Summary Translation of Question & Answer Session for the Management Vision 2035 Briefing

Date: May 28, 2026
Location: Large Conference Rooms 23 and 24 on the 2nd Floor of Fujitsu Technology Park
Presenter: Takahito Tokita, Representative Director, CEO
Takeshi Isobe, Representative Director, CFO (present during the Q&A session)

Questioner A

Q1: I would like to ask about your partnerships with Anthropic and OpenAI that were mentioned in your AI strategy. I understand that you position your strengths in Takane and Fujitsu Kozuchi, along with your development and operational capabilities in the areas of sovereign infrastructure and mission critical technologies. Recently, major IT vendors in Japan have been announcing partnerships with global AI companies one after another, and to the outside observer, I believe it is becoming somewhat difficult to tell what the differences are between each of these companies. As core AI models are becoming increasingly concentrated among a small number of frontier AI companies in the US, what do you consider to be Fujitsu's unique winning strategy? Beyond simply providing implementation support, what are the areas in which you intend to take the lead and capture added value? And how do you differentiate your proprietary models from all of the other companies' models that are available?

A1 (Tokita): For our AI platform Fujitsu Kozuchi, we are not strictly committed to solely relying on our own proprietary technologies. We developed the platform based on the concept of incorporating high-quality technologies to contribute to our customers' growth and provide value to them. In that sense, we believe it is important to take advantage of the respective strengths of the AI models provided by Anthropic and OpenAI, as well as our own Takane model. AI models are not uniformly standardized, and each model has its own strengths. Our Takane model has advanced capabilities in understanding the Japanese language, and in addition to this, our Takane-Driven Initiative, which we recently announced, not only dramatically improves development productivity, but also has tremendous advantages in terms of Japanese laws and regulations. On the other hand, AI models provided by Anthropic, OpenAI, and other global AI giants can be used in a wide range of general-purpose applications. Our top priority is to deliver the maximum possible value by combining the strengths of such models and integrating them with Takane's industry-specific capabilities. You are right that many companies are partnering with firms such as Anthropic and OpenAI, and it may be difficult to tell the difference between them from outside. However, we would encourage you to take a closer look at our AI-enabled solutions to understand them in more depth.

Q2: I would like to ask about your shift away from a time-and-materials business model in favor of a value creation-based business model. As AI agents are being used to increasingly automate parts of requirements specifications, design, and implementation, I believe the underlying assumptions behind conventional system development and operation will change. Could you explain what your transition away from the time-and-materials model entails? Specifically, what practices do you intend to stop, and what kind of company will you become in terms of how you generate revenue? What kind of business model will Fujitsu adopt to generate profits in the AI

era? I would like to hear CEO Takahito Tokita's thoughts on this, including whether you personally feel a sense of urgency regarding this matter.

A2 (Tokita): It has been quite some time since we first said that we would transition away from the time-and-materials model, so I imagine many of you are eagerly anticipating when this will finally happen. From our perspective, we have a strong sense of urgency as we cannot expect further growth if we continue to rely on a pricing model that is based on time-and-materials. If Fujitsu cannot expect to grow, it will also cause problems for many of our customers. In that sense, it is extremely important that we establish a revenue model that supports our sustainable growth. The time-and-materials model is based on the number of people and months required to complete a project, but in this day and age, the most important thing in corporate management is speed. The shorter the project duration, the better. We want to clearly convey the value of speed to our customers. To do so, we cannot simply persuade them. We need to work together with them to build this kind of business model. Our weakness as a technology company is that our technology does not generate value unless our customers use it. This is precisely the kind of business model that requires the creation of a business ecosystem with customers. If our customers achieve significant growth and profits through the use of our technology, then they are actually in a better position than we are to understand what that technology is worth. As for how we plan to charge our customers in lieu of time-and-materials, our primary focus right now is on fees based on data volume. We intend to continue shifting even further toward becoming a company that primarily provides technology and platforms. Of course, without our services business, which is referred to as professional services, we would not be able to reach our customers' operations or the "last mile." For such services, we may end up either choosing or having no choice but to choose some kind of standardized, table-based revenue model, but we would also like to actively pursue approaches such as revenue sharing. In addition, as for the platforms and business infrastructure supporting this, we want to firmly establish pricing models in which we charge customers based on data volume or computing power workloads. This is just one example, and we still have to reach a clear agreement with our customers, but we hope that this kind of model becomes firmly established within Japanese business practices, in particular, and that many of our customers will support this approach.

