

(Translation purposes only)

# Quarterly Securities Report

(The Second Quarter of 33<sup>rd</sup> Business Term)

Oracle Corporation Japan

(E05027)

# Quarterly Securities Report

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1. The original text of the Practical Guidance is prepared in the Japanese language, and this translation is to be used solely as reference material to aid in the understanding of the Practical Guidance. For all purposes of interpreting and applying the Practical Guidance, users should consult the original Japanese texts available on the following website;  
[http://www.oracle.co.jp/corp/IR/doc/201801/FY18Q2\\_QReport.pdf](http://www.oracle.co.jp/corp/IR/doc/201801/FY18Q2_QReport.pdf)
2. In addition to a review report that has been attached to the Quarterly Securities Report, this document also includes a confirmation document at the end of the report.

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Independent Auditor's Review Report

Confirmation Document

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**【Title Page】**

|  |  |
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| <b>【Submitted document】</b>                | Quarterly Securities Report  |
| <b>【Text used as grounds for document】</b> | Article 24-4-7 (1) of the Financial Instruments and Exchange Act                                 |
| <b>【For submission to】</b>                 | Kanto Finance Bureau   |
| <b>【Date of submission】</b>                | January 12, 2018   |
| <b>【Fiscal year】</b>                       | The Second Quarter of 33 <sup>rd</sup> Business Term<br>(from June 1, 2017 to November 30, 2017) |
| <b>【Company name】</b>                      | ORACLE CORPORATION JAPAN   |
| <b>【Company name in English】</b>           | ORACLE CORPORATION JAPAN   |
| <b>【Name and title of representative】</b>  | Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer                           |
| <b>【Current location of head office】</b>   | 2-5-8 Kita-Aoyama, Minato-ku, Tokyo  |
| <b>【Phone】</b>                             | 813(6834)6666  |
| <b>【Name of administrative contact】</b>    | Shigeru Nosaka, Executive Officer, Deputy President and CFO                                      |
| <b>【Location of nearest contact】</b>       | 2-5-8 Kita-Aoyama, Minato-ku, Tokyo  |
| <b>【Phone】</b>                             | 813(6834)6666  |
| <b>【Name of administrative contact】</b>    | Shigeru Nosaka, Executive Officer, Deputy President and CFO                                      |
| <b>【Location subjected to inspection】</b>  | Tokyo Stock Exchange, Inc.<br>(2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)                       |

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Part 1 【Information About the Company】

I 【Company Overview】

1. 【Movements in Key Performance Indicators, etc.】

Status of submitting company

| Term   | 32 <sup>nd</sup><br>2 <sup>nd</sup> Quarter | 33 <sup>rd</sup><br>2 <sup>nd</sup> Quarter | 32 <sup>nd</sup>                     |
|--|---|---|--------------------------------------|
| Closing month/year   | From June 1, 2016 to<br>November 30, 2016   | From June 1, 2017 to<br>November 30, 2017   | From June 1, 2016 to<br>May 31, 2017 |
| Revenue (million yen)  | 80,595                                      | 84,136                                      | 173,190                              |
| Ordinary income (million yen)  | 23,840                                      | 24,993                                      | 52,502                               |
| Net income (million yen)   | 16,543                                      | 17,270                                      | 36,360                               |
| Return on investment with application of equity method (million yen) | -   | -   | -                                    |
| Capital stock (million yen)  | 23,445                                      | 24,275                                      | 23,755                               |
| Total numbers of shares outstanding (thousand shares)                | 127,602                                     | 127,931                                     | 127,728                              |
| Net assets (million yen)   | 86,242                                      | 109,596                                     | 105,783                              |
| Total assets (million yen)   | 164,246                                     | 192,121                                     | 198,731                              |
| Net income per share (yen)   | 129.72                                      | 135.25                                      | 285.11                               |
| Net income per share (diluted) (yen)                                 | 129.45                                      | 134.96                                      | 284.55                               |
| Dividends per share (yen)  | -   | -   | 114                                  |
| Ratio of shareholders' equity (%)                                    | 52.1  | 56.9  | 52.9                                 |
| Cash flows from operating activities (million yen)                   | 12,594                                      | 15,612                                      | 43,087                               |
| Cash flows from investing activities (million yen)                   | 98,371                                      | 13,404                                      | 16,112                               |
| Cash flows from financing activities (million yen)                   | -66,510                                     | -13,697                                     | -66,829                              |
| Cash and cash equivalents at the end of period (million yen)         | 90,099                                      | 53,344                                      | 38,025                               |

| Term                       | 32 <sup>nd</sup><br>2 <sup>nd</sup> Quarter       | 33 <sup>rd</sup><br>2 <sup>nd</sup> Quarter       |
|----------------------------|---|---|
| Closing month/year         | From September 1,<br>2016 to November 30,<br>2016 | From September 1,<br>2017 to November<br>30, 2017 |
| Net income per share (yen) | 68.57   | 68.81   |

(Note)

1. Our company does not compile consolidated financial statements; thus it does not mention movements in consolidated business benchmarks, etc.
2. Sales amounts do not include consumption tax, etc.
3. Return on investment in the event of the use of an equity method is not indicated as the company has no affiliated companies.

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4. Posted as treasury stock included in shareholders' equity, the treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term in order to calculate the net income per share and net income per share (diluted) .

2. **【Details of Business】**

In the three months ended November 30, 2017, there were no significant changes in the contents of the businesses operated by the Company and the Group belongs to.

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## II 【Status of Business】

### 1. 【Business Risks】

There were no new risk factors recognized during the six months ended November 30, 2017.

There were no material changes in the risk factors stated in the Annual Securities Report for the 32<sup>nd</sup> business term pursuant to the Financial Instruments and Exchange Act of Japan.

### 2. 【Important Agreements for Business, etc.】

No material agreements were entered into during the three months ended November 30, 2017.

