

ORACLE CORPORATION
Q3 FISCAL 2021 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

	Three Months Ended				% Increase (Decrease) in US \$	% Increase (Decrease) in Constant Currency (1)
	February 28, 2021	% of Revenues	February 29, 2020	% of Revenues		
REVENUES						
Cloud services and license support	\$ 7,252	72%	\$ 6,930	71%	5%	2%
Cloud license and on-premise license	1,276	13%	1,231	12%	4%	0%
Hardware	820	8%	857	9%	(4%)	(6%)
Services	737	7%	778	8%	(5%)	(8%)
Total revenues	10,085	100%	9,796	100%	3%	0%
OPERATING EXPENSES						
Cloud services and license support	1,064	11%	991	10%	7%	6%
Hardware	230	2%	271	3%	(15%)	(16%)
Services	621	6%	702	7%	(12%)	(14%)
Sales and marketing	1,915	19%	2,049	21%	(7%)	(8%)
Research and development	1,621	16%	1,500	15%	8%	8%
General and administrative	330	3%	288	3%	15%	14%
Amortization of intangible assets	347	4%	400	4%	(13%)	(14%)
Acquisition related and other	13	0%	7	0%	92%	91%
Restructuring	66	1%	60	1%	10%	1%
Total operating expenses	6,207	62%	6,268	64%	(1%)	(2%)
OPERATING INCOME	3,878	38%	3,528	36%	10%	5%
Interest expense	(585)	(6%)	(456)	(5%)	28%	28%
Non-operating (expenses) income, net	(17)	0%	4	0%	*	*
INCOME BEFORE BENEFIT FROM (PROVISION FOR) INCOME TAXES	3,276	32%	3,076	31%	7%	2%
Benefit from (provision for) income taxes	1,745	18%	(505)	(5%)	*	*
NET INCOME	\$ 5,021	50%	\$ 2,571	26%	95%	87%
EARNINGS PER SHARE:						
Basic	\$ 1.72		\$ 0.81			
Diluted	\$ 1.68		\$ 0.79			
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	2,913		3,190			
Diluted	2,994		3,271			

(1) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2020, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods. Movements in international currencies relative to the United States dollar during the three months ended February 28, 2021 compared with the corresponding prior year period increased our revenues by 3 percentage points, operating expenses by 1 percentage point and operating income by 5 percentage points.

* Not meaningful

ORACLE CORPORATION
Q3 FISCAL 2021 FINANCIAL RESULTS
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
(\$ in millions, except per share data)

	Three Months Ended						% Increase (Decrease) in US \$		% Increase (Decrease) in Constant Currency (2)		
	February 28, 2021		February 28, 2021		February 29, 2020		February 29, 2020				
	GAAP	Adj.	GAAP	Non-GAAP	GAAP	Adj.	GAAP	Non-GAAP	GAAP	Non-GAAP	
TOTAL REVENUES	\$ 10,085	\$ 1	\$ 10,086		\$ 9,796	\$ 1	\$ 9,797	3%	3%	0%	0%
Cloud services and license support	7,252	1	7,253		6,930	1	6,931	5%	5%	2%	2%
TOTAL OPERATING EXPENSES	\$ 6,207	\$ (905)	\$ 5,302		\$ 6,268	\$ (828)	\$ 5,440	(1%)	(3%)	(2%)	(4%)
Stock-based compensation (3)	479	(479)	-		361	(361)	-	33%	*	33%	*
Amortization of intangible assets (4)	347	(347)	-		400	(400)	-	(13%)	*	(14%)	*
Acquisition related and other	13	(13)	-		7	(7)	-	92%	*	91%	*
Restructuring	66	(66)	-		60	(60)	-	10%	*	1%	*
OPERATING INCOME	\$ 3,878	\$ 906	\$ 4,784		\$ 3,528	\$ 829	\$ 4,357	10%	10%	5%	6%
OPERATING MARGIN %	38%		47%		36%		44%	244 bp.	297 bp.	179 bp.	247 bp.
INCOME TAX EFFECTS (5)	\$ 1,745	\$ (2,442)	\$ (697)		\$ (505)	\$ (240)	\$ (745)	*	(6%)	*	(10%)
NET INCOME	\$ 5,021	\$ (1,536)	\$ 3,485		\$ 2,571	\$ 589	\$ 3,160	95%	10%	87%	6%
DILUTED EARNINGS PER SHARE	\$ 1.68		\$ 1.16		\$ 0.79		\$ 0.97	113%	20%	104%	16%
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	2,994	-	2,994		3,271	-	3,271	(8%)	(8%)	(8%)	(8%)

(1) This presentation includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. For a detailed explanation of the adjustments made to comparable GAAP measures, the reasons why management uses these measures, the usefulness of these measures and the material limitations on the usefulness of these measures, please see Appendix A.