<u>Questioner B</u>

Q1: Since your 10-year vision covers a very long period, could you explain your way of thinking regarding milestones? You mentioned that you are planning to achieve a compound annual growth rate of 6–8% in your Service Solutions business. When do you expect a particularly high rate of growth? I understand you are planning to invest 3 trillion yen in technology-driven business creation over the next 10 years, so do you anticipate the effects of this investment will become more pronounced in the latter half of the period, which would mean higher revenue growth in the latter half compared to the first half? Or would it be more accurate to say that you expect a significantly high growth rate in the first half driven by Modernization and Uvance, and while your outlook for the latter half remains somewhat uncertain, you anticipate a modest level of return on your investments in technology-driven business creation?

A1 (Tokita): When formulating this new management policy, we set a long target period spanning 10 years, and rather than simply committing to medium-term numerical targets, we explained it as a management vision. As you may already be sensing, we are in a business environment in which

it is uncertain whether today's winners will remain winners tomorrow. It is highly likely that the technologies that are in use today may be replaced by new technologies as early as next month. In such an environment, it has become difficult to imagine or forecast business growth in a linear way. That being said, we do believe it is necessary to maintain a perspective of assuming that things will continue to progress in a somewhat linear fashion. It is also true that both management and employees may struggle to stay motivated when there are no specific targets to aim for. However, through my experience in management, I have sometimes felt that setting targets can have the negative side effect of limiting progress that goes beyond those targets. In other words, people tend to stop making progress once they have reached a level they feel is good enough. For a technology company, this is extremely detrimental. We believe it is important to maximize growth as needed. On the other hand, by rapidly delivering high-quality technologies as needed, it is possible that Fujitsu's business could achieve a sudden leap forward next year, for example, rather than a steady, linear increase in revenue. For this reason, while we cannot make any promises about exactly when or how things will play out, as a general perspective, you can expect revenue to grow in a linear fashion. Recently, we are also seeing the emergence of technologies, such as Anthropic's Claude Mythos, that have the potential to upend society. We have also taken such developments into account in our decision to adopt a 10-year perspective this time. As for our fiscal 2026 targets, however, we remain committed to their achievement as we announced at our financial results briefing on April 28. We aim to achieve steady revenue growth every year and sustain continued growth.

Q2: Please tell us about your policies regarding the volume and allocation of your resources going forward. In today's presentation, I got the impression that, rather than the scale of management resources, your focus is on gaining efficiencies using AI. The implication, therefore, seems to be that you will not increase the absolute volume of your resources. Is that correct? Within Japan, Fujitsu is the largest IT company in terms of human resources and technological resources, but do you plan to change the scale or composition of your management resources? Also, you explained that, globally, you will manage based on industry segments. Does this mean that, rather than in Japan, you will mainly add resources outside of Japan?

A2 (Tokita): In our prior Medium-Term Management Plan, we reorganized our human resources portfolio to align with our business portfolio. We have been making great progress in that regard. In today's presentation, I explained that we will take those initiatives even further as we achieve AI-driven management. We will also have business areas in which AI can largely act as a substitute. In that environment, what we internally call Role and Responsibility, which reflect the roles that every employee is expected to play, will certainly change. Of course, our human resources portfolio will also change accordingly. At the end of fiscal 2023, we had a global employee base of around 124,000, but it is now around 99,000. The change in our business portfolio may have played a large part in this decline, and there was also natural turnover. Moreover, starting this year, we have moved away from the conventional once-a-year recruitment in Japan to year-round recruitment. Our recruitment strategy is now just to employ people with the skills we need. So, this is also another factor, and this trend will continue to increase even further going forward. I cannot at this time give you specifics on what will happen in a certain fiscal year, but, as you can imagine, our resources will undergo a substantial change, and we believe that will lead to a substantial increase in productivity.

Q3: Particularly in the US, it is said that discussions about AI disruption start with the premise that jobs will be eliminated before software and services come to an end. As the AI disruption progresses, with regards to Fujitsu's current very large level of resources, I can imagine a variety of different scenarios, such as a more effective use of employees, a scarcity of employees, or some change in your approach to human resources. How are you viewing the situation?

