income taxes	<u>\$ (7.2)</u>	<u>\$ (15.0)</u>	<u>\$ (115.9)</u>	<u>\$ (27.8)</u>

Customer revenue by classes of similar products or services, by segment, is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Services</b>				
Cloud & infrastructure services	\$ 294.1	\$ 325.4	\$ 865.0	\$ 967.6
Application services	91.1	93.5	258.6	279.1
Business process outsourcing services	40.8	59.9	124.3	187.1
	<u>426.0</u>	<u>478.8</u>	<u>1,247.9</u>	<u>1,433.8</u>
Technology	69.2	73.3	201.5	242.2
Total	<u>\$ 495.2</u>	<u>\$ 552.1</u>	<u>\$ 1,449.4</u>	<u>\$ 1,676.0</u>

Geographic information about the company’s revenue, which is principally based on location of the selling organization, is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
United States	\$ 193.6	\$ 213.4	\$ 584.0	\$ 613.3
United Kingdom	58.6	72.4	176.9	272.0
Other foreign	243.0	266.3	688.5	790.7
Total	\$ 495.2	\$ 552.1	\$ 1,449.4	\$ 1,676.0

### Note 18 - Remaining Performance Obligations

Remaining performance obligations represent the transaction price of firm orders for which work has not been performed and excludes (1) contracts with an original expected length of one year or less and (2) contracts for which the company recognizes revenue at the amount to which it has the right to invoice for services performed. At September 30, 2020, the company had approximately \$0.8 billion of remaining performance obligations of which approximately 13% is estimated to be recognized as revenue by the end of 2020 and an additional 37% by the end of 2021.

### Note 19 - Subsequent Events

On October 22, 2020, the company announced the pricing of \$485.0 million aggregate principal amount of Senior Secured Notes due 2027 (the notes) through a private offering. The offering of the notes is expected to close on October 29, 2020, subject to customary closing conditions. The notes will be priced at par and will bear interest at a rate of 6.875% per year until maturity, payable semiannually in arrears on May 1 and November 1 of each year, beginning on May 1, 2021. The company intends to use all of the net proceeds from the offering of the notes to fund a portion of its underfunded U.S. pension liability.

In addition, the company has received commitments from lenders, subject to customary conditions, to amend and restate its ABL Credit Facility (the Amendment and Restatement). The Amendment and Restatement will maintain the ABL Credit Facility at \$145 million, with an accordion provision allowing for an increase to \$175 million, and will extend the maturity from October 2022 to October 2025 and modify certain other terms and covenants, to be mutually agreed between the company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent thereunder. There is no assurance that the company will be successful in entering into the Amendment and Restatement or that the Amendment and Restatement will be completed on the terms set forth in such commitments.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis of the company’s financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this quarterly report. In this discussion and analysis of the company’s financial condition and results of operations, the company has included information that may constitute “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events and include any statement that does not directly relate to any historical or current fact. Words such as “anticipates,” “believes,” “expects,” “intends,” “plans,” “projects” and similar expressions may identify such forward-looking statements. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company’s actual results to differ materially from expectations. Factors that could affect future results include, but are not limited to, those discussed under “Risk Factors” in Part II, Item 1A. Any forward-looking statement speaks only as of the date on which that statement is made. The company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

### Overview

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to impact the U.S. and the world. The impact from the rapidly changing market and economic conditions due to the COVID-19 outbreak is uncertain, disrupting the business of our customers and partners, and has impacted our business and consolidated results of operations and could impact our financial condition in the future. For the three months ended September 30, 2020, revenue declined by 10.3% from the prior-year quarter. The decline was largely due to expected declines in the company’s U.K. check-processing joint venture; impacts of COVID-19, including declines in field services, travel and entertainment and volume-based BPO contracts. The company is unable to accurately predict the full extent of the impact that COVID-19 will

have due to numerous uncertainties, including the severity of the disease, the duration of the outbreak, actions that may be taken by governmental authorities, the impact to the business of our customers and partners and other factors identified in Part II, Item 1A “Risk Factors” in this Form 10-Q. The company has taken steps to minimize the impact of COVID-19 on its business such as temporary salary reductions for the senior leadership team, reduction of third-party spend such as contractors, re-deploying its workforce based on shifting needs of the business, limiting travel and unnecessary expenses and reducing discretionary capital expenditures where possible. The company will continue to evaluate the nature and extent of the impact to its business, consolidated results of operations, and financial condition.

On March 13, 2020, the company completed the sale of its U.S. Federal business to Science Applications International Corporation for a cash purchase price of \$1.2 billion. Beginning January 1, 2020, the historical results of the company’s U.S. Federal business have been reflected in the company’s consolidated financial statements as discontinued operations. Prior-periods financial statements have been reclassified to reflect the company’s U.S. Federal business as discontinued operations. Depreciation, amortization, capital expenditures, and significant non-cash operating and investing activities related to the U.S. Federal business were immaterial for all periods.

As part of the company’s cost reduction program, the company is closing and has closed certain international subsidiaries. This creates non-cash currency translation adjustment write-offs. In connection with this, the company expects to record a one-time non-cash charge of approximately \$20.0 million in the fourth quarter of this year. In addition, in the fourth quarter of 2020, the company expects to take a charge of approximately \$5 to \$10 million associated with reassessing its real estate portfolio.

On April 15, 2020, the company redeemed all \$440.0 million in aggregate principal amount of its outstanding 10.750% Senior Secured Notes due 2022 (the Notes) for a redemption price equal to 105.375% of the aggregate principal amount of the Notes to be redeemed plus accrued, but unpaid interest, to, but not including, the redemption date. The redemption price paid was \$487.3 million and is made up of the following: \$440.0 million principal amount due, \$23.65 million call premium and \$23.65 million of accrued interest through April 14, 2020. In the second quarter of 2020, the company recorded a loss on debt extinguishment in other expense, net of \$28.5 million consisting of the premium of \$23.65 million and write off of \$4.8 million of unamortized discount and fees related to the issuance of the Notes.

As of September 30, 2020, the company had contributed \$315.1 million to its U.S. qualified pension plans. During the fourth quarter, the company expects to contribute an additional \$478.0 million for an aggregate in 2020 of approximately \$793.1 million to its U.S. qualified defined benefit pension plans. These contributions are expected to be applied toward the company’s required minimum contributions to these plans in 2020, 2021 and 2022.

During the three months ended September 30, 2020, the company recognized cost-reduction charges and other costs of \$13.2 million. The charges (credits) related to work-force reductions were \$0.7 million, principally related to severance costs, and were comprised of: (a) a charge of \$2.7 million and (b) a credit of \$(2.0) million for changes in estimates. In addition, the company recorded a credit of \$(0.6) million for net foreign currency gains related to exiting foreign countries, a charge of \$7.5 million for asset impairments and \$5.6 million of other expenses. The charges (credits) were recorded in the following statement of income classifications: cost of revenue - services, \$2.9 million; selling, general and administrative expenses, \$10.8 million; research and development expenses, \$0.1 million; and other expense, net, \$(0.6) million.