(2) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2020, which was the last day of our prior fiscal year, rather than the actual exchange rates in effect during the respective periods.

(3) Stock-based compensation was included in the following GAAP operating expense categories:

	Three Months Ended February 28, 2021			Three Months Ended February 29, 2020		
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP
Cloud services and license support	\$ 33	\$ (33)	\$ -	\$ 22	\$ (22)	\$ -
Hardware	2	(2)	-	3	(3)	-
Services	15	(15)	-	14	(14)	-
Sales and marketing	82	(82)	-	67	(67)	-
Research and development	307	(307)	-	238	(238)	-
General and administrative	40	(40)	-	17	(17)	-
Total stock-based compensation	\$ 479	\$ (479)	\$ -	\$ 361	\$ (361)	\$ -

(4) Estimated future annual amortization expense related to intangible assets as of February 28, 2021 was as follows:

Remainder of fiscal 2021	\$ 328
Fiscal 2022	1,120
Fiscal 2023	696
Fiscal 2024	450
Fiscal 2025	126
Fiscal 2026	24
Thereafter	10
Total intangible assets, net	\$ 2,754

(5) Income tax effects were calculated reflecting an effective GAAP tax rate of (53.3%) and 16.4% in the third quarter of fiscal 2021 and 2020, respectively, and an effective non-GAAP tax rate of 16.7% and 19.1% in the third quarter of fiscal 2021 and 2020, respectively. The difference in our GAAP and non-GAAP tax rates in the third quarter of fiscal 2021 was primarily due to a net tax benefit of \$2.3 billion related to the partial realignment of our legal entity structure (refer to Appendix A for additional information), the net tax effects on stock-based compensation expense, and the net tax effects related to acquisition related items, including the net tax effects on amortization of intangible assets. The difference in our GAAP and non-GAAP tax rates in the third quarter of fiscal 2020 was primarily due to the net tax effects on stock-based compensation expense and the net tax effects on acquisition related items, including the tax effects on amortization of intangible assets.

* Not meaningful

ORACLE CORPORATION
Q3 FISCAL 2021 YEAR TO DATE FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except per share data)

	Nine Months Ended				% Increase (Decrease) in US \$	% Increase (Decrease) in Constant Currency (1)
	February 28, 2021	% of Revenues	February 29, 2020	% of Revenues		
REVENUES						
Cloud services and license support	\$ 21,311	73%	\$ 20,546	72%	4%	3%
Cloud license and on-premise license	3,254	11%	3,169	11%	3%	1%
Hardware	2,478	8%	2,542	9%	(3%)	(3%)
Services	2,209	8%	2,372	8%	(7%)	(8%)
Total revenues	29,252	100%	28,629	100%	2%	1%
OPERATING EXPENSES						
Cloud services and license support	3,139	11%	2,994	11%	5%	4%
Hardware	719	2%	828	3%	(13%)	(13%)
Services	1,875	6%	2,147	8%	(13%)	(14%)
Sales and marketing	5,605	19%	6,135	21%	(9%)	(9%)
Research and development	4,812	17%	4,588	16%	5%	5%
General and administrative	949	3%	903	3%	5%	5%
Amortization of intangible assets	1,037	4%	1,221	4%	(15%)	(15%)
Acquisition related and other	107	1%	44	0%	144%	145%
Restructuring	337	1%	181	1%	87%	82%
Total operating expenses	18,580	64%	19,041	67%	(2%)	(3%)
OPERATING INCOME	10,672	36%	9,588	33%	11%	9%
Interest expense	(1,799)	(6%)	(1,416)	(5%)	27%	27%
Non-operating (expenses) income, net	(30)	0%	195	1%	*	*
INCOME BEFORE BENEFIT FROM (PROVISION FOR) INCOME TAXES	8,843	30%	8,367	29%	6%	3%
Benefit from (provision for) income taxes	871	3%	(1,348)	(4%)	*	*
NET INCOME	\$ 9,714	33%	\$ 7,019	25%	38%	34%
EARNINGS PER SHARE:						
Basic	\$ 3.26		\$ 2.16			
Diluted	\$ 3.19		\$ 2.10			
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:						
Basic	2,977		3,251			
Diluted	3,049		3,337			