A3 (Tokita): There is no question that, in human capital management, the role expected of employees will undergo major changes. In the technology fields that we will be pursuing over the next decade, such as in the development of high-performance CPUs or quantum computing, it is very difficult for us to recruit the engineers we need just in Japan. While Fujitsu is, of course, a Japanese company, we are pursuing business globally. In light of that, as well, we will seek talent across the globe for such areas as quantum computing and high-performance computing. Of course, to recruit such people, we need to pay them a high level of compensation. Still, the absolute number of employees will certainly change. We think the conventional way of thinking about the human resources component of fixed costs will no longer make sense. In some fields, compensation levels will substantially change. At the same time, however, there will be fewer projects that require a substantial number of people. In the development work for cutting-edge software, with the effective use of AI, one exceptional individual may soon be able to do the work of 100 people. We talked earlier about pricing based on time-and-materials, but in light of the changes in the world, we will actively take up the challenge of changing our approach to our pricing model.

Questioner C

Q1: To generate 3 trillion yen in revenue from new business domains, how much upfront investment do you think will be required in these areas?

A1 (Tokita): Investments in technologies such as the development of supercomputers or quantum computers will be ongoing although they do not necessarily require huge expenditures for these areas. We are pursuing development with the financial support of the government, but whether these initiatives continue could greatly depend on the situation. We want to pursue the development of these technologies as part of our growth investments based on our own growth. On the other hand, because we feel these technologies are extremely important for economic security, we want to continue to have close communication with relevant agencies. As for the scale of these investments, while we will continue to review the areas in which we have a competitive advantage, there is no change in our policy of actively investing in these 3 new business domains and 5 Key Technology Areas.

Q2: Revenue from Uvance is approaching to exceed half the revenue of Service Solutions. As you move toward 2035, what indicators will you use to determine if progress in Uvance is on track?

A2 (Tokita): As for the earnings model of Uvance,roughly 70% is supported by time-and-materials pricing model, and roughly only 30% is from a value creation model in the form of data volume-based fees or fees based on computing power workloads or usage volumes. An important key performance indicator for us is the ratio of our revenues under the time-and-materialss pricing model versus the value creation model. We are expecting that Uvance earnings can further increase

as we make progress in changing our business model. The target of having Uvance account for 50% of revenue in Service Solutions will not be difficult to achieve. It should exceed 50% in 2030. AI agents will be built in for each industry segment and will functionally transcend industry segments, and that is when the effectiveness of Uvance will be realized. Because we think it will be difficult to increase revenue on a per-industry-segment basis, we think cross-industry solutions will be the key to growth. Also, although I have been talking about our modernization business separately from Uvance, we expect modernization with AI agents in cloud-based systems to further propel Uvance.

Questioner D

Q1: Which specific areas will the 3 trillion yen in investment to get 3 trillion yen in revenue will be allocated to? On page 43 of the presentation materials, it states that it will be allocated to R&D and to recruit cutting-edge talent, but could you please tell us the allocation and areas in which you plan to invest?

A1 (Tokita): We plan to make the growth investments of 3 trillion yen on our new business in the fields of Physical AI, Intelligent Society, and Sovereign Platform. Investment targets will of course include the FUJITSU-MONAKA processor and quantum computing which, a decade from now, our STAR architecture may enable us to earlier create. We consider these investments will also contribute to Physical AI and Intelligent Society. The allocation of these investments is something to be addressed in the future.

Q2: You mentioned that, in the national defense business, you work with the three countries of Japan, the UK, and Australia. In expanding that business, please tell us what specific services you will provide and whether it will require, for example, adding employees or making capital expenditures.

A2 (Tokita): We are working with the three countries of Japan, the UK, and Australia, and these are all in areas that are very close to our core business areas. We are providing systems in which we build IT systems and produce communications equipment. As such, please understand that our defense business is very closely related to our core business.

Questioner E

Q1: In your Mid-to-Long-Term Vision, you talked about your Forward Deployed Engineers (FDE). Could you please tell us more about how you define it and what role it will play? I think you provided implementation support to customers, including with AI models other than Takane. From that perspective, I assume that it will be different from the FDE for non-Japanese AI development companies, but please tell us how it will be positioned and what role it will play.

A1 (Tokita): I will answer at the risk of causing a misunderstanding, but the FDE has become a big buzz-word phrase right now, and I am having difficulty sorting it out myself. Originally, the FDE was about sending engineers to customers for our own products, and in maintaining the strict definition of the FDE, it is a bit of a stretch to have FDE handle products from other companies. Of course, at its foundation, our FDE are based on Takane and Kozuchi. Our FDE started since 2020, when we started working with Palantir and we have many FDE that receive Palantir's acknowledgement. Against this backdrop, I think that Fujitsu needs to rethink the FDE in terms of

the Role and Responsibility approach in Fujitsu's human resource portfolio I spoke of earlier. I think we should refer to FDE for those who at least have capabilities, industry expertise, and knowledge in terms of how we provide Fujitsu products and services. There is some confusion within Fujitsu about this point, so we want to clear this up as quickly as possible.

