

**Summary of QA in the results briefing for 3<sup>rd</sup> quarter of fiscal year ending May 2020**

**Q1. Regarding the supply chain issue in China, what is the impacts in the Q4, and future in FY21Q1, Q2?**

The situation in China is returning back to normal faster. The supply chain issue is delay in the box, it has timing issue more than anything else, and going get better. As we are going through Q4, hopefully completely it will get back to normal in FY21Q1 and Q2.

**Q2. Under the Covid-19 situation, the companies are shifting remote work and working from home, this is pushing the demands for servers, rather than a terminal. I am wondering if there has been some upside in upside sell, or maybe not.**

We would like to see the opportunity in this critical situation. However it is very difficult to assess at this point about directly impact, how much positively or negatively into our business.

**Q3. Please tell me the reason why the Long-term loans receivable from subsidiaries and associates moved to short-term? Do you have any reason rather than the simply by the Accounting rules, or do you expect any cash-use purpose like returns to shareholders?**

This is the accounting disclosure requirement as one year rule. All options are available and the Board members are discussing each option. At this point of time, I cannot release any comments on this about the use cash in the future.

**Q4. I would like to ask you whether the pipeline of this Q4 is also strong, as last 3 years you posted the license revenue has been higher than other quarter.**

Yes, we have the seasonality, Q4 revenue is generally very strong not only in Oracle Japan but also Oracle globally. I do not see any reasons why this year cannot be also big, we have very strong pipelines and we received from a lot of customers their requirement for technology on premise and cloud. We continue to monitor the current situation, and we do not see any factors to impacts on our own business as of now.

**Q5. I believe the demands are strong, however are there any delays to receive the reports from partners, or deliver issues by supply chain? Please share me about your current situation.**

We continue to assess this situation. Today, every company has same pain, and trying to assess this impact. They are also finding new innovative ways of working.

**Q6. Please share me about the reason why the revenue of Service segment is flat. Do you have any specific background of it?**

In the Service segment, the large portion of the number is consulting business. We always try to find new and cheaper ways of delivering consulting service to the customers.

The basic purpose in our consulting service is try to push our license and cloud revenues up. This is forming only about 10% of our total revenue. What we focused on is our customer's satisfaction and customers making sure to grow their business by getting our very knowledgeable service. Consulting service helps pushing customers' demands for our Oracle software.

The key here is that we continue to deliver same or better services by cheaper cost and to add maximum value to our customers.

**Q7. Is your strategy is not need to grow the service segment? It seems ACS was down.**

No, I mean services segment is very important to deliver our value to the customers and to continue to expand successfully our customers' business enablement.

**Q8. Please tell us about the pace of customer acquisition at Osaka, 2<sup>nd</sup> data center in Japan, comparing with your expectation?**

Osaka data center is very meaningful for us, as we can deliver disaster recovery system from two data centers. The some other countries also have two data centers and they are completely connected.

**Q9. Now you have 2 data centers in Japan, how is it effected in your business result?**

Two data centers opened a lot of new opportunity especially in financial sector and government business. We can offer Japanese customer safe and strong capability in the data center.

**Q10. Please tell us about reduction of your head count under this covid-19 situation.**

We are trying to locate a right head count for our business to get ready. Even this year our head count was declining, it does not mean the same thing would happen in the next year. In this situation, hiring is going slow down and also attrition is slow down a little bit in all companies. We have the right person to deploy to secure our business in Q4 and future. We do not see this declining has any impact on our business.

**Q11. Could you confirm about the capacity of your Tokyo datacenter, the utilization of your data center is higher compare to your original plan?**

We are very happy to open our Tokyo data center and also newly opened in Osaka. Our data center technology is very elastic. It does not matter if it causes run out by the less capacity in Tokyo or suddenly the customer requires a big transaction, automatically the workload gets shifted to some other data center. It is very unique technology and customers never ever face the running out situation and capacity issue.

**Q12. It seems your SMB business have expanded by short term. The demands of SMB market have shifted and does it effect on your business?**

We do not see any changes as of today in SMB market business. SMB business is through exiting partners, so far this running situation we have controlled quite well in Japan compare with some other companies. We expect to get over this situation by the end of Q4 and it will pass through in next year behind us.

**Q13. How much do you need the operational cash level in balance sheet at the end of month?**

That is more than enough. We generate cash even in this current situation.