Summary Translation of Question & Answer Session at IR Day 2026

Date: September 16, 2026
Location: Fujitsu Marunouchi Office (in person and live-streamed)
Presenters: Takeshi Isobe, Representative Director, Corporate Vice President, CFO
Vivek Mahajan, Corporate Executive Officer, Corporate Vice President, CTO
Shunsuke Onishi, Corporate Executive Officer, Corporate Vice President, CRO
Yoshinami Takahashi, Corporate Executive Officer, Corporate Vice President, COO in charge of Solution Services
Megumi Shimazu, Corporate Executive Officer, Corporate Vice President, COO in charge of Service Delivery

Questioner A

Q1: Regarding your revenue targets of 1.5 trillion yen for Fujitsu Kozuchi and 750 billion yen for physical AI, could you tell us approximately how much will replace revenue from existing business and how much will represent a net increase in revenue? You also mentioned that you will focus on the area of devices in physical AI. What do you expect the revenue composition to be for standalone devices versus other offerings, such as services and software?

A1 (Mahajan): We see these targets as relating to the creation of new business, rather than the replacement of existing business. There will also be some contribution to existing business areas, such as Modernization, but we mainly anticipate winning new business. In addition, for physical AI, we do not plan to manufacture devices, such as robots and drones. Instead, we will work with device vendors. Although we are considering incorporating FUJITSU-MONAKA and network interface cards into robots, we are envisioning a business centered on the software stack.

Q2: You explained that FUJITSU-MONAKA offers advantages over your competitors in three areas. How do you assess the risk that competitors will accelerate development and catch up to you?

A2 (Mahajan): Our competitors operate in the enormous existing market for x86 architecture, whereas FUJITSU-MONAKA targets the Arm architecture market, so our areas of focus differ. Various product combinations are therefore possible. For example, AMD does not make Arm-based CPUs, so we could pair its GPUs with FUJITSU-MONAKA. Although NVIDIA has its own Arm-based CPUs, we could also pair its GPUs with our CPUs, and so on. While technology in the chip industry is advancing at an incredibly rapid pace, we will also swiftly move to develop and roll out FUJITSU-MONAKA-X, the next generation after FUJITSU-MONAKA, as well as subsequent generations. The market for Arm-based processors is large, and we do not believe competition is particularly intense at the present point in time. We therefore plan to expand our business by making the most of the advantages of Arm-based architecture, including its low power consumption and open architecture.

Questioner B

Q1: From the perspective of technology, including AI, have there been any significant changes in the few months since you announced your Management Vision 2035 in May? Also, what possible changes do you think could occur over the next six months or so? In particular,

please describe the specific changes that could affect your revenue and profit in the current or next fiscal year.

A1 (Mahajan): Going forward, we expect AI agents to be deployed even more widely in front lines of business. Fujitsu has an AI software stack, and we are already beginning to see tangible results from using technologies, such as Anthropic's Claude Fable, to convert source code and automate system development (delivery). We firmly believe that businesses and technologies centered on the key theme of technological sovereignty will rapidly expand in very tangible and practical ways across real-world settings in Japan. I think you can also imagine why we believe this will happen, given the recent security incident involving OpenAI's AI agents and Hugging Face. To minimize the risk of customer data being externally leaked, we believe there will be a sharp acceleration in demand for our proprietary technologies that provide high levels of security and technological sovereignty. These include our Multi AI Agent Framework, which we spoke about today, as well as Takane. We expect to see this trend not only in Japan, but also in Europe and other regions.

(Isobe): AI is evolving at an extremely rapid pace, but I do not think we are seeing any unexpected developments. We have also made various announcements, including plans to begin offering servers equipped with FUJITSU-MONAKA and partnerships with key players in the field of Physical AI. We expect these initiatives will gradually begin to produce results through the next fiscal year.

(Takahashi): Regarding the developments we have seen over the past four months or so, I also believe that the changes have largely been within the range of what we expected. Advances at OpenAI, Anthropic, Google, and other companies may be proceeding at a faster pace than expected, but even if new high-performance models were to emerge, that would still be in line with the changes we have anticipated. As CTO Vivek Mahajan explained, however, recent developments have reinforced our awareness of the importance of technological sovereignty. Political considerations will also significantly influence the extent to which we can use AI models from the companies I just mentioned in Japan. This has made us acutely aware of the fact that developing and strengthening LLMs within Japan, including our own Takane, will be critically important for protecting Japan's sovereignty.