Q2: At the present time, could we say that the FDE is positioned to, for example, actively promote and provide Takane? Or will it also promote and provide other AI models?

A2 (Tokita): Fujitsu's proprietary products are not limited to Takane. Some FDE specialize in Takane, while others specialize in Fujitsu Kozuchi. Going forward, regarding quantum computing or high-performance computing, or even the three realms of Physical AI, Intelligent Society, and Sovereign Platform, within Fujitsu's Service Solutions area, we may designate FDE for Physical AI or FDE for Sovereign Platform.

Q3: Does that mean you will start to consider it now? In that case, what winning strategy is Fujitsu considering?

A3 (Tokita): The role of the FDE has great value in determining how to implement extremely advanced technologies in particular industries, work processes, and society. That is our winning strategy. To use a phrase I mentioned earlier, it really is the "last mile." To deliver this last mile, I believe we should designate the important human resources of Fujitsu as FDE . Rather than simply providing products to customers, we need to implement them to benefit our customers. Still, I do not think it should be a large number of employees.

Q4: Does that mean you will not increase the number of FDE?

A4 (Tokita): I think a larger number would help, but we are now at the point at which one person can do the work of 100 people. For that reason, we will think about the number of people as part of the reorganization of our human resource portfolio that I mentioned earlier.

Q5: In terms of your targets for revenue and operating profit margin, you put forth some rough figures for your compound annual growth rate and profitability, but how confident are you in these figures? Or are these the minimum levels you seek to achieve? Please tell us your thoughts about this.

A5 (Tokita): We have positioned these figures as minimum levels to achieve.

<u>Questioner F</u>

Q1. Regarding your figures for fiscal 2030, you mentioned that you are aiming to achieve linear growth. You project the impressive figures of 6% growth in the compound annual growth rate, as well as a target of between 800 billion yen to 900 billion yen in adjusted operating profit for the fiscal year, taking into account factors such as improvement in the adjusted operating profit margin. Is my understanding of these numbers correct? In addition, on a related note, regarding share buybacks, I believe it was previously mentioned that you plan to keep buybacks at 150 billion yen this fiscal year, the average amount from your prior Medium-Term Management Plan. Is my understanding correct?

A1 (Isobe): The scale of adjusted operating profit we are projecting for fiscal 2030 is just as you said. Although we are sure there will be significant changes going forward, as we head to fiscal 2030, strong linear growth in our Service Solutions business will serve as the baseline for achieving this. As such, as a whole, we have shown that we project a compound annual growth rate for revenue of approximately 6-7% and an improvement in the adjusted operating profit margin of 2% per year, and we believe the actual results will be close to the figures you mentioned. For share buybacks, we did announce that the amount for fiscal 2026 would be 150 billion yen, and our message here has been that our approach to share buybacks will remain mostly unchanged. We will, of course, also increase cash flow and keep our capital efficiency in mind. Depending on the amount of cash flow, growth investments will vary slightly from year to year, but we believe that they will increase from the current base level of 150 billion yen.

Q2: Your explanation of your defense business by country was very clear. But would it be possible for you to provide some guidance on the scale of revenue and operating profit of the business? In addition, although there are still some factors related to increased defense spending in Japan that remain opaque, if Fujitsu were to expand its business to NATO facilities in the future, then I believe that you could even expect to exceed the 6-7% compound annual growth rate you envision for revenue growth. Could you please share your thoughts on this?

A2 (Tokita): If you were to look it up, you would be able to find figures that show the sense of scale of Fujitsu's defense business by country, although these figures are limited to the data that has been made public by each country. Japan does publish prime contract amounts, but these figures do not include subcontracts, so we are unable to share the full amount. If you were to add up the figures made public by each country, however, then it would range from roughly 250 billion yen to 300 billion yen, while there will of course be some fluctuation in these figures from year to year. Although I am unable to share the profit ratio, I would like you to please understand that the business operates within a sustainable range. At the very least, in addition to the three countries of Japan, the UK, and Australia, Europe in particular has incredibly high expectations for Fujitsu. We believe that this is because of Japan, rather than because of Fujitsu itself, and, as we are attracting attention for the technologies we possess in Japan, we will work to live up to these expectations. Fujitsu is already a company that provides supercomputers to European countries such as Spain, and we are now working to provide quantum computers to the region. We are, of course, aware that these technologies may not only be used for private sectors, but defense purposes as well. They also envision such things and are continuing to communicate with us.