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* Not meaningful

ORACLE CORPORATION
Q3 FISCAL 2021 YEAR TO DATE FINANCIAL RESULTS
RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES (1)
(\$ in millions, except per share data)

	Nine Months Ended						% Increase (Decrease) in US \$		% Increase (Decrease) in Constant Currency (2)	
	February 28, 2021		February 28, 2021		February 29, 2020		February 29, 2020		GAAP	Non-GAAP
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP	GAAP	Non-GAAP		
TOTAL REVENUES	\$ 29,252	\$ 2	\$ 29,254	\$ 28,629	\$ 3	\$ 28,632	2%	2%	1%	1%
Cloud services and license support	21,311	2	21,313	20,546	3	20,549	4%	4%	3%	3%
TOTAL OPERATING EXPENSES	\$ 18,580	\$ (2,876)	\$ 15,704	\$ 19,041	\$ (2,650)	\$ 16,391	(2%)	(4%)	(3%)	(5%)
Stock-based compensation (3)	1,395	(1,395)	-	1,204	(1,204)	-	16%	*	16%	*
Amortization of intangible assets (4)	1,037	(1,037)	-	1,221	(1,221)	-	(15%)	*	(15%)	*
Acquisition related and other	107	(107)	-	44	(44)	-	144%	*	145%	*
Restructuring	337	(337)	-	181	(181)	-	87%	*	82%	*
OPERATING INCOME	\$ 10,672	\$ 2,878	\$ 13,550	\$ 9,588	\$ 2,653	\$ 12,241	11%	11%	9%	9%
OPERATING MARGIN %	36%		46%	33%		43%	299 bp.	357 bp.	257 bp.	322 bp.
INCOME TAX EFFECTS (5)	\$ 871	\$ (2,990)	\$ (2,119)	\$ (1,348)	\$ (769)	\$ (2,117)	*	0%	*	(2%)
NET INCOME	\$ 9,714	\$ (112)	\$ 9,602	\$ 7,019	\$ 1,884	\$ 8,903	38%	8%	34%	6%
DILUTED EARNINGS PER SHARE	\$ 3.19		\$ 3.15	\$ 2.10		\$ 2.67	51%	18%	48%	16%
DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	3,049	-	3,049	3,337	-	3,337	(9%)	(9%)	(9%)	(9%)

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(3) Stock-based compensation was included in the following GAAP operating expense categories:

	Nine Months Ended February 28, 2021			Nine Months Ended February 29, 2020		
	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP
Cloud services and license support	\$ 99	\$ (99)	\$ -	\$ 83	\$ (83)	\$ -
Hardware	8	(8)	-	8	(8)	-
Services	41	(41)	-	42	(42)	-
Sales and marketing	233	(233)	-	192	(192)	-
Research and development	897	(897)	-	781	(781)	-
General and administrative	117	(117)	-	98	(98)	-
Total stock-based compensation	\$ 1,395	\$ (1,395)	\$ -	\$ 1,204	\$ (1,204)	\$ -

(4) Estimated future annual amortization expense related to intangible assets as of February 28, 2021 was as follows:

Remainder of fiscal 2021	\$ 328
Fiscal 2022	1,120
Fiscal 2023	696
Fiscal 2024	450
Fiscal 2025	126
Fiscal 2026	24
Thereafter	10
Total intangible assets, net	\$ 2,754

(5) Income tax effects were calculated reflecting an effective GAAP tax rate of (9.8%) and 16.1% in the first nine months of fiscal 2021 and 2020, respectively, and an effective non-GAAP tax rate of 18.1% and 19.2% in the first nine months of fiscal 2021 and 2020, respectively. The difference in our GAAP and non-GAAP tax rates for the first nine months of fiscal 2021 was primarily due to a net tax benefit of \$2.3 billion related to the partial realignment of our legal entity structure (refer to Appendix A for additional information), the net tax effects on stock-based compensation expense, and the net tax effects related to acquisition related items, including the net tax effects on amortization of intangible assets. The difference in our GAAP and non-GAAP tax rates in the first nine months of fiscal 2020 was primarily due to the net tax effects on stock-based compensation expense and the net tax effects on acquisition related items, including the tax effects on amortization of intangible assets.