(Shimazu): I feel that, as AI becomes more widely used, its cost is becoming an increasingly prominent issue. For this reason, within Fujitsu as well, we are developing tools to reduce AI usage costs and are working to put them into practical use. There is also rapidly growing sentiment that we should make more active use of our own LLM, Takane, within Fujitsu.

Q2: Following the announcement of your first-quarter financial results, your share price fluctuated much more sharply than we had expected. I feel that the stock market's confidence in earnings forecasts has somewhat weakened across the entire IT services sector, including Fujitsu. Under these circumstances, share prices become more easily influenced by specific details that affect short-term performance. You have provided strong guidance on your ten-year outlook, but how do you view the outlook for fiscal 2027?

A2 (Isobe): I feel that the current stock market conditions and behavior have significantly changed from how they were in the past. Volatility is considerably higher than before, and the market has become increasingly polarized between companies for which it has high expectations and those for which it does not. Because of this, if we look at the market's reactions from a short-term perspective, there are times when it can be very disheartening for those of us in management. However, it is precisely because things are changing so rapidly that we need to have a clear long-term vision for where we want to be in ten years, and move forward without deviating from that course. We cannot ensure the company's long-term sustainability if we allow ourselves to be swayed by market volatility in any single year. For this reason, we have outlined where we want to be in ten years and clearly conveyed our commitment to steadily increasing profit in order to achieve that goal. Of course, we need to do more than set long-term targets. We must clearly communicate to the market how much progress we have made each year and whether it is a year of investment or a year of realizing returns on our investments. This fiscal year is one that is slightly more focused on upfront investment, so some of our targets may appear somewhat conservative when looked at in the context of the overall plan presented in our Management Vision 2035. Even so, we will ensure that profit exceeds the record level achieved in the previous fiscal year and continue to maintain growth. In fiscal 2027, provided that there are no drastic changes in the market environment, we will maintain our current growth trajectory as we start a full-scale rollout of FUJITSU-MONAKA and launch our physical AI business. Looking at Fujitsu's total revenue, which is on the scale of several trillion yen, the impact of new businesses generating revenue in the tens of billions of yen may still be relatively small. It will, nevertheless, be a year in which the first signs of that growth start to emerge. Rather than easing off on investment at this stage, we need to accelerate it even further if we are to achieve a major breakthrough from fiscal 2030 onward. In light of this, we view fiscal 2027 as a year in which we will begin to see growth emerge in our new businesses while we further step up investment. Each year, we will provide clear guidance and convey to market participants that we are making steady progress toward achieving our targets.

Questioner C

Q1: I would like to ask about your investments. Of the 6 trillion yen in growth investment planned through fiscal 2035, you have allocated 3 trillion yen to creating new businesses through technology. Am I correct in understanding that this 3 trillion yen represents upfront investment to launch new businesses? Also, could you tell us what specific types of investments you are envisioning?

A1 (Isobe): That is correct. The 3 trillion yen for creating new businesses through technology is allocated to support their full-scale launch. Specifically, we will concentrate investment in three domains: Sovereign Platform, Physical AI, and Intelligent Society.

Regarding specific investment methods, we are, of course, considering acquisitions, but they are only one of the ways in which we might invest. In some cases, an acquisition may allow us to acquire technologies or capabilities. In other cases, a business partnership with a leading company may supplement the capabilities we need. The most significant component of our investment will be directed toward human resources. We always give the highest priority to recruiting talented people and reskilling and developing our existing employees. This also

includes investment to expand our highly specialized R&D personnel and strengthen our R&D organization.

That being said, organic investment in human resources will not account for the entire 3 trillion yen. We are also considering inorganic investments, such as acquisitions. In light of this, we would like you to view the 3 trillion yen as investment funds we have set aside to give us the flexibility to act quickly when opportunities arise. We are considering a wide range of potential acquisition targets and partnership timelines, so we cannot provide specific details at the present point in time. We regard this allocation as allowing us to aggressively pursue investments without hesitation, even those above a certain size, if we determine that they are necessary based on a thorough assessment.

Q2: My second question is about the 3 trillion-yen investment allocation for expanding Service Solutions. What is your acquisition strategy for this investment? Could you please explain your thinking on what kinds of companies you consider to be attractive investment targets?

