

This flash report is unaudited and the translation of the Japanese language version.



Flash Report for the 1st Quarter of Fiscal Year Ending May 31, 2020
[under Japanese GAAP] (Non-consolidated) September 24, 2019

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1st Section
 Ticker: 4716 URL: <http://www.oracle.com/jp/corporate/investor-relations/index.html>
 Representative & Contact personal Telephone: 03-6834-6666
 Representative personal Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
 Contact personal Takeyoshi Itabashi, Director, Investor Relations
 Quarterly Report Filing Date (as planned): October 11, 2019
 Schedule for dividends payment: -
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results conference: Yes (for analysts and institutional investors)

(Amount of less than ¥1 million are rounded down)

1. Financial results for this term (from June 1, 2019 to August 31, 2019)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1 st Quarter, May 2020	47,505	4.1	14,249	5.1	14,189	4.5	9,817	4.4
1 st Quarter, May 2019	45,646	10.6	13,555	10.3	13,579	11.0	9,401	10.9

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
1 st Quarter, May 2020	76	74	76	66
1 st Quarter, May 2019	73	49	73	37

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity
	Million Yen	Million Yen	%
1 st Quarter, May 2020	253,230	152,855	60.3
FY ended May 2019	269,518	160,288	59.4

Shareholders' equity 1st Quarter, May 2020: 152,671 Million Yen (FY2019: 160,078 Million Yen)

2. Dividends

	Dividend per share									
	1 st Quarter end		2 nd Quarter end		3 rd Quarter end		Fiscal Year end		Total	
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen
FY ended May 2019	-		0	00	-		136	00	136	00
FY ending May 2020	-									
FY ending May 2020(Forecast)			-		-		-		-	

(Note1) Revision of outlook for dividends in this quarter: No

(Note2) Year-end dividend for the next fiscal year has yet to be determined.

3. Forecast for the May 2020 term (from June 1, 2019 to May 31, 2020)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	1.0~5.0	340.00~350.00

(Note1) Revision of forecast for May 2020 term in this quarter: No

(Note2) Company uses ranges of values for the forecast. Please refer to 1. Qualitative Information on Results in the Quarter under Review, (3) Qualitative Information on Forecasts, on page 3.

(Note3) Estimation of effective tax rate is 30.8%

4. Other information

(1) Adoption of specified accounting methods for the preparation of quarterly non-consolidated financial statements: Yes

(2) Changes in accounting policies, procedures, presentation rules, etc

(i) Changes in accounting policies due to revision of accounting standards : None

(ii) Changes in accounting policies due to reasons other than (i): None

(iii) Changes in accounting estimates : None

(iv) Restatements : None

(Note) Please refer to 2. Quarterly Financial Statements and Main Notes, (3) Notes to Quarterly Financial Statements, Accounting Policy Changes, on page 7.

(3) The number of shares outstanding (common stock)

(i) The number of shares outstanding (inclusive of treasury stock)	1 st Quarter, May 2020	128,139,571 shares
	FY ended May 2019	128,098,771 shares
(ii) The number of treasury stock	1 st Quarter, May 2020	184,480 shares
	FY ended May 2019	184,430 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	1 st Quarter, May 2020	127,935,547 shares
	1 st Quarter, May 2019	127,932,083 shares

(Note) The Company's stock held by Board Incentive Plan Trust and Employee Stock Ownership Plan Trust is included in the number of treasury stock.

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.

Caution1:

These quarterly financial statements are outside the scope of quarterly review procedures.

Caution2:

Above forecast is based on the information available at a time of issuance of this report, and the actual result may change by various reasons. Please refer to Qualitative information for Forecasts, on page 3.