<u>Questioner G</u>

Q1: According to some news reports, Fujitsu is considering investing in AI companies that will reportedly be established by companies such as SoftBank. Is this true? If you invest in AI companies, what sort of benefit will this bring for Fujitsu?

A1 (Tokita): We feel that there is value and importance in Japan having domestically produced AI models. It is with this in mind that we are considering investing.

Q2: Does that include in terms of national security?

A2 (Tokita): Yes, it does.

Q3: Regarding your approach to human capital, you mentioned that you will design a human resources portfolio that is aligned with your business portfolio. Please tell us if you are currently considering or planning to implement such things as, for example, optimizing your personnel through early retirement and offering a career support program.

A3 (Tokita): As I am sure all of you know, we previously implemented such a program. But, at this point in time, we do not have any specific plans to do so. In management, revising our human resources portfolio in line with changes to our business portfolio is something we have been doing and is always a possibility. But we do not have plans for a special sort of program like the one you just mentioned.

Questioner H

Q1: I have a question about the AI-driven transformation of your delivery model. I am sure you have various targets, but is my understanding correct that you will start to use your self-evolving multi-AI agents by 2035? In addition, before the arrival of fully autonomous AI agents, I believe that there will be a phase in which self-evolving AI will create systems with the assistance of humans. By when do you aim to achieve 100% utilization of AI?

A1 (Tokita): We have already announced and begun using our autonomous multi-AI agents. These are the same AI agents that we used in the Takane-Driven Initiative in which we announced a 100-fold increase in development productivity. We are already working on development through the use of these agents. We are first targeting the domains of healthcare and government services, but we plan to expand them across all industries. This is not necessarily something that will take place in 2035.

Q2: I was under the impression that the AI agents would be used in all projects by 2035. Is that incorrect?

A2 (Tokita): As for whether AI agents will arrive in all industries and projects by then, I would first like to see the progress that is made in 2026 and 2027. We cannot inconvenience customers as a result of using these AI agents, so we will make sure to address this as we work on utilizing them. Currently, we have selected projects across all industries and have already begun around 20-30 of them. The AI agents have already delivered results equivalent to the Takane-Driven Initiative in healthcare and government services in less than a year. This AI system itself is also currently growing, so we expect to see results at a slightly earlier stage and utilization at an earlier phase as it further expands.

Questioner I

Q1: It appears that there is a slight gap between the progress being made on technologies and Fujitsu's projected figures. Calculating the figures based on your earlier answer that there will be linear growth in revenue, the projected adjusted operating profit of over 2 trillion yen is a 5 or 6-fold increase from your most recent results. While it would be wonderful if that were to happen, excluding quantum computing, as other companies already keep releasing technological components, such as, for example, the use of AI in development and AI agents,

why did you choose to set such a long-term target? Looking roughly five years ahead, will we be in a situation in which all of the technological components are available, but there is still strong demand for modernization on the customer side, so will it be difficult for customers to get AI ready due to having unintegrated applications and databases? I do believe that there seems to be a gap between technology trends and the rate at which Fujitsu's figures are projected to increase, but please tell me if I am mistaken.

A1 (Tokita): You are not mistaken. As I mentioned earlier, technology is developing at a rapid pace. We have reached the point where users must utilize AI regardless of how they feel about it. As it so happens, this was proven by Claude Mythos. We created this vision while contemplating if we would have to wait until 2035 to achieve the figures that we set in it, or if we might be able to achieve them before 2030. Please understand that, right now, it is difficult for us to commit to when we will achieve these figures.

Q2: It is fine if it is a speculative answer, but I would like to ask CEO Takahito Tokita if, looking at customers, technology, and Fujitsu's internal organization, you believe the changes to technological components and business that were discussed today will start to be seen in about 5 years. At the same time, in terms of revenue, I believe that those technologies will take 10 years to become widely used by customers. Please share your thoughts on this.