### 3. 【Analysis of Financial Status, Results of Operation, Cash Flow Status】

The various quarterly financial sheets, etc. of our company have been compiled based on accounting standards which are generally recognized as fair and reasonable in our country. The compilation of these quarterly financial sheets, etc. require assets and debts as of the final day of the period and hypotheses and estimates within the accounting period which could impact revenue and costs. While an estimate may have been considered reasonably based on past situations and experiences, they may vary from actual results due to changes in hypotheses or criteria. Matters regarding the future stated in this document are based on the judgment of the Company as of November 30, 2017.

#### (1) Analysis of Financial Status

##### (i) Results of Operation

During the second quarter under review (from June 1, 2017 to November 30, 2017, hereinafter “this quarter”), despite the need for concern over overseas policy trends in the United States and elsewhere along with geopolitical risks, the economic environment in Japan is on track for gradual improvement due to financial and economic policies.

In terms of social and corporate activity, it has become important to utilize digital technologies when tackling solutions to problems to cope with issues such as the shrinking productive-age population, globalization and the challenge of developing new businesses.

Under this business environment, there are growing needs for cloud services that enable flexible IT investment and agile system building. The Company will make use of cloud services and data as it strives to become a best partner achieving innovation and supporting growth for client companies. Concurrently, the Company has been promoting its business policies, namely promoting “Journey to the Cloud”, one of approaches to promote the use of the cloud among client companies, strengthening enterprise sales activities, which involves proposing optimum solutions incorporating examples of overseas IT utilization to address the management issues of client companies, and strengthening employee engagement, which represents the source of corporate vitality.

Under these circumstances, the Company posted revenue of 84,136 million yen (up 4.4 % year on year), operating income of 25,017 million yen (rising 4.7 %), ordinary income of 24,993 million yen (gaining 4.8 %) and net income of 17,270 million yen (increasing 4.4 %).

##### (ii) Results by Reported Segment

###### [Cloud & Software \*]

\* The Company has implemented an organizational change by integrating the New software licenses, the Cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment as the Cloud and software segment.

Revenue in the Cloud & Software segment was 65,940 million yen, up 5.0 % from the corresponding period of the previous fiscal year. Revenue in the Cloud (SaaS/PaaS/IaaS) was 5,625 million yen (rising 43.0 % year on year), revenue in the New software licenses was 17,288 million yen (down 4.5% year on year), and revenue in Software license updates & product support was 43,026 million yen (increasing 5.5 % year on year).

This segment consists of the New software licenses that sells new licenses for database management software, a range of middleware, and ERP and other business applications, etc. Software license updates & product support that updates software for customers using the Company’s software licenses and provides technical support, and Cloud (SaaS/PaaS/IaaS) provides services to access to select Oracle software applications, software platforms and resources of hardware via the Internet.

The Company’s new software licenses products have been widely adopted in the field of mission-critical systems, which has demanded sophisticated security, availability and high-speed processing performance for many years.

The Oracle Cloud, which the Company has focused on as a pillar of its new business, has been developed based on the same architecture and technologies as these new licenses, and the Company enjoys a strength in enabling coordination and bidirectional migration between on-premises (\*) systems built with the new software licenses products and the Oracle Cloud.

(Note 1) SaaS: Stands for “Software as a Service,” and refers to services that offer financial accounting, salary/personnel management, and other functions of software that are provided via the Internet.

(Note 2) PaaS: Stands for “Platform as a Service,” and refers to services that offer database management software for the construction and operation of the IT systems and middle layer software that ensure the smooth linkage between different software that are provided via the Internet.

(Note 3) IaaS: Stands for “Infrastructure as a Service,” and refers to services that offer infrastructure that are provided via the Internet for the construction and operation of IT systems, such as server machines, storage devices, and other hardware and networks.

(Note 4) On-premises: A form of IT system developed and operated as the company’s possession.

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< Cloud (SaaS/PaaS/IaaS)>

In SaaS, demand continued to grow for the ERP and EPM Cloud that provides solutions for global indirect purchases and integrated accounting aimed at strengthening competitiveness and improving efficiency. The Company's strength in seamless coordination with existing systems, the fast implementation that is only possible with cloud solutions and the ability to extend functionality on PaaS have been recognized, and in the second quarter, the Company received some large orders of our ERP cloud services for customer's overseas offices, and for the customer who would migrate its existing system to our cloud platform and interconnect with ERP cloud.

In terms of the Service Cloud, which streamlines customer center operations by machine learning and helps improve the purchase experiences of end customers, the Company fielded inquiries from companies across a wide range of industries and performed steadily.

Regarding PaaS/IaaS, in addition to usage for customers' new system development and verification applications, business inquiries have been on the rise for products that support device and system coordination and data processing for an IoT solution for the manufacturing sector, as well as Oracle Cloud at Customer that provides public IaaS and PaaS by installing the Oracle Cloud environment in customer data centers.

Additionally, in September 2017, the Company announced Bring Your Own License (BYOL), enabling customers to move their existing Oracle software licenses over to Oracle PaaS, as well as Universal Credits, which allows the use of all Oracle PaaS and IaaS by entering into a single and simple contract. The company has provided these programs which makes the cloud service purchasing methods and usage patterns more flexible, and is endeavoring to make them available to a wide range of customers.

< New software licenses >

With Oracle Database 12c, the Company's flagship product, the utilization of multi-tenant functions makes it possible to integrate the database operating infrastructure, reducing the workload for maintenance and operational tasks and enabling a smooth transition to the cloud in the future.

The Company received large orders in the financial and public sectors in the first quarter and in the manufacturing and public sectors in the second quarter, from customers pursuing strategies of boosting competitiveness and strengthening customer contact points by enhancing security and developing IT systems.

< Software license updates & product support >

The Company continued to highlight the quality of support offerings through "My Oracle Support", which provides personalized, proactive and preventative support experience. Meanwhile, it stepped up collaboration with partners and took steps to increase support attach rate to new products and maintain and boost the support contract renewal rate.