[Table of Contents of Attached Material]

1. Qualitative Information on Results in the Quarter under Review-----	2
(1) Qualitative Information on Business Outcomes -----	2
(2) Qualitative Information on Financial Situation-----	3
(3) Qualitative Information on Forecasts-----	3
2. Quarterly Financial Statements and Main Notes -----	4
(1) Quarterly Balance Sheet-----	4
(2) Quarterly Statement of Income-----	5
Cumulative first Quarter-----	5
(3) Notes to Quarterly Financial Statements-----	6
Notes to Going Concern-----	6
Notes to significant changes in the stockholders' equity-----	6
Adoption of specified accounting methods for the preparation of quarterly non-consolidated Financial statements -----	6
Segment Information-----	6
3. Others-----	6
Important Information about Going Concern Assumption -----	6

1. Qualitative Information on Results in the Quarter under Review

(1) Qualitative Information on Business Outcomes

(i) Overview

During the first quarter under review (from Jun 1, 2019 to August 31 2019, hereinafter “this quarter”), the Company posted 47,505 million yen (up 4.1 % year on year) in revenue, 14,249 million yen (rising 5.1 %) in operating income, 14,189 million yen (gaining 4.5 %) in ordinary income and 9,817 million yen (increasing 4.4 %) in net income.

The Japanese information services industry in which the Company operates enjoyed firm system renewal demand and solid Cloud and IT investment aimed at corporate growth and boosting competitiveness, including investing in mobile solutions, improving efficiency through the use of IoT and other digital data, and strengthening contact points with end users.

In this business environment, the Company strives further business growth by achieving customer’s innovation and supporting their business transformation by utilizing cloud service and data.

Go to Market Strategy

The Company has the comprehensive product portfolio which consists of platform, applications, hardware which can be deployed on cloud environment and on-premise environment. Especially our software license products have been widely adopted in the field of mission critical systems, which have demanded high security, availability and high 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 system architecture and technologies as these software licenses, and the Company enjoys a strength in enabling coordination and bidirectional migration between on-premises systems built with the software licenses products and the Oracle Cloud.

Currently the Company has been taking advantage of these strengths, and in order to further accelerate our focus points “Win big deals”, “Autonomous Upgrades” and “ERP Upgrades”, the Company will open a new datacenter in Osaka region added on the “Generation 2 Cloud” datacenter in Tokyo region opened in May, 2019, and deliver our cloud services corresponding to enterprise workload and security. And we deploy enterprise cloud sales teams “Autonomous Database Rep” added on the “Oracle Digital” for SMB market, and we expand our cloud business by add value sales with our consulting services.

(Glossary)

- Cloud service: Providing software and hardware resources which are used for IT system infrastructure at companies and other organizations as services under agreements for certain periods through the networks such as Internets.
- On-premises: A form of IT system developed and operated as the company’s possession.

Business status in the 1st quarter of the fiscal year

Regarding the Cloud license and on-premise license, we see continuously good demands from customers in wide variety of industry including Manufacturing, Retail, Distribution, Services and Utility sectors. However there was an influence of seasonality of sales status of large deal, the revenue of the Cloud license and on-premise license decreased by 2.0% compared from previous year.

Concerning the Cloud services including "Oracle Autonomous Database Cloud", there is a lot of demands from customers putting a weight on performance, security and cost effectiveness, the usage of our Tokyo region data center opened in May this year is successfully increasing. And also we have been keeping the high renewal rate of license support contracts and the attach rate for the Cloud license and on-premise license.

<Revenue breakdown by business segments>

Item	FY2019 1 st Quarter		FY2020 1 st Quarter			May 2019	
	Amount	Comp.	Amount	Comp.	YoY	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud license & on-premise license	9,561	20.9	9,371	19.7	-2.0	52,747	26.1
Cloud services & license support	26,651	58.4	29,058	61.2	9.0	110,066	54.4
Cloud & License	36,212	79.3	38,429	80.9	6.1	162,813	80.4
Hardware systems	4,145	9.1	3,950	8.3	-4.7	18,340	9.1
Services	5,288	11.6	5,125	10.8	-3.1	21,234	10.5
Total	45,646	100.0	47,505	100.0	4.1	202,389	100.0

*Amount is rounded down. Composition ratio and year-to-year comparison (% of change YoY) are rounded off.

(1) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 253,230 million yen (decreasing 16,287 million yen from the end of the previous year). Current assets were 77,210 million yen (decreasing 15,795 million yen). Liabilities were 100,375 million yen (decreasing 8,855 million yen). Net assets totaled 152,855 million yen (decreasing 7,432 million yen). As a result, the ratio of shareholders' equity was 60.3% (up 0.9 percentage points from the end of the previous year).