During the three months ended September 30, 2019, the company recognized cost-reduction charges and other costs of \$0.2 million. Charges (credits) were comprised of \$0.7 million for lease abandonment costs and \$(0.5) million for changes in estimates principally related to work-force reductions. The charges (credits) were recorded in the following statement of income classifications: cost of revenue - services, \$(1.9) million and selling, general and administrative expenses, \$2.1 million.

During the nine months ended September 30, 2020, the company recognized cost-reduction charges and other costs of \$48.6 million. The charges related to work-force reductions were \$6.2 million, principally related to severance costs, and were comprised of: (a) a charge of \$14.0 million and (b) a credit of \$(7.8) million for changes in estimates. In addition, the company recorded charges of \$17.8 million for net foreign currency losses related to exiting foreign countries, \$19.0 million for asset impairments and \$5.6 million of other expenses. The charges were recorded in the following statement of income classifications: cost of revenue - services, \$15.7 million; selling, general and administrative expenses, \$14.8 million; research and development expenses, \$0.3 million; and other expense, net, \$17.8 million.

During the nine months ended September 30, 2019, the company recognized cost-reduction charges and other costs of \$5.4 million. Charges were comprised of \$5.0 million for lease abandonment costs and asset write-offs and \$0.4 million for changes in estimates principally related to work-force reductions. The charges were recorded in the following statement of income classifications: cost of revenue - services, \$(6.6) million; selling, general and administrative expenses, \$10.7 million; and research and development expenses, \$1.3 million.

## Results of operations

### *Company results*

#### *Three months ended September 30, 2020 compared with the three months ended September 30, 2019*

Revenue for the quarter ended September 30, 2020 was \$495.2 million compared with \$552.1 million for the third quarter of 2019, a decrease of 10.3% from the prior year. Foreign currency fluctuations had a negligible impact on revenue in the current period compared with the year-ago period.

Services revenue decreased 11.0% and Technology revenue decreased 5.6% in the current quarter compared with the year-ago period. U.S. revenue decreased 9.3% in the third quarter compared with the prior-year quarter. International revenue decreased 11.0% in the current quarter compared with the prior-year period due to decreases in all regions. Foreign currency had a 2 percentage-point negative impact on international revenue in the three months ended September 30, 2020 compared with the three months ended September 30, 2019. The declines in revenue were largely due to expected declines in the company's U.K. check-processing joint venture; impacts of COVID-19, including declines in field services, travel and entertainment and volume-based BPO contracts.

Total gross profit margin was 24.2% in the three months ended September 30, 2020 compared with 25.4% in the three months ended September 30, 2019.

Selling, general and administrative expense in the three months ended September 30, 2020 was \$85.5 million (17.3% of revenue) compared with \$84.7 million (15.3% of revenue) in the year-ago period.

Research and development (R&D) expense in the third quarter of 2020 was \$6.7 million compared with \$5.9 million in the third quarter of 2019.

For the third quarter of 2020, the company reported an operating profit of \$27.7 million compared with an operating profit of \$49.4 million in the third quarter of 2019. The decline was principally due to higher cost-reduction charges in the current period compared with the prior-year period.

Interest expense for the three months ended September 30, 2020 was \$2.4 million compared with \$15.2 million for the three months ended September 30, 2019. The decline from the prior-year quarter was principally due to the redemption of the company's Senior Secured Notes on April 14, 2020 as well as the convertible notes exchange in 2019.

Other expense, net was expense of \$32.5 million in the third quarter of 2020 compared with expense of \$49.2 million in the third quarter of 2019. Other expense, net for the three months ended September 30, 2020 includes postretirement expense of \$23.5 million, \$7.5 million for environmental matters and other of \$1.5 million. Other expense, net for the three months ended September 30, 2019 includes postretirement expense of \$23.5 million, a loss on debt exchange of \$20.2 million, and other of \$5.5 million.

The loss from continuing operations before income taxes for the three months ended September 30, 2020 was \$7.2 million compared with a loss of \$15.0 million for the three months ended September 30, 2019. The decline was principally due to the items discussed above.

The provision for income taxes was \$6.1 million in the current quarter compared with \$10.4 million in the year-ago period. In March 2020, the U.K. published a budget proposal that would eliminate the previously enacted income tax rate reduction to 17%, scheduled to become effective April 1, 2020 therefore maintaining the current rate of 19%. The proposal was enacted on July 22, 2020 and resulted in a deferred tax benefit of approximately \$5.5 million in the third quarter of 2020. In addition in the current quarter, the company recognized \$3.5 million of tax expense related to a non-U.S. tax case.

The company evaluates quarterly the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The company records a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their net deferred tax assets. Any profit or loss recorded for the company's U.S. operations will have no provision or benefit associated with it due to the company's valuation allowance, except with respect to withholding taxes not creditable against future taxable income. As a result, the company's provision or benefit for taxes may vary significantly quarter to quarter depending on the geographic distribution of income.

Net loss from continuing operations attributable to Unisys Corporation for the three months ended September 30, 2020 was \$13.3 million, or a loss of \$0.21 per diluted share, compared with a loss of \$29.2 million, or \$0.50 per diluted share, for the three months ended September 30, 2019.

### ***Nine months ended September 30, 2020 compared with the nine months ended September 30, 2019***

Revenue for the nine months ended September 30, 2020 was \$1,449.4 million compared with \$1,676.0 millions for the nine months of 2019, a decrease of 13.5% from the prior year. Foreign currency fluctuations had a 2 percentage-point negative impact on revenue in the current period compared with the year-ago period.

Services revenue decreased 13.0% and Technology revenue decreased 16.8% for the nine months ended September 30, 2020 compared with the year-ago period. U.S. revenue decreased 4.8% in the current period compared with the year-ago period. International revenue decreased 18.6% in the current period compared with the prior-year period due to decreases in all regions. Foreign currency had a 3 percentage-point negative impact on international revenue in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019. The declines in revenue were largely due to expected declines in the company's U.K. check-processing joint venture; impacts of COVID-19, including declines in field services, travel and entertainment and volume-based BPO contracts; as well as the timing of technology contract renewals.

Total gross profit margin was 21.2% in the nine months ended September 30, 2020 compared with 24.9% in the nine months ended September 30, 2019.

Selling, general and administrative expense in the nine months ended September 30, 2020 was \$252.5 million (17.4% of revenue) compared with \$268.0 million (16.0% of revenue) in the year-ago period.

Research and development (R&D) expense for the nine months ended September 30, 2020 was \$16.1 million compared with \$22.1 million for the nine months ended September 30, 2019.

For the nine months ended September 30, 2020, the company reported an operating profit of \$39.3 million compared with an operating profit of \$127.6 million for the nine months ended September 30, 2019. The decline was principally due to the flow-through effect of lower Technology revenue, due to the timing of technology contract renewals, on a relatively fixed base of software development and support costs, as well as higher cost reduction charges in the current period compared with the prior-year period.