* Not meaningful

ORACLE CORPORATION
Q3 FISCAL 2021 FINANCIAL RESULTS
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in millions)

	February 28, 2021	May 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 22,321	\$ 37,239
Marketable securities	13,543	5,818
Trade receivables, net	4,637	5,551
Prepaid expenses and other current assets	3,243	3,532
Total Current Assets	43,744	52,140
Non-Current Assets:		
Property, plant and equipment, net	6,816	6,244
Intangible assets, net	2,754	3,738
Goodwill, net	43,954	43,769
Deferred tax assets	13,725	3,252
Other non-current assets	7,116	6,295
Total Non-Current Assets	74,365	63,298
TOTAL ASSETS	\$ 118,109	\$ 115,438
LIABILITIES AND EQUITY		
Current Liabilities:		
Notes payable, current	\$ 5,758	\$ 2,371
Accounts payable	812	637
Accrued compensation and related benefits	1,684	1,453
Deferred revenues	8,088	8,002
Other current liabilities	3,908	4,737
Total Current Liabilities	20,250	17,200
Non-Current Liabilities:		
Notes payable and other borrowings, non-current	63,541	69,226
Income taxes payable	12,316	12,463
Deferred tax liabilities	7,892	41
Other non-current liabilities	4,473	3,791
Total Non-Current Liabilities	88,222	85,521
Equity	9,637	12,717
TOTAL LIABILITIES AND EQUITY	\$ 118,109	\$ 115,438

ORACLE CORPORATION
Q3 FISCAL 2021 FINANCIAL RESULTS
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(\$ in millions)

	Nine Months Ended	
	February 28, 2021	February 29, 2020
Cash Flows From Operating Activities:		
Net income	\$ 9,714	\$ 7,019
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,127	1,025
Amortization of intangible assets	1,037	1,221
Deferred income taxes	(2,475)	(398)
Stock-based compensation	1,395	1,204
Other, net	227	167
Changes in operating assets and liabilities, net of effects from acquisitions:		
Decrease in trade receivables, net	1,089	946
Decrease in prepaid expenses and other assets	609	718
Decrease in accounts payable and other liabilities	(247)	(1,035)
Decrease in income taxes payable	(1,181)	(789)
Decrease in deferred revenues	(250)	(553)
Net cash provided by operating activities	11,045	9,525
Cash Flows From Investing Activities:		
Purchases of marketable securities and other investments	(26,775)	(399)
Proceeds from maturities of marketable securities and other investments	18,182	3,165
Proceeds from sales of marketable securities	853	12,575
Acquisitions, net of cash acquired	(29)	(111)
Capital expenditures	(1,418)	(1,131)
Net cash (used for) provided by investing activities	(9,187)	14,099
Cash Flows From Financing Activities:		
Payments for repurchases of common stock	(12,958)	(13,935)
Proceeds from issuances of common stock	915	1,232
Shares repurchased for tax withholdings upon vesting of restricted stock-based awards	(597)	(624)
Payments of dividends to stockholders	(2,146)	(2,330)
Repayments of borrowings	(2,631)	(4,500)
Other, net	241	(108)
Net cash used for financing activities	(17,176)	(20,265)
Effect of exchange rate changes on cash and cash equivalents	400	(44)
Net (decrease) increase in cash and cash equivalents	(14,918)	3,315
Cash and cash equivalents at beginning of period	37,239	20,514
Cash and cash equivalents at end of period	\$ 22,321	\$ 23,829

ORACLE CORPORATION
Q3 FISCAL 2021 FINANCIAL RESULTS
FREE CASH FLOW - TRAILING 4-QUARTERS (1)
(\$ in millions)