[Hardware Systems]

Revenue in the Hardware systems segment was 7,889 million yen, down 6.9 % from the corresponding period of the previous fiscal year.

Revenue in the Hardware systems product division was 2,751 million yen (fell 19.6 % year on year) and Revenue in the Hardware systems support division was 5,137 million yen (up 1.8 % year on year).

This segment consists of the Hardware systems product division which sells servers, storage, engineered systems and network devices, and provides operating systems and related software, and the Hardware systems support division which provides technical support for hardware products, maintenance and repair services and updated versions of related software including operating systems.

[Services]

Revenue in the Services segment was 10,307 million yen, gaining 10.8 % from the corresponding period of the previous fiscal year.

This segment consists of Consulting Services, which support the introduction of products of the Company; Advanced Customer Support Services, which provide a preventive maintenance service and a comprehensive operation management service for customers' IT environments; and Education services, which provide training for engineers and users, and also encompasses a technology qualification business.

For Consulting Services, cloud adoption projects have increased steadily, while in Education Services, there has been an increase in demand for training in Java aimed at cloud application development.



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<Revenue breakdown by business segments>

| Item                                       | FY2017<br>2 <sup>nd</sup> Quarter |       | FY2018<br>2 <sup>nd</sup> Quarter |       |          | May 2017    |       |
|--|-----------------------------------|-------|-----------------------------------|-------|----------|-------------|-------|
|  | Amount                            | Comp. | Amount                            | Comp. | Variance | Amount      | Comp. |
|  | Million Yen                       | %     | Million Yen                       | %     | %        | Million Yen | %     |
| Cloud (SaaS/PaaS/IaaS)                     | 3,934                             | 4.9   | 5,625                             | 6.7   | 43.0     | 9,159       | 5.3   |
| New software licenses                      | 18,094                            | 22.5  | 17,288                            | 20.5  | -4.5     | 43,386      | 25.1  |
| Software license updates & product support | 40,794                            | 50.6  | 43,026                            | 51.1  | 5.5      | 82,727      | 47.8  |
| Cloud & Software                           | 62,823                            | 77.9  | 65,940                            | 78.4  | 5.0      | 135,273     | 78.1  |
| Hardware systems products                  | 3,424                             | 4.2   | 2,751                             | 3.3   | -19.6    | 9,375       | 5.4   |
| Hardware systems support                   | 5,044                             | 6.3   | 5,137                             | 6.1   | 1.8      | 10,176      | 5.9   |
| Hardware systems                           | 8,469                             | 10.5  | 7,889                             | 9.4   | -6.9     | 19,551      | 11.3  |
| Services                                   | 9,302                             | 11.5  | 10,307                            | 12.3  | 10.8     | 18,365      | 10.6  |
| Total                                      | 80,595                            | 100.0 | 84,136                            | 100.0 | 4.4      | 173,190     | 100.0 |

\*Amount is rounded down. Composition ratio and year-to-year comparison (Variance) are rounded off.

(iii) Operating profit

Operating profit stood at 25,017 million yen (up 4.7% from the same period a year earlier).

The cost of goods sold increased in cloud and software and consulting services, consignment fees increased.

For selling, general, and administrative expenses, decreases were seen in consignment fees and human resources costs.

(IV) Non-operating profit and loss, ordinary income

As a result of appropriating non-operating profit and loss of 23 million yen (net), our ordinary income stood at 24,993 million yen (up 4.8% from the same period a year earlier).

(V) Net income

As a result of appropriating 'extraordinary profits-gain on reversal of subscription rights to shares' as extraordinary income, our current net income stood at 17,270 million yen (up 4.4% from the same period a year earlier).

(2) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 192,121 million yen (decreasing 6,610 million yen from the end of the previous year). Current assets were 151,058 million yen (decreasing 6,562 million yen).

Liabilities were 82,524 million yen (decreasing 10,423 million yen). Net assets totaled 109,596 million yen (increasing 3,813 million yen).

As a result, the ratio of shareholders' equity was 56.9% (up 4.0 percentage points from the end of the previous year).

(3) Cash Flows

The cash inflow from operating activities is 15,612 million yen and from investment activities is 13,404 million yen in the six months ended November 30, 2017. The cash outflow from financial activities is 13,697 million yen in the six months ended November 30, 2017. In total, cash and equivalents increased 15,319 million yen from the end of the previous term, to 53,344 million yen.

(Cash flows from operating activities)

Cash generated from operating activities was 15,612 million yen (increasing 3,017 million yen year on year). The inflow is attributable to the posting of income before income taxes of 25,081 million yen, a decrease in accounts receivable of 7,057 million yen. The outflows are attributable to the payment of 7,480 million yen in income taxes.

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(Cash flows from investment activities)

Cash generated from investment activities was 13,404 million yen (decreasing 84,967 million yen used). The inflows include the collection of loans receivable (90,300 million yen) from Oracle America, Inc. and the outflows include a net increase in time deposits (76,000 million yen).

(Cash flows from financial activities)

Cash used for financial activities was 13,697 million yen (decreasing 52,813 million yen year on year). The outflow was primarily appropriated to the payment of dividends.

(4) Business and Financial Tasks to be addressed

There was no significant change in the task to be addressed by the Company during the second quarter under review.

(5) Research and development activities

There was no significant change in the task to be addressed by the Company during the second quarter under review.