Interest expense for the nine months ended September 30, 2020 was \$20.9 million compared with \$46.9 million for the nine months ended September 30, 2019. The decline from the prior-year period was principally due to the redemption of the company's Senior Secured Notes on April 14, 2020 as well as the convertible notes exchange in 2019.

Other expense, net was expense of \$134.3 million for the nine months ended September 30, 2020 compared with expense of \$108.5 million for the nine months ended September 30, 2019. Other expense, net for the nine months ended September 30, 2020 includes postretirement expense of \$70.3 million, \$15.8 million related to environmental matters, a loss on debt extinguishment of \$28.5 million, \$17.8 million for the write off of accumulated translation losses related to subsidiaries that were substantially liquidated during the period and other of \$1.9 million. Other expense, net for the nine months ended September 30, 2019 includes postretirement expense of \$69.0 million, a loss on debt exchange of \$20.2 million, foreign exchange losses of \$6.3 million, \$10.3 million for environmental matters and \$2.7 million for other expenses.

The loss from continuing operations before income taxes for the nine months ended September 30, 2020 was \$115.9 million compared with a loss of \$27.8 million for the nine months ended September 30, 2019. The decline was principally due to the items discussed above.

The provision for income taxes was \$26.6 million in the current period compared with \$23.4 million in the year-ago period. In March 2020, the U.K. published a budget proposal that would eliminate the previously enacted income tax rate reduction to 17%, scheduled to become effective April 1, 2020 therefore maintaining the current rate of 19%. The proposal was enacted on July 22, 2020 and resulted in a deferred tax benefit of approximately \$5.5 million in the third quarter of 2020. In addition in the current period, the company recognized \$3.5 million of tax expense related to a non-U.S. tax case.

The company evaluates quarterly the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The company records a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their net deferred tax assets. Any profit or loss recorded for the company's U.S. operations will have no provision or benefit associated with it due to the company's valuation allowance, except with respect to withholding taxes not creditable against future taxable income. As a result, the company's provision or benefit for taxes may vary significantly quarter to quarter depending on the geographic distribution of income.

Net loss from continuing operations attributable to Unisys Corporation for the nine months ended September 30, 2020 was \$143.0 million, or a loss of \$(2.27) per diluted share, compared with a loss of \$61.2 million, or a loss of \$1.14 per diluted share, for the nine months ended September 30, 2019.

### ***Segment results***

The company has two business segments: Services and Technology. Revenue classifications within the Services and Technology segments are as follows:

- Cloud & infrastructure services. This represents revenue from helping clients apply cloud and as-a-service delivery models to capitalize on business opportunities, make their end users more productive and manage and secure their IT infrastructure and operations more economically.
- Application services. This represents revenue from helping clients transform their business processes by developing and managing new leading-edge applications for select industries, offering advanced data analytics and modernizing existing enterprise applications.
- Business process outsourcing (BPO) services. This represents revenue from the management of critical processes and functions for clients in target industries, helping them improve performance and reduce costs.
- Technology. This represents revenue from designing and developing software and offering hardware and other related products to help clients improve security and flexibility, reduce costs and improve the efficiency of their data-center environments.

The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment records intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, records customer revenue and marketing profits on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended September 30, 2020 and 2019 was \$5.3 million and zero, respectively. The amount for the nine months ended September 30, 2020 and 2019 was \$5.3 million and \$0.2 million, respectively. The sales and profit on these transactions are eliminated in Corporate.

The company evaluates business segment performance based on operating income exclusive of the service cost component of pension income or expense, restructuring charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments based principally on revenue, employees, square footage or usage.

### ***Three months ended September 30, 2020 compared with the three months ended September 30, 2019***

Information by business segment is presented below:

	<u>Total</u>	<u>Eliminations</u>	<u>Services</u>	<u>Technology</u>
<b>Three Months Ended September 30, 2020</b>				
Customer revenue	\$ 495.2	\$ —	\$ 426.0	\$ 69.2
Intersegment	—	(6.0)	—	6.0
<b>Total revenue</b>	<b>\$ 495.2</b>	<b>\$ (6.0)</b>	<b>\$ 426.0</b>	<b>\$ 75.2</b>
Gross profit percent	24.2 %		19.0 %	59.7 %
Operating profit (loss) percent	5.6 %		4.9 %	33.1 %
<b>Three Months Ended September 30, 2019</b>				
Customer revenue	\$ 552.1	\$ —	\$ 478.8	\$ 73.3
Intersegment	—	(2.3)	—	2.3
<b>Total revenue</b>	<b>\$ 552.1</b>	<b>\$ (2.3)</b>	<b>\$ 478.8</b>	<b>\$ 75.6</b>
Gross profit percent	25.4 %		18.2 %	66.4 %
Operating profit (loss) percent	8.9 %		3.7 %	42.1 %

*Gross profit and operating profit percent are as a percent of total revenue.*

Customer revenue by classes of similar products or services, by segment, is presented below:

	Three Months Ended September 30,		Percent Change
	2020	2019	
Services			
Cloud & infrastructure services	\$ 294.1	\$ 325.4	(9.6)%
Application services	91.1	93.5	(2.6)%
Business process outsourcing services	40.8	59.9	(31.9)%
	<u>426.0</u>	<u>478.8</u>	(11.0)%
Technology	69.2	73.3	(5.6)%
Total	<u>\$ 495.2</u>	<u>\$ 552.1</u>	(10.3)%

In the Services segment, customer revenue was \$426.0 million for the three months ended September 30, 2020, down 11.0% from the three months ended September 30, 2019. Foreign currency translation had a negligible impact on Services revenue in the current quarter compared with the year-ago quarter. The decline in revenue was largely due to expected declines in the company's U.K. check-processing joint venture as well as the impacts of COVID-19, including declines in field services, travel and entertainment and volume-based BPO contracts.

Revenue from cloud & infrastructure services was \$294.1 million in the current quarter, down 9.6% compared with the prior-year quarter. Foreign currency fluctuations had a negligible impact on cloud & infrastructure services revenue in the current period compared with the year-ago period.

Application services revenue decreased 2.6% for the three-month period ended September 30, 2020 compared with the three-month period ended September 30, 2019. Foreign currency fluctuations had a 1 percentage-point negative impact on application services revenue in the current period compared with the year-ago period.

Business process outsourcing services revenue decreased 31.9% in the current quarter compared with the prior-year quarter. Foreign currency fluctuations had a 3 percentage-point positive impact on business process outsourcing services revenue in the current period compared with the year-ago period. The decline was due to reduction in volumes at the company's check-processing operations.

Services gross profit percent was 19.0% in the third quarter of 2020 compared with 18.2% in the year-ago period. Services operating profit percent was 4.9% in the three months ended September 30, 2020 compared with 3.7% in the three months ended September 30, 2019. The increase in the Services margins was due to cost reduction efforts undertaken earlier in the year following the U.S. Federal business sale.