A2 (Isobe): First and foremost, we do not intend to spend all the 3 trillion yen allocated to expanding Service Solutions on acquisitions. Currently, we are continuing to invest in developing various types of Uvance offerings, accumulating internal expertise to advance AI-driven delivery, and enhancing our development environment. In some cases, we made acquisitions when opportunities arose, as with BrainPad. Please understand, however, that we have not set aside 3 trillion yen solely for the purpose of increasing the scale of our existing businesses. At the same time, we regard the acquisitions of BrainPad and GK Software as extremely important strategic investments to strengthen Service Solutions. When considering acquisitions, our approach is not simply to increase the size of the company or the number of engineers we have. Essentially, we believe the ideal approach is to bring companies into the Group in areas where we see strong potential for synergies with Fujitsu. This includes companies that have technologies or expertise that can fill the gaps in last-mile functions or components in our service portfolio, such as forward deployed engineers.

Questioner D

Q1: Please tell us the current outlook for the gross margin and operating profit margin for FUJITSU-MONAKA. I believe that the fabless semiconductor business has the potential to secure a gross margin of about 50% and an operating profit margin of about 15-20%. Could you please tell us how you view this? What is your anticipated makeup of customers in Japan, your primary customer base? In addition, under the circumstances where the demand for CPUs is strong, for example, the fiscal 2031 revenue for Arm AGI CPUs is forecasted to reach 2 trillion yen, could you please tell us if there would be any supply constraints, or if there are any factors that could cause revenue to exceed its forecast?

A1 (Mahajan): We are aiming for a gross margin of 50% or higher. FUJITSU-MONAKA's business is comprised of two components: the sale of chips and the sale of servers with those chips installed on them. For the chip business, the main expenses are development costs and contract manufacturing costs. We expect the gross margin for this business will be roughly 50% or higher. As for market growth, despite fluctuations in the final price of server parts due to the prices for

memory and parts, we anticipate securing a gross margin of 50% or higher for the chips business. We anticipate that its operating profit margin will also be at a high level.

At this point in time, we are using a conservative estimate for market growth. We have incorporated a market share of about 25% for the Japanese market and about 3% for the market outside of Japan into our outlook.

The markets FUJITSU-MONAKA is targeting are areas that require a high level of data privacy from the perspective of sovereignty. This includes defense, healthcare, finance, manufacturing, and public sector. Up until now, there were not many Arm-based applications. This has, however, completely changed with the emergence of AI. In particular, there has been an increase in sovereignty-related demand. As many customers need sovereignty for their highly confidential data, we expect that there will be incredibly large room for growth in the sovereign AI market.

Q2: There was recent news about NVIDIA and Palantir restricting their usage of Anthropic's AI services from the perspective of data protection. Seeing such a development, it appears that, rather than depending on external public AI, companies are instead moving in the direction of having their own computing environment (hardware) and autonomously running models, such as open weight models and Takane, in their own environment. Were Fujitsu's development of FUJITSU-MONAKA and focus on the development of AI agents because you envisioned such a future? In addition, are you already starting to see signs of demand for such AI agents?

A2 (Mahajan): You are absolutely right. We are targeting customers who place importance on strict data privacy, such as those in the areas of healthcare and defense, as potential users of FUJITSU-MONAKA. For example, in the area of defense, over 99% of data is stored in a private environment, instead of on a public cloud.

In addition, we also offer the option of FUJITSU-MONAKA as a service in an AI factory on our system platform.

We believe that, as the use of AI agents advances, the market for FUJITSU-MONAKA will also continue to grow. In addition to providing customers with our own servers to use as a private environment, we are also considering providing them with other companies' servers as well.

Amid the markets for AI agents, LLMs, and HPC, we believe that, rather than AI model training, which the current focus is on, the area that will see particular growth going forward is inference. With inference, immense amounts of computing power are not needed. This will enable companies to provide added value to customers through a combination of AI agents and inference. We anticipate it will be used in real-life settings, such as factories and healthcare facilities. Among various types of inference, such as inference for servers and GPUs, inference for edge computing and near edge computing in particular is an area in which we can expect to see growth. So, we aim to target this area.

Questioner E

Q1: Regarding the improvement in the gross margin for Service Solutions, I believe that the first quarter did not achieve the 2% improvement outlined in the annual plan. Is there a quarter-by-quarter seasonality for the profit margin improvement? Also, could you please share your impressions from being on the frontlines of development with us regarding whether the target of continuing to improve the gross margin by 2% annually for 10 years is a reasonable target, or a challenging one?