(Translation purposes only)

### III 【Status of Submitting Company】

#### 1. 【Status of stocks, etc.】

##### (1) 【Number of shares, etc.】

##### (i) 【Number of shares】

| Type         | Number of shares authorized to issue(stocks) |
|--------------|--|
| Common Stock | 511,584,909                                  |
| Total        | 511,584,909                                  |

##### (ii) 【Number of outstanding shares】

| Type         | Number of outstanding shares as of the end of the first quarter (Shares) (November 30, 2017) | Number of outstanding shares on reporting date (shares) (Note) 1 (January 12, 2018) | Name of financial instruments exchange or name of registered authorized financial instruments firms association | Details  |
|--------------|--|---|---|----------|
| Common Stock | 127,931,971  | 127,944,671   | Tokyo Stock Exchange First Section  | (Note) 2 |
| Total        | 127,931,971  | 127,944,671   | -   | -        |

(Note) 1 “Number of outstanding shares on reporting date” does not include the number of shares issued by the exercise of share warrants from January 1, 2018 to the date of submission of this Securities Report.

2 The Company’s standard stock whose rights are not subject to any restrictions. Share unit is 100 shares.

##### (2) 【Status of share warrants, etc.】

|   |   |
|---|---|
| Date of resolution of Board of Directors  | September, 21, 2017                                       |
| Number of share warrants  | 278 share warrants  |
| Number of own share warrants included   | -   |
| Type of shares subject to share warrants  | Common stock<br>Share unit is 100 shares                  |
| Number of shares subject to share warrants (Note) 1   | 27,800 shares   |
| Payment amount when exercising share warrants (Note) 2  | 8,940 yen   |
| Exercise period of share warrants   | From October 12, 2019<br>to September 21, 2027            |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 10,585 yen<br>Capitalization amount 5,292 yen |
| Conditions for exercising share warrants  | (Note) 2  |
| Items related to assignment of share warrants   | (Note) 3  |
| Items related to substitute payment   | -   |
| Items related to distribution of share warrants following reorganization acts                             | -   |

1 The payment amount shall be the average of the closing price of the Company’s ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue.

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If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \text{Payment amount before adjustment} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

8,940 yen was set as a result of comparing the closing price (8,227 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2017) of the average price prior to the month to which the date of issue (October 12, 2017) belongs, with the average price (8,227 yen) on the date of issue.

- 2 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.
- (2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:
  - (i) Recipients may exercise half of the allocated rights after October 12, 2019.
  - (ii) Recipients may exercise all of the allocated rights after October 12, 2021.
- (3) If the person allocated rights dies, the heir can exercise the rights.
- 3 Assignment of rights, attachment or other disposal methods are not allowed.
- 4 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (8,940 yen) and fair evaluation unit price (1,645 yen) in the issue of share warrants.

(3) **【Status of exercising certificates of bonds with share warrants with exercise price revision clause, etc.】**  
Not applicable.

(4) **【Details of rights plan】**  
Not applicable.

(5) **【Trends with number of outstanding shares, capital, etc.】**

| Date   | Number of outstanding shares increase/decrease (shares) | Number of outstanding shares balance (shares) | Capital stock increase/decrease (million yen) | Capital stock balance (million yen) | Legal capital surplus Increase/decrease (million yen) | Legal capital surplus balance (million yen) |
|--|---|---|---|-------------------------------------|---|---|
| From September 1, 2017 to November 30, 2017 (Note) | 87,700  | 127,931,971                                   | 201   | 24,275                              | 201   | 7,626                                       |

(Note) 1. Increase due to the exercise of share warrants.

2. The Company's capital stock and legal capital surplus increased by 27 million yen respectively and 12,700 shares increased due to the exercise of share warrants (from December 1, 2017 to December 31, 2017).

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(6) 【Status of major shareholders】

As of November 30, 2017

| Name   | Address  | Number of shares held (1000 shares) | Percentage of shares held versus total number of outstanding shares |
|--|--|-------------------------------------|---|
| ORACLE JAPAN HOLDING, INC.<br>Standing proxy SMBC NIKKO SECURITIES INC.<br>Japan Trustee Services Bank, Ltd. (Trust account)<br>The Master Trust Bank of Japan, Ltd. (Trust account) | 500 Oracle Parkway, Redwood Shores, California, U.S.A<br>(1-5-55 Kiba, Koto-ku, Tokyo)                                 | 94,967                              | 74.2  |
|  | 1-8-11 Harumi, Chuo-ku, Tokyo  | 4,305                               | 3.4   |
|  | 2-11-3 Hamamatsucho, Minato-ku, Tokyo  | 1,480                               | 1.2   |
| STATE STREET BANK AND TRUST COMPANY 505001   | P.O.BOX351 BOSTON<br>MASSACHUSETTS 02101 U.S.A.<br>(2-15-1 Konan, Minato-ku, Tokyo)                                    | 1,396                               | 1.1   |
| STATE STREET BANK AND TRUST COMPANY  | ONE LINCOLN STREET, BOSTON MA<br>USA 02111<br>(3-11-1 Nihombashi, Chuo-ku, Tokyo)                                      | 1,306                               | 1.0   |
| STATE STREET BANK WEST CLIENT - TREATY 505234  | 1776 HERITAGE DRIVE, NORTH<br>QUINCY, MA 02171, U.S.A.<br>(2-15-1 Konan, Minato-ku, Tokyo)                             | 1,120                               | 0.9   |
| BBH FOR MATTHEWS JAPAN FUND  | 4 EMBARCADERO CTR STE 550 SAN<br>FRANCISCO CALIFORNIA 94111<br>(2-7-1 Marunouchi, Chiyoda-ku, Tokyo)                   | 849                                 | 0.7   |
| RBC IST 15 PCT NON LENDING ACCOUNT - CLIENT ACCOUNT  | 7TH FLOOR, 155 WELLINGTON<br>STREET WEST TORONTO, ONTARIO,<br>CANADA, M5V 3L<br>(6-27-30 Shinjuku, Shinjuku-ku, Tokyo) | 567                                 | 0.4   |
| Trust & Custody Services Bank, Ltd.  | 1-8-12 Harumi, Chuo-ku, Tokyo  | 563                                 | 0.4   |
| GOVERNMENT OF NORWAY   | BANKPASSEN 2, 0107 OSLO 1 OSLO<br>0107 NO<br>(6-27-30 Shinjuku, Shinjuku-ku, Tokyo)                                    | 480                                 | 0.4   |
| Total  |  | 107,037                             | 83.7  |