In the Technology segment, customer revenue decreased 5.6% to \$69.2 million in the current quarter compared with \$73.3 million in the year-ago period. Foreign currency translation had a 4 percentage-point negative impact on Technology revenue in the current quarter compared with the year-ago period.

Technology gross profit percent was 59.7% in the current quarter compared with 66.4% in the year-ago quarter. Technology operating profit percent was 33.1% in the three months ended September 30, 2020 compared with 42.1% in the three months ended September 30, 2019. The decreases in gross profit percent and operating profit percent in 2020 was primarily due to a lower mix of higher margin software sales.

**Nine months ended September 30, 2020 compared with the nine months ended September 30, 2019**

Information by business segment is presented below:

	Total	Eliminations	Services	Technology
<b>Nine Months Ended September 30, 2020</b>				
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 (loss) percent	<u>2.7 %</u>		<u>0.4 %</u>	<u>32.1 %</u>
<b>Nine Months Ended September 30, 2019</b>				
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 (loss) percent	<u>7.6 %</u>		<u>1.8 %</u>	<u>44.7 %</u>

*Gross profit and operating profit percent are as a percent of total revenue.*

Customer revenue by classes of similar products or services, by segment, is presented below:

	Nine Months Ended September 30, 2020		Percent Change
	2020	2019	
<b>Services</b>			
Cloud & infrastructure services	\$ 865.0	\$ 967.6	(10.6)%
Application services	258.6	279.1	(7.3)%
Business process outsourcing services	124.3	187.1	(33.6)%
	<u>1,247.9</u>	<u>1,433.8</u>	(13.0)%
Technology	201.5	242.2	(16.8)%
Total	<u>\$ 1,449.4</u>	<u>\$ 1,676.0</u>	(13.5)%

In the Services segment, customer revenue was \$1,247.9 million for the nine months ended September 30, 2020, down 13.0% from the nine months ended September 30, 2019. Foreign currency translation had a 2 percentage-point negative impact on Services revenue in the current period compared with the year-ago period. The decline in revenue was largely due to expected declines in the company's U.K. check-processing joint venture as well as the impacts of COVID-19, including declines in field services, travel and entertainment and volume-based BPO contracts.

Revenue from cloud & infrastructure services was \$865.0 million for the nine months ended September 30, 2020, down 10.6% compared with the prior-year period. Foreign currency fluctuations had a 2 percentage-point negative impact on cloud & infrastructure services revenue in the current period compared with the year-ago period.

Application services revenue decreased 7.3% for the nine-month period ended September 30, 2020 compared with the nine-month period ended September 30, 2019. Foreign currency fluctuations had a 3 percentage-point negative impact on application services revenue in the current period compared with the year-ago period.

Business process outsourcing services revenue decreased 33.6% in the current period compared with the prior-year period. Foreign currency fluctuations had a negligible impact on business process outsourcing services revenue in the current period compared with the year-ago period. The decline was due to reduction in volumes at the company's check-processing operations.

Services gross profit percent was 15.8% in the current period of 2020 compared with 16.6% in the year-ago period. Services operating profit percent was 0.4% in the nine months ended September 30, 2020 compared with an operating profit percent of 1.8% in the nine months ended September 30, 2019. The decline in the Services margins was negatively impacted by the flow-through impact of lower revenues related to the COVID-19 impact.

In the Technology segment, customer revenue decreased 16.8% to \$201.5 million in the current period compared with \$242.2 million in the year-ago period due to lower software license revenue. Foreign currency translation had a 2 percentage-point negative impact on Technology revenue in the current period compared with the year-ago period.

Technology gross profit percent was 59.7% in the current period compared with 67.9% in the year-ago period. Technology operating profit percent was 32.1% in the nine months ended September 30, 2020 compared with 44.7% in the nine months ended September 30, 2019. The decreases in gross profit percent and operating profit percent in 2020 was primarily due to a lower mix of higher margin software sales.

## **New accounting pronouncements**

See Note 3 of the Notes to Consolidated Financial Statements for a full description of recent adopted accounting pronouncements.

## **Financial condition**

The company's principal sources of liquidity are cash on hand, cash from operations and its revolving credit facility, discussed below. The company and certain international subsidiaries have access to uncommitted lines of credit from various banks. The company believes that it will have adequate sources of liquidity to meet its expected cash requirements for at least the next twelve months.

Cash and cash equivalents at September 30, 2020 were \$774.0 million compared to \$538.8 million at December 31, 2019. The increase was due to the proceeds from the sale of the company's U.S. Federal business.

As of September 30, 2020, \$284.2 million of cash and cash equivalents were held by the company's foreign subsidiaries and branches operating outside of the U.S. The company may not be able to readily transfer up to one-third of these funds out of the country in which they are located as a result of local restrictions, contractual or other legal arrangements or commercial considerations. Additionally, any transfers of these funds to the U.S. in the future may require the company to accrue or pay withholding or other taxes on a portion of the amount transferred.

During the nine months ended September 30, 2020, cash used for operations was \$325.8 million compared to cash usage of \$1.8 million for the nine months ended September 30, 2019. The increase was principally due to higher cash contributions to the company's U.S. qualified defined benefit pension plans, discussed above.

Cash provided by investing activities during the nine months ended September 30, 2020 was \$1,055.8 million compared to cash usage of \$141.7 million during the nine months ended September 30, 2019. On March 13, 2020, the company sold its U.S. Federal business and received net cash proceeds of \$1,162.9 million. Net purchases of investments were \$11.5 million for the nine months ended September 30, 2020 compared with net purchases of \$10.9 million in the prior-year period. Proceeds from investments and purchases of investments represent derivative financial instruments used to reduce the company's currency exposure to market risks from changes in foreign currency exchange rates. In the current period, the investment in marketable software was \$54.8 million compared with \$56.2 million in the year-ago period, capital additions of properties were \$16.7 million in 2020 compared with \$29.1 million in 2019 and capital additions of outsourcing assets were \$23.6 million in 2020 compared with \$44.4 million in 2019. Capital additions for outsourcing assets were down compared with the prior-year period since last year included a large amount of additions due to new business in the prior-year period.

Cash used for financing activities during the nine months ended September 30, 2020 was \$472.4 million compared to cash used of \$37.3 million during the nine months ended September 30, 2019. The increase in cash used was principally due to the redemption of all of the company's 10.750% Senior Secured Notes due 2022. See below.

At September 30, 2020, total debt was \$148.4 million compared to \$579.4 million at December 31, 2019, principally due to the redemption of the company's 10.750% Notes, discussed below.