	Fiscal 2020				Fiscal 2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Operating Cash Flow	\$ 13,829	\$ 13,796	\$ 13,947	\$ 13,139	\$ 13,092	\$ 13,967	\$ 14,659	
Capital Expenditures	(1,663)	(1,591)	(1,544)	(1,564)	(1,614)	(1,833)	(1,851)	
Free Cash Flow	\$ 12,166	\$ 12,205	\$ 12,403	\$ 11,575	\$ 11,478	\$ 12,134	\$ 12,808	
% Growth over prior year	(12%)	(11%)	(6%)	(10%)	(6%)	(1%)	3%	
GAAP Net Income	\$ 10,955	\$ 10,933	\$ 10,759	\$ 10,135	\$ 10,249	\$ 10,380	\$ 12,830	
Free Cash Flow as a % of Net Income	111%	112%	115%	114%	112%	117%	100%	

(1) To supplement our statements of cash flows presented on a GAAP basis, we use non-GAAP measures of cash flows on a trailing 4-quarter basis to analyze cash flow generated from operations. We believe free cash flow is also useful as one of the bases for comparing our performance with our competitors. The presentation of non-GAAP free cash flow is not meant to be considered in isolation or as an alternative to net income as an indicator of our performance, or as an alternative to cash flows from operating activities as a measure of liquidity.

ORACLE CORPORATION
Q3 FISCAL 2021 FINANCIAL RESULTS
SUPPLEMENTAL ANALYSIS OF GAAP REVENUES (1)
(\$ in millions)

	Fiscal 2020					Fiscal 2021				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
REVENUES BY OFFERINGS										
Cloud services and license support	\$ 6,805	\$ 6,811	\$ 6,930	\$ 6,845	\$ 27,392	\$ 6,947	\$ 7,112	\$ 7,252		\$ 21,311
Cloud license and on-premise license	812	1,126	1,231	1,959	5,127	886	1,092	1,276		3,254
Hardware	815	871	857	901	3,443	814	844	820		2,478
Services	786	806	778	735	3,106	720	752	737		2,209
Total revenues	\$ 9,218	\$ 9,614	\$ 9,796	\$ 10,440	\$ 39,068	\$ 9,367	\$ 9,800	\$ 10,085		\$ 29,252
AS REPORTED REVENUE GROWTH RATES										
Cloud services and license support	3%	3%	4%	1%	3%	2%	4%	5%		4%
Cloud license and on-premise license	(6%)	(7%)	(2%)	(22%)	(12%)	9%	(3%)	4%		3%
Hardware	(10%)	(2%)	(6%)	(9%)	(7%)	0%	(3%)	(4%)		(3%)
Services	(3%)	(1%)	(1%)	(11%)	(4%)	(8%)	(7%)	(5%)		(7%)
Total revenues	0%	1%	2%	(6%)	(1%)	2%	2%	3%		2%
CONSTANT CURRENCY REVENUE GROWTH RATES (2)										
Cloud services and license support	4%	4%	5%	3%	4%	2%	4%	2%		3%
Cloud license and on-premise license	(6%)	(7%)	0%	(21%)	(11%)	8%	(5%)	0%		1%
Hardware	(9%)	(1%)	(5%)	(7%)	(6%)	0%	(3%)	(6%)		(3%)
Services	(2%)	0%	0%	(8%)	(3%)	(8%)	(8%)	(8%)		(8%)
Total revenues	2%	1%	3%	(4%)	0%	2%	1%	0%		1%
CLOUD SERVICES AND LICENSE SUPPORT REVENUES BY ECOSYSTEM										
Applications cloud services and license support	\$ 2,704	\$ 2,753	\$ 2,809	\$ 2,749	\$ 11,015	\$ 2,816	\$ 2,901	\$ 2,952		\$ 8,669
Infrastructure cloud services and license support	4,101	4,058	4,121	4,096	16,377	4,131	4,211	4,300		12,642
Total cloud services and license support revenues	\$ 6,805	\$ 6,811	\$ 6,930	\$ 6,845	\$ 27,392	\$ 6,947	\$ 7,112	\$ 7,252		\$ 21,311
AS REPORTED REVENUE GROWTH RATES										
Applications cloud services and license support	5%	5%	6%	1%	4%	4%	5%	5%		5%
Infrastructure cloud services and license support	2%	1%	2%	0%	1%	1%	4%	4%		3%
Total cloud services and license support revenues	3%	3%	4%	1%	3%	2%	4%	5%		4%
CONSTANT CURRENCY REVENUE GROWTH RATES (2)										
Applications cloud services and license support	6%	6%	7%	3%	5%	4%	5%	3%		4%
Infrastructure cloud services and license support	3%	2%	4%	3%	3%	1%	3%	2%		2%
Total cloud services and license support revenues	4%	4%	5%	3%	4%	2%	4%	2%		3%
GEOGRAPHIC REVENUES										
Americas	\$ 5,150	\$ 5,304	\$ 5,363	\$ 5,746	\$ 21,563	\$ 5,068	\$ 5,259	\$ 5,424		\$ 15,751
Europe/Middle East/Africa	2,553	2,695	2,835	2,952	11,035	2,738	2,852	2,981		8,571
Asia Pacific	1,515	1,615	1,598	1,742	6,470	1,561	1,689	1,680		4,930
Total revenues	\$ 9,218	\$ 9,614	\$ 9,796	\$ 10,440	\$ 39,068	\$ 9,367	\$ 9,800	\$ 10,085		\$ 29,252