(Note) Of the above no. of shares owned, shares related to trust business are as follows.

|                                      |                     |
|--------------------------------------|---------------------|
| Japan Trustee Services Bank, Ltd.    | 4,148 (1000 shares) |
| The Master Trust Bank of Japan, Ltd. | 1,386 (1000 shares) |
| Trust & Custody Services Bank, Ltd.  | 517 (1000 shares)   |

(Translation purposes only)

(7) 【Status of voting rights】

(i) 【Number of outstanding shares】

As of November 30, 2017

| Item  | No. of shares(shares)               | No. of voting rights (Units) | Details |
|---|-------------------------------------|------------------------------|---------|
| Nonvoting stock   | -                                   | -                            | -       |
| Stock with restricted voting right (Treasury stock, etc.) | -                                   | -                            | -       |
| Stock with restricted voting right (Others)               | -                                   | -                            | -       |
| Stocks with full voting rights (Treasury stock, etc.)     | (Own shares)<br>Common stock 10,600 | -                            | -       |
| Stocks with full voting rights (Others)                   | Common stock 127,610,000            | 1,276,100                    | -       |
| Share less than one unit                                  | Common stock 311,371                | -                            | -       |
| Number of outstanding shares                              | 127,931,971                         | -                            | -       |
| Voting rights of shareholders                             | -                                   | 1,276,100                    | -       |

(Note) "Stocks with full voting rights (Others)" include 2,000 stocks in the name of Japan Securities Depository Center (20 stocks with voting rights), 22,500 company stocks held by the BIP Trust and 70,700 stocks held by the ESOP Trust.

(ii) 【Treasury stock, etc.】

As of November 30, 2017

| Name of owner                            | Addresses of owner                     | No. of shares held in own name(shares) | No. of shares held in another name (shares) | No. of shares held (shares) | Percentage of shares held versus total number of outstanding shares (%) |
|--|--|--|---|-----------------------------|---|
| (Own shares)<br>Oracle Corporation Japan | 2-5-8 Kita-Aoyama,<br>Minato-ku, Tokyo | 10,600                                 | -   | 10,600                      | 0.0   |
| Total                                    | -                                      | 10,600                                 | -   | 10,600                      | 0.0   |

(Note) The trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust, which are the 22,500 stocks and 70,700 stocks held respectively by The Master Trust Bank of Japan (2-11-3, Hamamatsucho, Minato-ku, Tokyo) are not included in the above treasury stock, etc.

2. 【Information about directors】

For the six-months period ended November 30, 2017, the retirement of director which were described on our Annual Securities Report for the year ended May 31, 2017.

(1) Retirement of Director

| Name               | Date of Retirement |
|--------------------|--------------------|
| Hiroshige Sugihara | November30, 2017   |

(2) Number of Female and Male of Directors and Ratio of Female directors  
Male directors 9 Female director 1 (Female directors make up 10.0%)

(Translation purposes only)

#### IV 【Financial Status】

##### 1 Method of preparing Quarterly Financial Statements

The quarterly financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Financial Statements” (Cabinet Office Ordinance No. 63 of 2007).

##### 2 Audit Certification

The quarterly financial statements for the second quarter of the fiscal year ending November 30, 2017 (from June 1, 2017 to November 30, 2017) and three months ended November 30, 2017 (from September 1, 2017 to November 30, 2017) were reviewed by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

##### 3 Consolidated financial statements

The Company does not prepare consolidated financial statements as we have no subsidiaries.

(Translation purposes only)

1 Quarterly Financial Statements  
 (1) Quarterly Balance Sheet

(Unit : Million yen)

| Description                             | Previous term end<br>(as of May 31, 2017) | Current term end<br>(as of November 30, 2017) |
|---|---|---|
| <b>Assets</b>                           |   |   |
| <b>Current assets</b>                   |   |   |
| Cash and deposits                       | 43,025                                    | 134,344                                       |
| Accounts receivable-trade               | 19,629                                    | 12,572  |
| Short-term loans receivable             | 90,300                                    | —   |
| Other                                   | 4,668                                     | 4,172   |
| Allowance for doubtful accounts         | -2  | -30   |
| <b>Total current assets</b>             | <b>157,621</b>                            | <b>151,058</b>                                |
| <b>Noncurrent assets</b>                |   |   |
| Property, plant and equipment           |   |   |
| Buildings, net                          | 11,384                                    | 11,018  |
| Land                                    | 26,057                                    | 26,057  |
| Other, net                              | 2,648                                     | 3,090   |
| Total property, plant and equipment     | 40,089                                    | 40,166  |
| Intangible assets                       | 6   | 4   |
| Investments and other assets            |   |   |
| Other                                   | 1,014                                     | 891   |
| Allowance for doubtful accounts         | -0  | -0  |
| Total investments and other assets      | 1,014                                     | 891   |
| <b>Total noncurrent assets</b>          | <b>41,110</b>                             | <b>41,062</b>                                 |
| <b>Total assets</b>                     | <b>198,731</b>                            | <b>192,121</b>                                |
| <b>Liabilities</b>                      |   |   |
| <b>Current liabilities</b>              |   |   |
| Accounts payable-trade                  | 12,028                                    | 9,148   |
| Accounts payable-other                  | 5,109                                     | 3,792   |
| Income taxes payable                    | 8,274                                     | 8,394   |
| Advances received                       | 62,594                                    | 57,698  |
| Provision for bonuses                   | 2,035                                     | 1,257   |
| Other Provision                         | 442                                       | 206   |
| Other                                   | 2,454                                     | 2,018   |
| <b>Total current liabilities</b>        | <b>92,940</b>                             | <b>82,516</b>                                 |
| <b>Noncurrent liabilities</b>           |   |   |
| Other                                   | 7   | 7   |
| <b>Total noncurrent liabilities</b>     | <b>7</b>                                  | <b>7</b>                                      |
| <b>Total liabilities</b>                | <b>92,948</b>                             | <b>82,524</b>                                 |
| <b>Net assets</b>                       |   |   |
| <b>Shareholders' equity</b>             |   |   |
| Capital stock                           | 23,755                                    | 24,275  |
| Capital surplus                         | 7,106                                     | 7,626   |
| Retained earnings                       | 75,258                                    | 77,969  |
| Treasury stock                          | -898                                      | -601  |
| <b>Total shareholders' equity</b>       | <b>105,221</b>                            | <b>109,269</b>                                |
| <b>Subscription rights to shares</b>    | <b>561</b>                                | <b>326</b>                                    |
| <b>Total net assets</b>                 | <b>105,783</b>                            | <b>109,596</b>                                |
| <b>Total liabilities and net assets</b> | <b>198,731</b>                            | <b>192,121</b>                                |