On April 15, 2020, the company redeemed all \$440.0 million in aggregate principal amount of its outstanding 10.750% Senior Secured Notes due 2022 (the Notes) for a redemption price equal to 105.375% of the aggregate principal amount of the Notes redeemed plus accrued but unpaid interest to, but not including, the redemption date. The redemption price paid was \$487.3 million and is made up of the following: \$440.0 million of principal amount due, \$23.65 million of call premium and \$23.65 million of accrued interest through April 14, 2020. In the second quarter of 2020, the company recorded a loss on debt extinguishment in other expense, net of \$28.5 million consisting of the premium of \$23.65 million and write off of \$4.8 million of unamortized discount and fees related to the issuance of the Notes.

The company has a secured revolving credit facility (the "Credit Agreement") that provides for loans and letters of credit up to an aggregate amount of \$145.0 million (with a limit on letters of credit of \$30.0 million). The Credit Agreement includes an accordion feature allowing for an increase in the amount of the facility up to \$150.0 million. Availability under the credit facility is subject to a borrowing base calculated by reference to the company's receivables. At September 30, 2020, the

company had no borrowings and \$5.8 million of letters of credit outstanding, and availability under the facility was \$71.2 million net of letters of credit issued. The Credit Agreement expires October 5, 2022, subject to a springing maturity on the date that is 91 days prior to the maturity date of the 2021 Notes unless, on such date, certain conditions are met.

The credit facility is guaranteed by Unisys Holding Corporation, Unisys NPL, Inc., Unisys AP Investment Company I and any future material domestic subsidiaries. The facility is secured by the assets of the company and the subsidiary guarantors, other than certain excluded assets, under a security agreement entered into by the company and the subsidiary guarantors in favor of JPMorgan Chase Bank, N.A., as agent for the lenders under the new credit facility.

The company is required to maintain a minimum fixed charge coverage ratio if the availability under the credit facility falls below the greater of 10% of the lenders' commitments under the facility and \$15.0 million.

The Credit Agreement contains customary representations and warranties, including that there has been no material adverse change in the company's business, properties, operations or financial condition. The Credit Agreement includes limitations on the ability of the company and its subsidiaries to, among other things, incur other debt or liens, dispose of assets and make acquisitions, loans and investments, repurchase its equity, and prepay other debt. Events of default include non-payment, failure to comply with covenants, materially incorrect representations and warranties, change of control and default under other debt aggregating at least \$50.0 million.

At September 30, 2020, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions.

On October 22, 2020, the company announced the pricing of \$485.0 million aggregate principal amount of Senior Secured Notes due 2027 (the notes) through a private offering. The offering of the notes is expected to close on October 29, 2020, subject to customary closing conditions. The notes will be priced at par and will bear interest at a rate of 6.875% per year until maturity, payable semiannually in arrears on May 1 and November 1 of each year, beginning on May 1, 2021. The company intends to use all of the net proceeds from the offering of the notes to fund a portion of its underfunded U.S. pension liability.

In addition, the company has received commitments from lenders, subject to customary conditions, to amend and restate its ABL Credit Facility (the Amendment and Restatement). The Amendment and Restatement will maintain the ABL Credit Facility at \$145 million, with an accordion provision allowing for an increase to \$175 million, and will extend the maturity from October 2022 to October 2025 and modify certain other terms and covenants, to be mutually agreed between the company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent thereunder. There is no assurance that the company will be successful in entering into the Amendment and Restatement or that the Amendment and Restatement will be completed on the terms set forth in such commitments.

For the nine months ended September 30, 2020, the company made cash contributions of \$340.2 million to its worldwide defined benefit pension plans. For the remainder of 2020, the company expects to make additional cash contributions of approximately \$485.6 million resulting in total 2020 cash contributions of approximately \$825.8 million to its worldwide defined benefit pension plans, which are comprised of approximately \$793.1 million for the company's U.S. qualified defined benefit pension plans and approximately \$32.7 million primarily for international defined benefit pension plans. The contributions to the company's U.S. pension plans are expected to be applied toward the company's required minimum contributions to these plans in 2020, 2021 and 2022. Estimates for future cash contributions are likely to change based on a number of factors including market conditions and changes in discount rates. The company currently anticipates that it may need to obtain additional funding in order to make future contributions beyond 2022. There is no assurance that the company will be able to obtain such funding or that the company will have enough cash on hand to pay the required cash contributions.

The company intends to continue to explore ways in which it can significantly reduce its defined benefit pension plans liabilities. The company is targeting approximately \$1.0 billion of global pension liability reduction over the next six months. The company intends to accomplish this through a combination of bulk lump sum buyouts, annuity purchases and other actions. The company has started the process to execute on these targets. These actions are expected to result in significant one-time non-cash settlement charges.

The company maintains a shelf registration statement with the Securities and Exchange Commission, which expires in June of 2021, that covers the offer and sale of up to \$700.0 million of debt or equity securities. Subject to the company's ongoing compliance with securities laws, the company may offer and sell debt and equity securities from time to time under the shelf registration statement. In addition, from time to time, the company may explore a variety of institutional debt and equity sources to fund its liquidity and capital needs.

The company may, from time to time, redeem, tender for, or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions and other factors.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There has been no material change in the company's assessment of its sensitivity to market risk since its disclosure in its 2019 Form 10-K.

### **Item 4. Controls and Procedures**

The company's management, with the participation of the company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on this evaluation, the company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of such period, the company's disclosure controls and procedures are effective. Such evaluation did not identify any change in the company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

## Part II - OTHER INFORMATION

### Item 1. Legal Proceedings

Information with respect to litigation is set forth in Note 14 of the Notes to Consolidated Financial Statements, and such information is incorporated herein by reference.

### Item 1A. Risk Factors

Factors that could affect future results include the following:

***The company's business and results of operations will be, and our financial condition may be, impacted by the outbreak of COVID-19 and such impact could be materially adverse.***

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and workforce participation due to “shelter-in-place” restrictions by various governments worldwide and created significant volatility and disruption of financial markets. The full extent of the impact of the COVID-19 pandemic on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected time frame, will depend on future developments, including the duration and spread of the pandemic and related restrictions on travel and transports, the effect on our customers and clients and demand for our products and services; our ability to sell and provide our products and services, including as a result of travel restrictions and people working from home; the ability of our clients to pay for our services and solutions; and any closures of our and our customers' and clients' offices and facilities all of which are uncertain and cannot be predicted. Continued impacts of the pandemic could materially adversely impact global economic conditions, our business, results of operations and financial condition, including our cash flow and liquidity, our potential to conduct financings on terms acceptable to us, if at all, and may require significant actions in response, including but not limited to expense reductions or discounting of pricing of our products, in an effort to mitigate such impacts. The full extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the duration of the spread of the outbreak, the impact on capital and financial markets and the related impact on the financial circumstances of our customers, all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that we are not aware of currently.