A1 (Shimazu): In systems integration, because revenue is recorded using the percentage-of-completion method, there is not an extreme seasonality in margin improvement from quarter to quarter. There is, however, a tendency for a gradual increase in profit margin heading toward the fourth quarter. As for the target of a yearly gross margin improvement of 2% over the next 10 years, as mentioned earlier, there is much room to advance AI-driven delivery to level 2 and level 3 by fiscal 2030. In addition, although there have been customers who have expressed that they do not want to use AI due to the risk it carries, we are now receiving requests from customers wanting to use AI. Given this growing momentum, we will continue to work to increase our profit margin while keeping a close eye on the situation as we move toward fiscal 2030 and beyond.

(Isobe): I believe that, while the area that COO Megumi Shimazu is in charge of has the largest amount of growth in the amount of business it receives in the fourth quarter, there is not an extreme seasonality to the extent in which the profit margin improves. However, there is also a certain amount of fixed revenue from recurring and monthly subscription-based business from Uvance, and, as the amount of business received by systems integration increases moving toward the fourth quarter, improvement in profitability is also structurally skewed to the fourth quarter. As the amount of systems integration business increases, change in the product mix will have a significant positive effect on improving profitability, so please understand that its structure is such that improvement in profitability tends to be moderate at the start of the fiscal year. As for the sustainability of this improvement in profitability, AI-driven delivery is not something that needs to be gradually built up, like increased usage of offshoring. Due to this, we hope the usage of AI-driven delivery will further accelerate. In addition, the positive effects of shifting to value-based pricing are becoming clearly visible. We believe that, as we move away from the cost-plus pricing model and establish a pricing model in which we receive commensurate compensation for the high added value we provide, and the amount of business we receive using this pricing model increases, there will be further room for improvement in profit margin as a whole.

Questioner F

Q1: You plan to sell a total of 60,000 AI servers over the next four years. Assuming that the unit cost is in the several tens of millions of yen per AI server, that would mean you could expect about 2-3 trillion yen in total revenue. Is this an accurate sense of scale? Also, please tell us how you envision the number of sales of the AI servers will increase over this four-year period.

A1 (Mahajan): The price of the parts that AI servers are equipped with, including memory, has a significant impact on their final unit price. Regarding the 60,000 AI servers, we currently anticipate that the liquid-cooled multi-node high-density model for data centers will account for roughly half of this amount, and that the remainder will consist of the 2-CPU air-cooled model and 1-2 CPU air/liquid-cooled model. This target of 60,000 AI servers only reflects the number of AI servers

that are sold as Fujitsu's AI servers. Aside from this, there will also be instances in which Fujitsu's partners, such as Supermicro, sell AI servers equipped with FUJITSU-MONAKA. Personally, I feel that the goal of selling 60,000 AI servers across the Japanese and European markets over four years is an incredibly conservative one. I believe it is a figure that is well within our capabilities to aim for.

(Isobe): I would like to add some additional information. In the assumptions outlined in our Management Vision 2035, we did not estimate the sale of these AI servers using a calculation of unit price multiplied by the number of units amounting to several trillion yen like you said. For example, even if the unit sales price were to translate into 5-10 million yen, although we anticipate reaching a certain level of sales, we do not expect to reach 2-3 trillion level within the next few years.

(Mahajan): In addition, we currently sell approximately 80,000 units of PRIMERGY, our existing x86 server, per year.

Q2: How much higher do you anticipate the profit margin for the AI servers will be compared to the current x86 servers?

A2 (Isobe): We believe that it would not make sense for us to sell the AI servers if we were unable to secure a higher profit margin for them than that of the existing x86 servers. However, we are not yet at the stage in which we can definitively say how much higher this will be. As the AI servers will be manufactured at our Kasashima Plant, which uses physical AI, we may be able to reduce costs more than expected. It will, however, require investment to do this. Although I cannot say for certain, as it will depend on what the cost ends up being, I do not believe it would be a viable business for us if we were unable to achieve a gross margin much higher than the servers currently being sold in Japan.

Questioner G

Q1: Regarding the market size for FUJITSU-MONAKA, could you please provide us with some specific advice or guidance on how we analysts should analyze it when creating earnings forecasts?