(Translation purposes only)

(2) Quarterly Statement of Income  
Cumulative second quarter

(Unit : Million yen)

| Description                                       | Previous term<br>(From June 1, 2016 to<br>November 30, 2016) | Current term<br>(From June 1, 2017 to<br>November 30, 2017) |
|---|--|---|
| <b>Net sales</b>                                  | <b>80,595</b>  | <b>84,136</b>   |
| Cost of sales                                     | 40,767   | 43,808  |
| <b>Gross Profit</b>                               | <b>39,827</b>  | <b>40,328</b>   |
| Selling, general and administrative expenses      | ※ 15,925   | ※ 15,310  |
| <b>Operating income</b>                           | <b>23,902</b>  | <b>25,017</b>   |
| Non-operating income                              |  |   |
| Interest income                                   | 7  | 8   |
| Others  | 8  | 12  |
| Total Non-Operating Income                        | 15   | 21  |
| Non-Operating expenses                            |  |   |
| Foreign exchange losses                           | 76   | 42  |
| Others  | 0  | 2   |
| Total Non-Operating expenses                      | 76   | 45  |
| <b>Ordinary Income</b>                            | <b>23,840</b>  | <b>24,993</b>   |
| Extraordinary Income                              |  |   |
| Gain on reversal of subscription rights to shares | 165  | 87  |
| Total Extraordinary Income                        | 165  | 87  |
| <b>Income before income taxes</b>                 | <b>24,005</b>  | <b>25,081</b>   |
| Income taxes                                      | 7,462  | 7,810   |
| <b>Net Income</b>                                 | <b>16,543</b>  | <b>17,270</b>   |

(Translation purposes only)

(3) Quarterly Statement of Cash flows

(Unit : Million yen)

| Description   | Period | Previous term<br>(From June 1, 2016 to<br>November 30, 2016) | Current term<br>(From June 1, 2017 to<br>November 30, 2017) |
|---|--------|--|---|
| <b>Net cash provided by (used in) operating activities</b>  |        |  |   |
| Income before income taxes                                  |        | 24,005   | 25,081  |
| Depreciation and amortization                               |        | 635  | 862   |
| Share-based compensation expenses                           |        | 41   | 24  |
| Increase (decrease) in allowance for doubtful accounts      |        | —  | 27  |
| Increase (decrease) in provision for bonuses                |        | -846   | -777  |
| Increase (decrease) in other provision                      |        | -211   | -236  |
| Interest and dividends income                               |        | -8   | -14   |
| Loss (gain) on sales and retirement of noncurrent assets    |        | 0  | 1   |
| Decrease (increase) in notes accounts receivable-trade      |        | 5,220  | 7,057   |
| Decrease (increase) in other current assets                 |        | -619   | 493   |
| Increase (decrease) in notes and accounts payable-trade     |        | -1,861   | -2,880  |
| Increase (decrease) in accounts payable-other               |        | -1,081   | -1,373  |
| Increase (decrease) in advances received                    |        | -3,005   | -4,895  |
| Increase (decrease) in other current liabilities            |        | -791   | -645  |
| Other, net  |        | -39  | 350   |
| Sub-total   |        | 21,438   | 23,075  |
| Interest and dividends income received                      |        | 12   | 17  |
| Income taxes paid   |        | -8,856   | -7,480  |
| <b>Net cash provided by (used in) operating activities</b>  |        | <b>12,594</b>  | <b>15,612</b>   |
| <b>Net cash provided by (used in) investing activities</b>  |        |  |   |
| Purchase of property, plant and equipment                   |        | -1,631   | -882  |
| Purchase of Intangible assets                               |        | -0   | —   |
| Collection of loans receivable                              |        | 100,000  | 90,300  |
| Payments into time deposits                                 |        | -14,000  | -81,000   |
| Proceeds from withdrawal of time deposits                   |        | 14,000   | 5,000   |
| Payments for guarantee deposits                             |        | -1   | -13   |
| Proceeds from collection of guarantee deposits              |        | 5  | 0   |
| <b>Net cash provided by (used in) investing activities</b>  |        | <b>98,371</b>  | <b>13,404</b>   |
| <b>Net cash provided by (used in) financing activities</b>  |        |  |   |
| Proceeds from issuance of common stock                      |        | 391  | 868   |
| Purchase of treasury stock                                  |        | -3   | -5  |
| Cash dividends paid   |        | -66,898  | -14,560   |
| <b>Net cash provided by (used in) financing activities</b>  |        | <b>-66,510</b>   | <b>-13,697</b>  |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> |        | <b>44,455</b>  | <b>15,319</b>   |
| <b>Cash and cash equivalents at beginning of period</b>     |        | <b>45,644</b>  | <b>38,025</b>   |
| <b>Cash and cash equivalents at end of period</b>           |        | <b>90,099</b>  | <b>53,344</b>   |

(Translation purposes only)

## Notes to Quarterly Financial Statements

(Notes to Going Concern): Not Applicable

(Changes in accounting policies): Not Applicable

(Special accounting for preparing quarterly financial statements)

(Tax expense calculation)

Tax expenses on profit before income taxes for the three months under review are calculated by multiplying profit before income taxes for the three months under review by the reasonably estimated effective tax rate for the fiscal year including the first quarter under review after applying tax effect accounting.