***Future results may be adversely impacted if the company is unable to continue revenue growth and margin expansion in its Services business.***

The company's strategy places an emphasis on an industry go-to-market approach with a focus within the company's Services business on growing revenue, including specifically on higher value and higher margin offerings. The company's ability to grow revenue and profitability in this business will depend on the level of demand for projects and the portfolio of solutions the company offers. It will also depend on an efficient utilization of services delivery personnel. Revenue and profit margins in this business are a function of both the portfolio of solutions sold in a given period and the rates the company is able to charge for services and the chargeability of its professionals. If the company is unable to attain sufficient rates and chargeability for its professionals, revenue and profit margins will be adversely affected. The rates the company is able to charge for services are affected by a number of factors, including clients' perception of the company's ability to add value through its services; introduction of new services or products by the company or its competitors; pricing policies of competitors; and general economic conditions. Chargeability is also affected by a number of factors, including the company's ability to transition resources from completed projects to new engagements and across geographies, and its ability to forecast demand for services and thereby maintain appropriate resource levels. The company's results of operations and financial condition may be adversely impacted if sales of higher margin offerings do not offset declines in revenue and profitability resulting from lower margin offerings.

***Future results may be adversely impacted if the company is unable to maintain its installed base and sell new solutions.***

The company continues to invest in its ClearPath Forward operating system software in order to retain existing clients in its Technology business. If clients do not believe in the value proposition provided by ClearPath Forward or choose not to renew their contracts for any other reason, there may not be a meaningful return on these investments, and revenue could decline meaningfully. Furthermore, if ClearPath Forward is sold as a Software as a Service (SaaS) at an accelerated pace, this would have a negative impact on the company's short- and medium-term cash position and could adversely impact the company's operations, financial condition and liquidity. The company also continues to invest in its Stealth family of software, as well as in other software and solutions. If the company is unsuccessful in selling these Stealth products or other solutions and related services, there may not be a meaningful return on these investments. Further, the revenues generated by Stealth and other new

solutions and related services may be insufficient to offset any revenue declines caused if the company is unable to retain its installed base.

***The company faces aggressive competition in the information services and technology marketplace, which could lead to reduced demand for the company's services and products and could have an adverse effect on the company's business.***

The information services and technology markets in which the company operates include a large number of companies vying for customers and market share both domestically and internationally. The company's competitors include systems integrators, consulting and other professional services firms, outsourcing providers, infrastructure services providers, computer hardware manufacturers and software providers. Some of the company's competitors may develop competing services and products that offer better price-performance or that reach the market in advance of the company's offerings. Some competitors also have or may develop greater financial and other resources than the company, with enhanced ability to compete for market share, in some instances through significant economic incentives to secure contracts. Some also may be better able to compete for skilled professionals. Any of these factors could lead to reduced demand for the company's services and products and could have an adverse effect on the company's business. Future results will depend on the company's ability to mitigate the effects of aggressive competition on revenues, pricing and margins and on the company's ability to attract and retain talented people.

***The company has significant pension obligations and required cash contributions and may be required to make additional significant cash contributions to its defined benefit pension plans.***

The company has significant unfunded obligations under its U.S. and non-U.S. defined benefit pension plans. In 2019, the company made cash contributions of \$103.9 million to its worldwide defined benefit pension plans. Based on current legislation, global regulations, recent interest rates and expected returns, in 2020 the company estimates that it will make cash contributions to its worldwide defined benefit pension plans of approximately \$826 million, which are comprised of approximately \$793 million for the company's U.S. qualified defined benefit pension plans and approximately \$33 million primarily for non-U.S. defined benefit pension plans. The contributions to the company's U.S. pension plans are expected to be applied toward the company's required minimum contributions to these plans in 2020, 2021 and 2022. Estimates for future cash contributions are likely to change based on a number of factors including market conditions and changes in discount rates. If estimates for future contributions change materially, the company may need to obtain additional funding in order to make future contributions. In this event, there is no assurance that the company would be able to obtain such funding or that the company will have enough cash on hand to pay the required cash contributions.

Deterioration in the value of the company's worldwide defined benefit pension plan assets, as well as discount rate changes, asset return changes, or changes in economic or demographic trends, could require the company to make cash contributions to its defined benefit pension plans in the future in an amount larger than currently anticipated. Increased cash contribution requirements or an acceleration in the due date of such cash contributions would further reduce the cash available for working capital, capital expenditures and other corporate uses and may worsen the adverse impact on the company's operations, financial condition and liquidity.

***The company's future results may be adversely impacted if it is unable to effectively anticipate and respond to volatility and rapid technological innovation in its industry.***

The company operates in a highly volatile industry characterized by rapid technological innovation, evolving technology standards, short product life cycles and continually changing customer demand patterns. Future success will depend in part on the company's ability to anticipate and respond to these market trends and to design, develop, introduce, deliver or obtain new and innovative services and products on a timely and cost-effective basis using new delivery models such as cloud computing. Additionally, the company may not be successful in anticipating or responding to changes in technology, industry standards or customer preferences, and the market may not demand or accept its services and product offerings. In addition, services and products developed by competitors may make the company's offerings less competitive.

***The company's future results will depend on its ability to retain significant clients.***

The company has a number of significant long-term contracts with clients, including governmental entities, and its future success will depend, in part, on retaining its relationships with these clients. The company could lose clients for reasons such as contract expiration, conversion to a competing service provider, disputes with clients or a decision to in-source services, including contracts with governmental entities as part of the rebid process. The company could also lose clients as a result of their merger, acquisition or business failure. The company may not be able to replace the revenue and earnings from any such lost client.

***The company's contracts may not be as profitable as expected or provide the expected level of revenues.***

In a number of the company's long-term services contracts, the company's revenue is based on the volume of services and products provided. As a result, revenue levels anticipated at contract inception are not guaranteed. In addition, some of these

contracts may permit termination at the customer's discretion before the end of the contract term or may permit termination or impose other penalties if the company does not meet the performance levels specified in the contracts.

The company's contracts with governmental entities are subject to the availability of appropriated funds. These contracts also contain provisions allowing the governmental entity to terminate the contract at the governmental entity's discretion before the end of the contracts term. In addition, if the company's performance is unacceptable to the customer under a government contract, the government retains the right to pursue remedies under the affected contract, which remedies could include termination.

Certain of the company's services agreements require that the company's prices be benchmarked if the customer requests it and provide that those prices may be adjusted downward if the pricing for similar services in the market has changed. As a result, revenues anticipated at the beginning of the terms of these contracts may decline in the future.

Some of the company's services contracts are fixed-price contracts under which the company assumes the risk for delivery of the contracted services and products at an agreed-upon fixed price. Should the company experience problems in performing fixed-price contracts on a profitable basis, adjustments to the estimated cost to complete may be required. Future results will depend on the company's ability to perform these services contracts profitably.

***A significant portion of the company's revenue is derived from operations outside of the United States, and the company is subject to the risks of doing business internationally.***

Approximately 60% of the company's total revenue is derived from international operations. The risks of doing business internationally include foreign currency exchange rate fluctuations, currency restrictions and devaluations, changes in political or economic conditions, trade protection measures, import or export licensing requirements, multiple and possibly overlapping and conflicting tax laws, new tax legislation, weaker intellectual property protections in some jurisdictions and additional legal and regulatory compliance requirements applicable to businesses that operate internationally, including the U.S. Foreign Corrupt Practices Act, economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control, regulations in the European Union such as the General Data Protection Regulation, the U.K. Bribery Act and other U.S. and non-U.S. laws and regulations.

