

**Summary of QA in the results briefing for 4<sup>th</sup> quarter of fiscal year ending May 2019**

**Q1. What kind of impact on B/S and/or P/L in this year do you expect?**

We "Oracle Japan" don't have the ownership of this datacenter, there is no impact on our B/S, because Oracle Corporation has the ownership of it.

We continue to pay usage fees of the datacenter. As we put more customers into our datacenter in Tokyo, we still continue to see 30 to 31% operating margin foreseeable future.

Even before we open our datacenter, we were deploying our cloud customers in the datacenters outside of Japan. Now we have the datacenter in Tokyo, our customers deploy their database on production and development instances in the Tokyo datacenter, but our cost model doesn't change, because the operation of the Tokyo datacenter is done by the Oracle Corporation, we continue to pay royalty and outsourcing fees based on the usage of datacenter as same as before.

**Q2. You mentioned that you got several large deals in Q4, how much of the impact were there from those multiple big deals in Q4?**

You can see our license has grown by almost 50% in Q4, it is the impact of those big transactions. But we don't show the impact of those big transactions with specific number. But we can say that these big transactions are not one time phenomenon.

We have very aggressive sales strategy for big customers in Japan, and we continue to pursue the strategy. As we guided 1 to 5% growth for FY20, we see the strong growth in FY20 as well.

**Q3. 4<sup>th</sup> Qtr revenue grew by about 10 billion JPY. If you expect similar level growth in FY20, I think 1 to 5% guidance is too conservative. And in fact in Q2 and Q3 your license revenue was down, were there any big changes or happenings after that?**

These big transactions with big enterprises are not simple sales, are very complex transactions. It takes month and month for us to close such deals. Our enterprises customers are looking to use their licenses not only on-premise but looking to use their licenses on the cloud with us. It is difficult to predict which quarter we can close in. It is the reason of the seasonality.

That's the reason why the 1 to 5% growth is our best view right now, we look our business on annual base rather than quarter to quarter base.

**Q4. Looking at last two years, the revenue growth is picking up, prior year 7% up, now 9% up. Since Mr. Frank Obermier has taken the CEO position, your revenue is picking up. What is the success factor of your revenue growth?**

Mr. Obermier was a successful leader in Germany, he closed deals with big automobile companies and big manufacturing companies in Germany. If you look profiles of Japanese companies, there are similarities.

Our sales approach is more partnering approach with our enterprise customers rather than vendor approach.

Our sales force today is very competent and strong for selling value to our customers, and that was one of biggest differences Mr.Obermier brought us.

**Q5. How much of revenue growth is picked up by having datacenters in Japan?**

Datacenter, it's a key differentiator for not only financial sector but also government sector. We see a lot of interests of enterprise customers. Our database market shares is a half of market in Japan, our products are using for mission critical use. Our customers are looking to optimize their IT spending, and this is going to drive next level of the demand for Oracle products, not just our database license but our cloud infrastructure. We don't mention specific numbers but we can see a lot of interests of a wide variety of customers.

**Q6. How large is the government and the financial institution together for you within your on-premise business?**

30%~40% of revenue driven by our enterprise accounts including the Japanese government account.

**Q7. You have a plan to open the Osaka datacenter, is the operating model of it similar with the Tokyo datacenter?**

Yes.

**Q8. You got some large deals of "Cloud license and on-premise license" in Q4, could you tell us about colors of industry segments?**

We saw the good traction in manufacturing, government accounts in both Q3 and Q4. We're starting to see some interests in financial sectors.

It is basically broad base revenue, it doesn't depend on one sector.

**Q9. Could you share the competition situation with SAP? I heard there are strong demands of upgrade to SAP HANNA related to the 2025 SAP support termination of ERP.**

Software and hardware industry change every two years. We considered that SAP was one of main competitors. But it changes, SAP is not our main competitor. Our cloud offerings in ERP

globally have been recognized as a leader of ERP cloud market by some research institutions. Our strategy is to proactively guide our customers to cloud and next generation financial systems.

SAP basically doesn't have cloud ERP at this point. With regard to your question on the "Move to the SAP HANNA", there are small impact on our overall database sales. Also we see big opportunity in this, because a lot of SAP customers don't want to move to HANNA, started looking for options other than SAP. We see a lot of interests as well.