(1) The sum of the quarterly information presented may vary from the year-to-date information presented due to rounding.

(2) We compare the percent change in the results from one period to another period using constant currency disclosure. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the exchange rates in effect on May 31, 2020 and 2019 for the fiscal 2021 and fiscal 2020 constant currency growth rate calculations presented, respectively, rather than the actual exchange rates in effect during the respective periods.

ORACLE CORPORATION
Q3 FISCAL 2021 FINANCIAL RESULTS
EXPLANATION OF NON-GAAP MEASURES

To supplement our financial results presented on a GAAP basis, we use the non-GAAP measures indicated in the tables, which exclude certain business combination accounting entries and expenses related to acquisitions, as well as other significant expenses including stock-based compensation, that we believe are helpful in understanding our past financial performance and our future results. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures. Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effects related to each of the below items, with the exception of the item described under income tax effects related to the partial realignment of our legal entity structure:

- Cloud services and license support revenues: Business combination accounting rules require us to account for the fair values of cloud services and license support contracts assumed in connection with our acquisitions. The non-GAAP adjustments to our cloud services and license support revenues are intended to include, and thus reflect, the full amount of such revenues. We believe the adjustments to these revenues are useful to investors as a measure of the ongoing performance of our business as we generally expect to experience high renewal rates for these contracts at their stated values during the post combination periods.
- Stock-based compensation expenses: We have excluded the effect of stock-based compensation expenses from our non-GAAP operating expenses and net income measures. Although stock-based compensation is a key incentive offered to our employees, and we believe such compensation contributed to the revenues earned during the periods presented and also believe it will contribute to the generation of future period revenues, we continue to evaluate our business performance excluding stock-based compensation expenses. Stock-based compensation expenses will recur in future periods.
- Amortization of intangible assets: We have excluded the effect of amortization of intangible assets from our non-GAAP operating expenses and net income measures. Amortization of intangible assets is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.
- Acquisition related and other expenses; and restructuring expenses: We have excluded the effect of acquisition related and other expenses and the effect of restructuring expenses from our non-GAAP operating expenses and net income measures. We incurred expenses in connection with our acquisitions and also incurred certain other operating expenses or income, which we generally would not have otherwise incurred in the periods presented as a part of our continuing operations. Acquisition related and other expenses primarily consist of personnel related costs for transitional and certain other employees, certain business combination adjustments including adjustments after the measurement period has ended and certain other operating items, net. Restructuring expenses consist of employee severance and other exit costs. We believe it is useful for investors to understand the effects of these items on our total operating expenses. Although acquisition related and other expenses and restructuring expenses generally diminish over time with respect to past acquisitions and/or strategic initiatives, we generally will incur these expenses in connection with any future acquisitions and/or strategic initiatives.
- Income tax effects related to the partial realignment of our legal entity structure: We recorded a net income tax benefit of \$2.3 billion during the three and nine months ended February 28, 2021 which related to the partial realignment of our legal entity structure that resulted in the intra-group transfer of certain intellectual property rights. A portion of this net benefit will reduce cash tax paid and give rise to a net deferred tax expense. We have excluded the net benefit and related net deferred tax expense from our non-GAAP income tax effects and net income measures for the three and nine months ended February 28, 2021. We believe these adjustments to the fiscal 2021 periods presented provides insight to our operating performance and comparability to past operating results.