(2) Qualitative Information on Forecasts

There is no change to the forecast announced on June 28, 2019.

2. Quarterly Financial Statements and Main Notes**(1) Quarterly Balance Sheet**

(Unit : Million yen)

Description	Previous term end (as of May 31, 2019)	Current term end (as of August 31, 2019)
Assets		
Current assets		
Cash and deposits	65,505	61,561
Accounts receivable-trade	20,283	11,663
Other	7,228	3,997
Allowance for doubtful accounts	-12	-12
Total current assets	93,005	77,210
Noncurrent assets		
Property, plant and equipment		
Buildings, net	11,088	10,872
Land	26,057	26,057
Other, net	3,743	3,735
Total property, plant and equipment	40,889	40,664
Intangible assets	2	2
Investments and other assets		
Long-term loans receivable from subsidiaries and associates	130,000	130,000
Other	5,655	5,387
Allowance for doubtful accounts	-34	-34
Total investments and other assets	135,620	135,352
Total noncurrent assets	176,512	176,019
Total assets	269,518	253,230
Liabilities		
Current liabilities		
Accounts payable-trade	15,910	11,002
Accounts payable-other	5,313	4,636
Income taxes payable	10,969	4,691
Advances received	70,772	74,426
Provision for bonuses	2,581	966
Other Provision	442	527
Other	3,232	4,116
Total current liabilities	109,222	100,367
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	109,230	100,375
Net assets		
Shareholders' equity		
Capital stock	24,679	24,777
Capital surplus	8,030	8,127
Retained earnings	128,580	120,977
Treasury stock	-1,211	-1,211
Total shareholders' equity	160,078	152,671
Subscription rights to shares	209	184
Total net assets	160,288	152,855
Total liabilities and net assets	269,518	253,230

(2) Quarterly Statement of Income

Cumulative First Quarter

(Unit : Million yen)

Description	Previous term (From June 1, 2018 to August 31, 2018)	Current term (From June 1, 2019 to August 31, 2019)
Net sales	45,646	47,505
Cost of sales	24,531	24,856
Gross Profit	21,115	22,648
Selling, general and administrative expenses	7,559	8,399
Operating income	13,555	14,249
Non-operating income		
Foreign exchange gains	15	—
Interest income	3	6
Others	4	5
Total Non-Operating Income	23	12
Non-Operating expenses		
Foreign exchange losses	—	71
Others	0	0
Total Non-Operating expenses	0	72
Ordinary Income	13,579	14,189
Extraordinary Income		
Gain on reversal of subscription rights to shares	0	3
Total Extraordinary Income	0	3
Income before income taxes	13,579	14,192
Income taxes	4,178	4,374
Net Income	9,401	9,817

(3) Notes to Quarterly Financial Statements
(Notes to Going Concern): Not Applicable

(Notes to significant changes in the stockholders' equity): Not Applicable

(Adoption of specified accounting methods for the preparation of quarterly non-consolidated Financial statements)

The Company has adopted a method in which tax expenses are calculated by multiplying quarterly net income before tax by effective tax rates estimated in a reasonable way, after applying tax effect accounting to net income before tax for the fiscal year under review. Income taxes-deferred is stated including corporate tax.

(Segment Information)

I . Previous quarter under review (from June 1, 2018 to August 31, 2018)

Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	36,212	4,145	5,288	45,646	—	45,646
Intersegment net sales or transfer	—	—	—	—	—	—
Total	36,212	4,145	5,288	45,646	—	45,646
Operating income (loss)	12,921	173	1,393	14,488	-932	13,555

(Notes): 1. Segment profit adjustment of minus 932 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, 2019 to August 31, 2019)

1. Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	38,429	3,950	5,125	47,505	—	47,505
Intersegment net sales or transfer	—	—	—	—	—	—
Total	38,429	3,950	5,125	47,505	—	47,505
Operating income (loss)	14,627	187	714	15,530	-1,281	14,249

(Notes): 1. Segment profit adjustment of minus 1,281 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.

3. Others

Important Information about Going Concern Assumption

Not Applicable