A2 (Tokita): I certainly think that technological components will advance at a fast pace. As for if there will be a delay in converting that into revenue, I do not believe that will be the case. With regard to where we will see a variation in this, I think it will depend on what segment you are looking at. At big corporations, mainly in the manufacturing sector, we are already working together with companies to proactively tackle the areas in which there is no time to waste in utilizing AI. On the other hand, even seeing the news about, for example, Claude Mythos, there may be many companies that are still not convinced to use AI. Considering that companies proactively tackling AI make up a significant portion of our customers, we may be able to achieve this a little bit sooner.

Questioner J

Q1: In your figures for fiscal 2035, Uvance accounts for 70% of the revenue for Service Solutions, Modernization accounts for 10%, and conventional IT services still account for 20%. Are you purposefully leaving conventional IT services at this amount, or are you thinking of how to reduce this amount to zero? Please share your thoughts on this with us.

A1 (Tokita): It may be reduced to zero. The year 2035 is also the year in which Fujitsu's mainframe business will cease operations. So, at the very least, the conventional IT services that take place on mainframes will be reduced to zero. Other than this, if from-scratch development that is based on customer requests on-premise or on the cloud would be considered conventional IT services, then a small amount may remain, or it could also be the case that everything is developed by AI. To be frank, it is difficult to say for certain. I honestly do not know if things will accelerate at such a rapid pace that we will establish a target of reducing the amount to zero.

Questioner K

Q1: I have a question about the new technology business domains. You mentioned earlier that you seek to capture 10% of the future market size of 30 trillion yen, however these areas, which include AI and computing, are intensely competitive on a global basis. You have been using the key phrase of technological sovereignty, but could you please tell us how, over the medium-to-long-term horizon, Fujitsu intends to assert a competitive advantage and how you view your winning strategy?

A1 (Tokita): Technological sovereignty has come to be talked about as an obvious issue, and its importance has been increasing because it combines a variety of elements, including geopolitics and geopolitical divisions, as well as protectionism. An earlier question was about whether there really is a distinction if one is partnering with Anthropic or OpenAI. My answer is that is precisely why Fujitsu places such great importance on having its own unique and proprietary technologies as a Japanese company. We want that to be the core or the advantage of our growth engine and secure that on a sustainable basis. Under these global circumstances, we believe that it is because Fujitsu has such technologies as CPU technologies and quantum computing that we can communicate with other countries on an equal footing. At the very least, we think that companies that use the clouds or AI of non-Japanese companies subject themselves to the control of those countries, which could lead to a very severe situation if a matter that involves a country's national security were to arise. It is for this reason that we want to be the company that can uniquely embody technological sovereignty, and that is why we have put forth this technology-driven management vision. Of course, outside of the IT sector, Japan has many companies that are protecting Japan's sovereignty, but, particularly in the manufacturing industry, I would like to see Fujitsu make a powerful impact on Japan by having companies use the AI platforms we provide.

Q2: When you talk about capturing a 10% share, is that just of the market in Japan? Could you explain the rationale behind that target?

A2 (Tokita): I stated that the target for the technological business domains is Japan and Europe. We intentionally excluded the US, China, India, and other countries that comprise the global south. We are targeting to capture a considerable share in Japan. In Europe, we feel we would be happy with a double-digit market share, so you should think that is what we are thinking. As I mentioned earlier, in capturing a 10% market share in fiscal 2035, our mainframe business will have ended by then. It could be the case that Fujitsu will not be quite as involved in the conventional IT business at that time. In terms of our existing business segments, the Hardware Solutions segment have revenue comparable to 1 or 1.5 trillion yen. I do not know what the Hardware Solutions segment will look like a decade from now. In any case we intend to build other businesses of that size by 2035 to achieve the revenue growth.

<u>Questioner L</u>

Q1: Regarding the earnings model for Uvance, you mentioned around 70% of it still remains as part of your time-and-materials pricing model, while around 30% of it has shifted to new earnings model. I think 10 years is too long to raise that share up to 60% or 70%. I believe that, if you do not raise that share by a certain amount of time, Fujitsu will not be able to claim that its business model has been transformed. What is your view of this?

A1 (Tokita): It is true that around 60-70% of the Uvance earnings model is based on time-and-materials pricing. We have every intention of quickly trying to shift it. While I will not say that the time-and-materials pricing model will disappear in 10 years, our goal is to quickly diminish the share of our business that is priced that way. Even if we did not have this intention, because we will be quicker to shift to business processes centered mainly on AI agents, there is no question that the time-and-materials pricing model will be greatly diminished.