(Balance Sheet related): Not Applicable

(Statement of Income related)

Selling, general and administrative expenses account includes the following major items and amounts.

|                       |               | Previous<br>2 <sup>nd</sup> Quarter<br>From June 1, 2016 to<br>November 30, 2016 | Current<br>2 <sup>nd</sup> Quarter<br>From June 1, 2017 to<br>November 30, 2017 |
|-----------------------|---------------|--|---|
| Salaries and bonuses  | (million yen) | 7,436  | 7,307   |
| Provision for bonuses | (million yen) | 816  | 661   |

(Quarterly statement of cash flows)

Reconciliation of balance of “cash and cash equivalents at the end of period” and the amounts of items stated in the balance sheet is as follows.

|                                | Previous term end<br>(From June 1, 2016<br>to November 30, 2016)<br>(million yen) | Current term end<br>(From June 1, 2017<br>to November 30, 2017)<br>(million yen) |
|--------------------------------|---|--|
| Cash and deposits              | 104,099   | 134,344  |
| Time deposits of over 3 months | - 14,000  | - 81,000   |
| Cash and cash equivalents      | 90,099  | 53,344   |

(Related to the statement of changes in shareholders' equity)

Previous term (from June 1, 2016 to November 30, 2016)

1. Amount of paid dividends

| Resolution                              | Type of share | Total amount of dividend<br>(Million yen) | Dividend per share (Yen) | Reference date | Effective date | Source of dividends |
|---|---------------|---|--------------------------|----------------|----------------|---------------------|
| Board of director held on July 22, 2016 | Common stock  | 66,938                                    | 525                      | May 31, 2016   | August 8, 2016 | Retained earning    |

(Note) 1. The above dividend includes special dividend of 420 yen per share.

2. Total amount of dividend which was resolved at the board of directors meeting which was held on July 22, 2016 includes the 19 million yen dividend for the Company's stock held by Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (14 million yen).

2. Dividends which the cutoff date was in the six months ended November 30, 2016 and the effective date of which is after the end of the second quarter of the fiscal year ended May 31, 2017.

Not Applicable

(Translation purposes only)

3 Significant changes in the amount of shareholders' equity

Retained earnings was decreased by 66,938 million yen due to the payment of a year-end dividend of 525 yen (a normal dividend of 105 yen and a special dividend of 420 yen) per share which was resolved at the board of directors meeting which was held on July 22, 2016.

Current term (from June1, 2017 to November 30, 2017)

1 Amount of paid dividends

| Resolution                              | Type of share | Total amount of dividend<br>(Million yen) | Dividend per share (Yen) | Reference date | Effective date | Source of dividends |
|---|---------------|---|--------------------------|----------------|----------------|---------------------|
| Board of director held on July 20, 2017 | Common stock  | 14,559                                    | 114                      | May 31, 2017   | August 7, 2017 | Retained earning    |

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 20, 2017 includes the 16 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (12 million yen))

2 Dividends which the cutoff date was in the six months ended November 30,2017 and the effective date of which is after the end of the second quarter of the fiscal year ended May 31, 2018.

Not Applicable

3 Significant changes in the amount of shareholders' equity

Not Applicable

(Equity in earnings (loss) of affiliated companies)

Not Applicable

(Translation purposes only)

(Segment Information)

**I. Previous quarter under review (from June 1, 2016 to November 30, 2016)**

Segment sales and operating income (loss)

(Unit: Million Yen)

|                                    | Reportable operating segments |                     |          |        | Adjustment<br>(Note) 1 | Amount on<br>Statement of<br>Income |
|------------------------------------|-------------------------------|---------------------|----------|--------|------------------------|-------------------------------------|
|                                    | Cloud and<br>Software         | Hardware<br>Systems | Services | Total  |                        |                                     |
| Sales                              |                               |                     |          |        |                        |                                     |
| External customers                 | 62,823                        | 8,469               | 9,302    | 80,595 | —                      | 80,595                              |
| Intersegment net sales or transfer | —                             | —                   | —        | —      | —                      | —                                   |
| Total                              | 62,823                        | 8,469               | 9,302    | 80,595 | —                      | 80,595                              |
| Operating income (loss)            | 23,296                        | 402                 | 2,379    | 26,078 | -2,176                 | 23,902                              |

(Notes): 1. Segment profit adjustment of minus 2,176 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.

2. Segment profits are adjusted in comparison with operating income in the statement of income.

**II. Current quarter under review (from June 1, 2017 to November 30, 2017)**

1. Segment sales and operating income (loss)

(Unit: Million Yen)

|                                    | Reportable operating segments |                     |          |        | Adjustment<br>(Note) 1 | Amount on<br>Statement of<br>Income |
|------------------------------------|-------------------------------|---------------------|----------|--------|------------------------|-------------------------------------|
|                                    | Cloud and<br>Software         | Hardware<br>Systems | Services | Total  |                        |                                     |
| Sales                              |                               |                     |          |        |                        |                                     |
| External customers                 | 65,940                        | 7,889               | 10,307   | 84,136 | —                      | 84,136                              |
| Intersegment net sales or transfer | —                             | —                   | —        | —      | —                      | —                                   |
| Total                              | 65,940                        | 7,889               | 10,307   | 84,136 | —                      | 84,136                              |
| Operating income (loss)            | 23,957                        | 361                 | 2,828    | 27,146 | -2,129                 | 25,017                              |

(Notes): 1. Segment profit adjustment of minus 2,129 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.