***The company could face business and financial risk in implementing future acquisitions or dispositions.***

As part of the company's business strategy, it may from time to time consider acquiring complementary technologies, products and businesses, or disposing of existing technologies, products and businesses, including transactions of a material size such as the sale of the U.S. Federal business. Any acquisitions may result in the incurrence of substantial additional indebtedness or contingent liabilities. Acquisitions could also result in potentially dilutive issuances of equity securities and an increase in amortization expenses related to intangible assets. Additional potential risks associated with acquisitions include integration difficulties; difficulties in maintaining or enhancing the profitability of any acquired business; risks of entering markets in which the company has no or limited prior experience; potential loss of employees or failure to maintain or renew any contracts of any acquired business; and expenses of any undiscovered or potential liabilities of the acquired product or business, including relating to employee benefits contribution obligations or environmental requirements. Potential risks with respect to dispositions include difficulty finding buyers or alternative exit strategies on acceptable terms in a timely manner; potential loss of employees or clients; dispositions at unfavorable prices or on unfavorable terms, including relating to retained liabilities; and post-closing indemnity claims. Further, with respect to both acquisitions and dispositions, management's attention could be diverted from other business concerns. Adverse credit conditions could also affect the company's ability to consummate acquisitions or dispositions. The risks associated with acquisitions and dispositions could have a material adverse effect upon the company's business, financial condition and results of operations. There can be no assurance that the company will be successful in consummating future acquisitions or dispositions on favorable terms or at all.

***If the company is unable to access the financing markets, it may adversely impact the company's business and liquidity.***

Market conditions may impact the company's ability to access the financing markets on terms acceptable to the company or at all. Based on the most recent estimates for the required cash contributions to the company's worldwide defined benefit pension plans, the company anticipates that it may need to obtain additional financing in order to fund some future contributions. If the company is unable to access the financing markets, the company would be required to use cash on hand to fund operations and the company's required pension contributions and repay outstanding debt as it comes due. There is no assurance that the company will generate sufficient cash to fund its operations and required pension contributions and refinance such debt. A failure by the company to generate such cash would have a material adverse effect on its business if the company were unable to access financing markets and may result in a default with respect to the company's pension obligation and under the company's debt agreements. Market conditions may also impact the company's ability to utilize surety bonds, letters of credit, foreign exchange derivatives or other financial instruments the company uses to conduct its business.

***A reduction in the company's credit rating could adversely affect its business and/or the holders of its securities.***

The credit rating agencies rating the company's indebtedness regularly evaluate the company, and credit ratings are based on a number of factors, including the company's financial strength and ability to generate earnings, as well as factors not entirely within the company's control, including conditions affecting the information technology industry and the economy and changes in rating methodologies. There can be no assurance that the company will maintain its current credit ratings. A downgrade of the company's credit ratings could adversely affect its access to liquidity and capital, and could significantly increase its cost of funds, decrease the number of investors and counterparties willing to lend to the company or purchase its securities and impact the company's ability to utilize surety bonds or other financial instruments the company uses to conduct its business. This could affect the company's growth, profitability, and financial condition, including liquidity.

***Cybersecurity breaches could result in the company incurring significant costs and could harm the company's business and reputation.***

The company's business includes managing, processing, storing and transmitting proprietary and confidential data, including personal information, intellectual property and proprietary business information, within the company's own IT systems and those that the company designs, develops, hosts or manages for clients. Cybersecurity breaches involving these systems by hackers, other third parties or the company's employees, despite established security controls, could disrupt these systems or result in the loss or corruption of data or the unauthorized disclosure or misuse of information of the company, its clients or others. This could result in claims, investigations, litigation and legal liability for the company, lead to the loss of existing or potential clients and adversely affect the market's perception of the security and reliability of the company's services and products. In addition, such breaches could subject the company to fines and penalties for violations of laws and result in the company incurring other significant costs. This may negatively impact the company's reputation and financial results.

***The company may not achieve the operational and financial results that it anticipates in the future from the sale of its U.S. Federal business.***

The company's operational and financial profile has changed upon the separation of the U.S. Federal business from the company's other businesses. As a result, the company's diversification of revenue sources will diminish, and the company's results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and greater risk as a result of the concentration of its business in the global commercial sector of the information technology industry. Moreover, the shares of the company's common stock will represent an investment in a smaller company than in existence prior to the sale of the U.S. Federal business and the company's exposure to the risks inherent in its remaining businesses will increase. Additionally, the company's ability to return to the U.S. Federal business is restricted by the terms of the non-competition commitments made to Science Applications International Corporation pursuant to the terms of the asset purchase agreement governing the sale.

While the company's cash flows will decrease as a result of the sale, the company still has a substantial amount of outstanding pension obligations, even after the company applies a portion of the proceeds of the sale to reduce U.S. pension obligations. There is no certainty that the company will have the cash on hand to make the required cash contributions to the company's worldwide defined benefit pension plans in the future without additional funding.

Following the closing of the sale of the U.S. Federal business, the company has used a significant portion of the net proceeds from the sale to pay down debt and reduce U.S. pension obligations, which may not improve the company's results of operations or cash flows. Further, the anticipated benefits to the company of the sale are based on a number of assumptions, some of which may prove incorrect. Any such incorrect assumptions could adversely affect the company's business, results of operations or financial condition.

***The company's business may be adversely affected by global economic conditions, acts of war, terrorism, natural disasters or the widespread outbreak of infectious diseases.***

If global economic conditions deteriorate, the company could see reductions in demand and increased pressure on revenue and profit margins. The company could also see a further consolidation of clients, which could also result in a decrease in demand. The company's business could also be affected by acts of war, terrorism, natural disasters and the widespread outbreak of infectious diseases. Current world tensions could escalate, and this could have unpredictable consequences on the world economy and on the company's business. If, as a result of such an event, the company's clients in a particular industry were to suffer material adverse impacts, the company may experience a reduction in demand for its services and products from such clients, which may materially and adversely affect the company's business, results of operations and financial condition.

***The impact of Brexit could adversely affect the company's operations in the United Kingdom as well as the funded status of the company's U.K. pension plans.***

The impact of the decision by the United Kingdom to withdraw from the European Union, commonly referred to as "Brexit", and the resulting effect on the political and economic future of the U.K. and the European Union is uncertain. Depending on the outcome, the company may decide to alter its European operations to respond to the new business, legal, regulatory, tax and trade environments that may result, which may adversely affect the company's financial results. In addition, uncertainty

regarding Brexit could cause a slowdown in economic activity in the U.K., the European Union or globally. As a result of these possible effects, among others, Brexit could adversely impact the company's operations in the U.K., cause increased volatility in the measurement of the pension assets or benefit obligations in the company's U.K. pension plans, as well as adversely affect the funded status of the company's U.K. pension plans.