A1 (Mahajan): The market size for the Arm architecture FUJITSU-MONAKA uses is growing. Despite this, we have set conservative figures for FUJITSU-MONAKA in our plan. For AI processing, especially when running generative AI inference workloads, Arm architecture is the most suitable option. It is also extremely compatible with GPUs. What we are targeting is not only Japanese government-led AI infrastructure, but also major data center operators in Japan.

We think that FUJITSU-MONAKA will be able to cut token costs by half and reduce electricity consumption by 65% compared to competitors' products. Although our plan is incredibly conservative, we believe that its market size will steadily increase from capturing the demand for sovereignty and energy efficiency.

Q2: In what areas are there currently strong inquiries or high demand?

A2 (Mahajan): We are currently seeing signs of demand in Japan, as well as European countries such as Germany and Spain. We have received incredibly strong interest and numerous inquiries from customers in manufacturing, healthcare, and finance, as well as governments and the public sector, from these countries.

We have received requests from customers who want to use the actual devices. We have already completed testing of our chips and are currently in the phase of gradually shipping out test servers to be used for field trials. Over this month and the next, we will ship out test servers to major leading customers (over 40 companies) in and outside of Japan. We entering the phase in which the customers are able to actually verify the servers.

Questioner H

Q1: I would like to ask you about quantum computers. I believe that quantum computers will serve as an extremely important tool for both offense and defense in national security. Could you please explain the implications of this for national security, and how it relates to the usage of AI? In addition, I believe that quantum computers are currently advancing as a Japanese government-led initiative. With the designation of quantum computers as critical products in Japan's Economic Security Promotion Act, do you anticipate that Fujitsu's efforts to develop them will be eligible for additional grants from the Japanese government?

A1 (Mahajan): You are correct. Quantum computing carries an extremely important significance for both offense and defense in national security.

"Offense" refers to capturing enormous business opportunities in the global market with cutting-edge technologies from Japan. Currently, Japan has not been able to take the lead in traditional silicon semiconductor computing. In the area of quantum computing, however, Fujitsu possesses an end-to-end proprietary development system (quantum stack), which spans from the development of super conducting quantum chips that use silicon and Germanium to control software and applications. We have already reached an incredibly high level of development, even compared to North American vendors, and are aggressively pursuing global expansion.

"Defense (national security)" refers to responding to the paradigm shift in cryptography. If Japan were to not have its own quantum computing capabilities, then the nation's cryptography system will collapse in terms of cyber security. This would lead to defense, healthcare, and manufacturing in Japan, as well as the country's sovereignty itself, being exposed to significant threats. It is for this reason that Japan possessing its own quantum computers is an absolute necessity to protect its national security. Also, regarding the combination of AI and quantum computers, as of today, we have not yet reached the phase in which errorless (noiseless) full quantum computers can be utilized on their own in business applications. As such, the current practical optimal solution is hybrid computing, in which Fujitsu's world-class high-performance classical computers, as exemplified by our Fugaku supercomputer, are combined with quantum computers. It is an approach for ultra-high-speed processing that seamlessly links both HPC and quantum computing to run AI machine learning and deep learning, as well as the enormous workload involved in drug discovery and the search for new materials. Looking around the world, Fujitsu is the only company

to possess both a track record of achievements like the Fugaku supercomputer and its own quantum computer. In order to further spread this hybrid environment, Fujitsu is advancing its support for OpenQASM, the de facto standard for quantum computing, and the joint development of quantum applications in collaboration with leading research institutes and companies in various countries. As for developments in government policies, such as national budget requests, it goes without saying that we are aware of the significant importance that the Japanese government places on quantum computers as a matter of digital sovereignty and a critical product. Fujitsu will itself take on the risk of proceeding with developing quantum computers. We have also incorporated ongoing R&D investment for quantum computers into the 3 trillion-yen investment in technology CFO Takeshi Isobe mentioned. At the same time, however, quantum computers are not a technology that belongs to one company alone. Instead, we believe that they should be the most important national strategic technology that supports Japan's digital sovereignty and future national security. As such, we will be in close communication with Japan's Ministry of Economy, Trade and Industry and government as we play a leading role in joint projects and national initiatives. Fujitsu plans to lead Japan in superconductivity, diamond spin quantum computers, and all areas of fundamental quantum software. We have absolute certainty in our ability to maintain a strong leading position globally. We will continue to work together with the Japanese government to strive for the development and societal implementation of this critical technology to maintain Japan's quantum sovereignty.