2. Segment profits are adjusted in comparison with operating income in the statement of income.

**2. Change in Reported Segments**

The Company has implemented an organizational change by integrating the New software licenses, the cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment as the Cloud and software segment. The change was decided on after reviewing the business segments from a range of perspectives such as the current status of the Company relating to the development of businesses, the allocation of management resources, and the system of business management, as well as the situation in which the interrelationship and complementarity between the New software licenses, the cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment were enhanced to the degree that the Company's businesses were underpinned through the provision of these services as one under the former segmentation.

The segment information for the previous term is presented based on the data and the name compiled according to the segmentation adopted after the change.

(Translation purposes only)

(Per Share Data)

The basis of calculation for net income per share and net income per share (diluted) is as shown below:

(Unit: Yen)

|  | Previous term end<br>(From June 1, 2016<br>to November 30, 2016) | Current term end<br>(From June 1, 2017<br>to November 30, 2017) |
|--|--|---|
| (1) Net income per share (yen)   | 129.72   | 135.25  |
| Net income (millions of yen)   | 16,543   | 17,270  |
| Amounts not attributable to owners of common stock (millions of yen)                                     | —  | —   |
| Net income attributable to common stock (millions of yen)  | 16,543   | 17,270  |
| Average number of shares during the term (thousand shares)   | 127,526  | 127,696   |
|  |  |   |
| (2) Net income per share (diluted)   | 129.45   | 134.96  |
| Adjustment to net income (millions of yen)   | —  | —   |
| Increase in common stock (thousand shares)   | 269  | 272   |
| Details of shares not included in calculation of diluted net income per share due to non-dilative effect | —  | —   |

(Note) Posted as treasury stock included in shareholders' equity, the treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term in order to calculate the net income per share and net income per share (diluted). The average number of treasury shares during the term deducted in the calculation of net income per share and net income per share (diluted) were, specifically, 6,163 treasury shares owned by the BIP trust and 22,059 treasury shares owned by the ESOP trust for last year, 33,299 treasury shares owned by the BIP trust and 96,063 treasury shares owned by the ESOP trust for this year.

(Significant subsequent events)

Not Applicable

2. 【Others】

Not applicable

(Translation purposes only)

Part 2 **【Information on Guarantor Companies, etc. for Submitting Company】**

Not applicable

(Translation purposes only)

## **Translation**

Following is an English translation of the Independent Auditor's Review Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

## Independent Auditor's Review report

January 12, 2018

Oracle Corporation Japan  
The board of Directors

### **Ernst & Young ShinNihon LLC**

Designated limited liability employee/Business executive  
Mitsunobu Yamaguchi, Certified Public Accountant

Designated limited liability employee/Business executive  
Masato Endo, Certified Public Accountant

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have conducted a quarterly review of the quarterly financial statements of Oracle Corporation Japan listed in the "Status of Accounting" for the 2<sup>nd</sup> quarter of 33<sup>rd</sup> term (from June 1, 2017 to November 30, 2017) and the fiscal term commencing on June 1, 2017, and ending on May 31, 2018, which comprise the balance sheet, income statement, cash flows and notes.

#### <Management's responsibility for the quarterly financial statements>

Management is responsible for the preparation and fair presentation of these quarterly financial statements and the annexed detailed statements thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the quarterly financial statements and the annexed detailed statements thereof that are free from material misstatement, whether due to fraud or error.

#### <Auditor's responsibility>

Our responsibility is to express a conclusion on the quarterly financial statements from an independent standpoint based on our quarterly review. We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan

A quarterly review consists of principally of making inquiries to the management and the persons responsible for financial and accounting matters, etc., applying analytical procedures and conducting other quarterly review procedures. The quarterly review procedures are less exhaustive than the procedures for annual financial statement audits conducted in accordance with the audit standards generally accepted in Japan.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### <Auditor's conclusion>

In our quarterly review, no matter has come to our attention that causes us to believe that the above quarterly financial statements do not fairly present, in any material respect, the financial condition of Oracle Corporation Japan as of November 30, 2017 and the results of its operations in the cumulative second quarter ended November 30, 2017 in accordance with the standards for preparation of quarterly financial statements generally accepted in Japan.

#### <Interest >

There exists no special interest between the Company and this audit corporation or its engagement partners which is required to be stated pursuant to the provisions of the Certified Public Accountants Act.

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\* 1. The above is a digital version of the original of the audit report, and the original is kept separately by the company.

2. XBRL data is unaudited.

3. The original review report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.



(Translation purposes only)

**【Title page】**

|  |  |
|--|--|
| <b>【Submitted document】</b>                | Certification  |
| <b>【Text used as grounds for document】</b> | Article 24-4-8 paragraph1 of the Financial Instruments and Exchange Act    |
| <b>【For submission to】</b>                 | Kanto Finance Bureau   |
| <b>【Date of submission】</b>                | January 12, 2018   |
| <b>【Company name】</b>                      | ORACLE CORPORATION JAPAN   |
| <b>【Company name in English】</b>           | ORACLE CORPORATION JAPAN   |
| <b>【Name and title of representative】</b>  | Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer     |
| <b>【Name of administrative contact】</b>    | Shigeru Nosaka, Executive Officer, Deputy President and CFO                |
| <b>【Current location of head office】</b>   | 2-5-8 Kita-Aoyama, Minato-ku, Tokyo  |
| <b>【Location subjected to inspection】</b>  | Tokyo Stock Exchange, Inc.<br>(2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo) |

(Translation purposes only)

1 **【Regarding the adequacy of the Securities Report】**

Tadahiro Kaneko, Representative executive officer, Chief Legal Officer and Shigeru Nosaka, Executive Officer, Deputy President and CFO of the company, confirmed the adequacy of the 33<sup>rd</sup> 2<sup>nd</sup> Quarterly Securities Report based on Financial Instruments and Exchange Act (for the period from June 1, 2017 to November 30, 2017)

2 **【Special mention】**

Upon confirmation, there are no items needing of special mention.