***If the company is unable to attract, motivate and retain experienced and knowledgeable personnel in key positions, its future results could be adversely impacted.***

The success of the company's business is dependent upon its ability to employ and train individuals with the requisite knowledge, skills and experience to execute the company's business model and achieve its business objectives. The failure of the company to retain key personnel or implement an appropriate succession plan could adversely impact the company's ability to successfully carry out its business strategy and retain other key personnel.

***A significant disruption in the company's IT systems could adversely affect the company's business and reputation.***

We rely extensively on our IT systems to conduct our business and perform services for our clients. Our systems are subject to damage or interruption from power outages, telecommunications failures, computer viruses and malicious attacks, cybersecurity breaches and catastrophic events. If our systems are accessed without our authorization, damaged or fail to function properly, we could incur substantial repair or replacement costs, experience data loss and impediments to our ability to conduct our business, and damage the market's perception of our services and products. In addition, a disruption could result in the company failing to meet performance standards and obligations in its client contracts, which could subject the company to liability, penalties and contract termination. This may adversely affect the company's reputation and financial results.

***The company may face damage to its reputation or legal liability if its clients are not satisfied with its services or products.***

The success of the company's business is dependent on strong, long-term client relationships and on its reputation for responsiveness and quality. As a result, if a client is not satisfied with the company's services or products, its reputation could be damaged and its business adversely affected. Allegations by private litigants or regulators of improper conduct, as well as negative publicity and press speculation about the company, whatever the outcome and whether or not valid, may harm its reputation. In addition to harm to reputation, if the company fails to meet its contractual obligations, it could be subject to legal liability, which could adversely affect its business, operating results and financial condition.

***Future results will depend in part on the performance and capabilities of third parties with whom the company has commercial relationships.***

The company maintains business relationships with suppliers, channel partners and other parties that have complementary products, services or skills. Future results will depend, in part, on the performance and capabilities of these third parties, on the ability of external suppliers to deliver components at reasonable prices and in a timely manner, and on the financial condition of, and the company's relationship with, distributors and other indirect channel partners, which can affect the company's capacity to effectively and efficiently serve current and potential customers and end users.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

A corporation's ability to deduct its federal NOL carryforwards and utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 of the Code (Section 382) if it undergoes an "ownership change" as defined in Section 382 (generally where cumulative stock ownership changes among material shareholders exceed 50 percent during a rolling three-year period). Similar rules may apply under state tax laws. A future tax "ownership change" pursuant to Section 382, may severely limit or effectively eliminate our ability to utilize our NOL carryforwards and other tax attributes.

***An involuntary termination of the company's U.S. qualified defined benefit pension plans would adversely affect the company's financial condition and results of operations.***

As of December 31, 2019, the company had approximately \$1.3 billion of underfunded pension obligations under its U.S. qualified defined benefit pension plans. The Pension Benefit Guaranty Corporation (the PBGC) has authority under the Employment Retirement Income Security Act of 1974, as amended, to terminate an underfunded defined benefit pension plan under certain circumstances, including when (1) the plan has not met the minimum funding requirements, (2) the plan cannot pay current benefits when due, or (3) the loss to the PBGC is reasonably expected to increase unreasonably over time if the plan is not terminated. If the PBGC were to terminate the company's U.S. qualified defined benefit pension plans, the company's obligations with respect to such plans would become due and payable in full. Any such event or the failure by the company to pay its pension plan insurance premiums with respect to its U.S. qualified defined benefit pension plans could result in the PBGC obtaining a lien on the company's assets. Such an event would result in an event of default under the company's debt agreements and would materially and adversely affect the company's financial condition and results of operations.

***The company's services or products may infringe upon the intellectual property rights of others.***

The company cannot be sure that its services and products do not infringe on the intellectual property rights of third parties, and it may have infringement claims asserted against it or against its clients. These claims could cost the company money, prevent it from offering some services or products, or damage its reputation.

***Legal proceedings could affect the company's results of operations or cash flow or may adversely affect the company's business or reputation.***

Various lawsuits, claims, investigations and proceedings that have been brought or asserted against the company in the past relating to matters arising in the ordinary course of business, including actions with respect to commercial and government contracts, labor and employment, employee benefits, environmental matters, intellectual property and non-income tax matters. See Note 14, "Litigation and contingencies," of the Notes to Consolidated Financial Statements for more information on pending litigation. The company believes that it has valid defenses with respect to legal matters pending against it. Litigation is inherently unpredictable, however, and it is possible that the company's results of operations or cash flows could be materially affected in any particular period as a result of future developments of the legal matters pending against it, including the resolution of any such matters. Additional legal proceedings may arise in the future with respect to the company's existing and legacy operations that may adversely affect the company's business or reputation.

Other factors discussed in this report, although not listed here, also could materially affect our future results.

## **Item 6. Exhibits**

See Exhibit Index

## EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">3.1</a>	Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on April 30, 2010)
<a href="#">3.2</a>	Certificate of Amendment of the Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on April 28, 2011)
<a href="#">3.3</a>	Certificate of Amendment of the Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on April 28, 2017)
<a href="#">3.4</a>	Bylaws of Unisys Corporation, as amended through May 10, 2019 (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on May 15, 2019)
<a href="#">31.1</a>	Certification of Peter A. Altabef required by Rule 13a-14(a) or Rule 15d-14(a)
<a href="#">31.2</a>	Certification of Michael M. Thomson required by Rule 13a-14(a) or Rule 15d-14(a)
<a href="#">32.1</a>	Certification of Peter A. Altabef required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
<a href="#">32.2</a>	Certification of Michael M. Thomson required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
101	The following financial information from Unisys Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Deficit, and (vi) Notes to Consolidated Financial Statements
104	Cover page Interactive Data File (the cover page XBRL tags are embedded within the iXBRL (Inline Extensible Business Reporting Language) document)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNISYS CORPORATION

Date: October 27, 2020

By: /s/ Michael M. Thomson  
Michael M. Thomson  
Senior Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

## Exhibit 31.1

### CERTIFICATION

I, Peter A. Altabef, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2020

Name: /s/ Peter A. Altabef  
Peter A. Altabef  
Title: Chairman and Chief Executive Officer

## Exhibit 31.2

### CERTIFICATION

I, Michael M. Thomson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2020

/s/ Michael M. Thomson

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Name: Michael M. Thomson  
Title: Senior Vice President and Chief Financial Officer

## Exhibit 32.1

### CERTIFICATION OF PERIODIC REPORT

I, Peter A. Altabef, Chairman and Chief Executive Officer of Unisys Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2020

/s/ Peter A. Altabef

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Peter A. Altabef

Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

## Exhibit 32.2

### CERTIFICATION OF PERIODIC REPORT

I, Michael M. Thomson, Senior Vice President and Chief Financial Officer of Unisys Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2020

/s/ Michael M. Thomson

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Michael M. Thomson

Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.