

(Translation purposes only)

# Quarterly Securities Report

(The Second Quarter of 35<sup>th</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;  
[https://www.oracle.co.jp/corp/IR/doc/202001/FY20Q2\\_Qreport\\_web.pdf](https://www.oracle.co.jp/corp/IR/doc/202001/FY20Q2_Qreport_web.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.

(Translation purposes only)

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**【Title Page】**

<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 10, 2020
<b>【Fiscal year】</b>	The Second Quarter of 35 <sup>th</sup> Business Term (from September 1, 2019 to November 30, 2019)
<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>	Yushi Murano, Director, Corporate Accounting
<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>	Yushi Murano, Director, Corporate Accounting
<b>【Location subjected to inspection】</b>	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

Part 1 【Information About the Company】

I 【Company Overview】

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

Status of submitting company

Term	34 <sup>th</sup> 2 <sup>nd</sup> Quarter	35 <sup>th</sup> 2 <sup>nd</sup> Quarter	34 <sup>th</sup>
Closing month/year	From June 1, 2018 to November 30, 2018	From June 1, 2019 to November 30, 2019	From June 1, 2018 to May 31, 2019
Revenue (million yen)	91,254	97,485	202,389
Ordinary income (million yen)	27,829	30,046	62,284
Net income (million yen)	19,276	20,790	43,360
Return on investment with application of equity method (million yen)	—	—	—
Capital stock (million yen)	24,591	24,807	24,679
Total numbers of shares outstanding (thousand shares)	128,062	128,152	128,098
Net assets (million yen)	136,984	164,316	160,288
Total assets (million yen)	227,242	256,275	269,518
Net income per share (yen)	150.64	162.47	338.92
Net income per share (diluted) (yen)	150.44	162.32	338.51
Dividends per share (yen)	—	—	136
Ratio of shareholders' equity (%)	60.2	64.1	59.4
Cash flows from operating activities (million yen)	13,122	15,306	45,453
Cash flows from investing activities (million yen)	-2,636	-30,424	-82,178
Cash flows from financing activities (million yen)	-15,295	-17,222	-16,093
Cash and cash equivalents at the end of period (million yen)	113,543	33,120	65,505

Term	34 <sup>th</sup> 2 <sup>nd</sup> Quarter	35 <sup>th</sup> 2 <sup>nd</sup> Quarter
Closing month/year	From June 1, 2018 to November 30, 2018	From June 1, 2019 to November 30, 2019
Net income per share (yen)	77.16	85.73

(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.

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) .

(Translation purposes only)

## 2. 【Details of Business】

In the cumulative second quarter ended November 30, 2019, there were no significant changes in the contents of the businesses operated by the Company and the Group belongs to.

## II 【Status of Business】

### 1. 【Business Risks】

For the six-month period ended November 30, 2019, there is no significant change in business risks which were described on our Annual Securities Report for the year ended May 31, 2019.

### 2. 【Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows】

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 reasonable 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 the day of the submission of this quarterly report.

#### (1) Analysis of Financial Status

##### (i) Overview

During the second quarter under review (from Jun 1, 2019 to November 30, 2019, hereinafter “this quarter”), the Company posted 97,485 million yen (up 6.8 % year on year) in revenue, 30,052 million yen (rising 8.2 %) in operating income, 30,046 million yen (gaining 8.0 %) in ordinary income and 20,790 million yen (increasing 7.9 %) 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.

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

###### 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 in early next year 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. We continue to deploy our sales teams across all the different segment of the market including the SMB space.

##### (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.

(Translation purposes only)

[Cloud & License]

Revenue in the Cloud & license segment was 78,500million yen, up 8.0% from the corresponding period of the previous fiscal year and Operating income was 30,229 million yen, gaining 12.2%. Revenue in the Cloud license & on-premise license was 20,446 million yen (rising 11.5 % year on year), revenue in the Cloud services & license support was 58,053 million yen (increasing 6.8 % year on year). This segment consists of the “Cloud license & on-premise license” that the Company sells software licenses for database management software, a range of middleware, and ERP and other business applications, etc., the “License support” that the Company provides software updates and technical support for customers using the Company’s software licenses, and the “Cloud services” are services the Company provides the resources of software and hardware via the Internet.

In this Quarter of the fiscal year, we see continuously good demands from customers in wide variety of industry including Manufacturing, Retail, Distribution, Services and Communication & Utility. The Company has developed its strength of products and services to its Customers including potentially. Due to the success of promoting the Company closed several large deals in this quarter.

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 continuously across all of segment significantly. 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.

[Hardware systems]

Revenue in the Hardware systems segment was 8,407 million yen, up 4.0 % from the corresponding period of the previous fiscal year, Operating income was 393 million yen, rising 6.0%. 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.

The Company released “Oracle Exadata Database Machine X8M” combines Intel® Optane™ DC persistent memory, and the inquiry for this machine is strong. Exadata X8M removes storage bottlenecks and dramatically increase performance for the most demanding workloads such as Online Transaction Processing (OLTP), analytics, IoT, fraud detection, and high frequency trading.

[Services]

Revenue in the Services segment was 10,577 million yen, gaining 0.8 % from the corresponding period of the previous fiscal year, Operating income was 1,731 million yen, down 32.0%. 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. As for Consulting Services, the number of composite projects taking advantage of the Company’s comprehensive product and service portfolio has increased steadily. They include projects for platform transition from the on-premise environment to the IaaS and PaaS environment and those for linkage with SaaS solutions such as the ERP cloud.

(Translation purposes only)

<Revenue breakdown by business segments>

Item	FY2019 2 <sup>nd</sup> Quarter		FY2020 2 <sup>nd</sup> Quarter			May 2019	
	Amount	Comp.	Amount	Comp.	YoY	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud license & on-premise license	18,343	20.1	20,446	21.0	11.5	52,747	26.1
Cloud services & license support	54,332	59.5	58,053	59.6	6.8	110,066	54.4
Cloud & License	72,675	79.6	78,500	80.5	8.0	162,813	80.4
Hardware systems	8,084	8.9	8,407	8.6	4.0	18,340	9.1
Services	10,493	11.5	10,577	10.9	0.8	21,234	10.5
Total	91,254	100.0	97,485	100.0	6.8	202,389	100.0

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

(iii) Operating income

Operating income in Services segment decreased, while operating income came to 30,052 million yen (up 8.2% year on year), due to the strong growth in the Cloud & License segment (up 12.2% year on year).

Cost of sales came to 50,842 million yen (up to 6.9% from the same period a year earlier), royalties in the Cloud & License segment rose although outsourcing expenses decreased.

Selling, general and administrative expenses came to 16,589 million yen (up to 4.2% from the same period a year earlier). This was due to increase of personnel expenses and advertising expenses.

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

As a result of appropriating non-operating profit and loss of 6 million yen (net), our ordinary income stood at 30,046 million yen (up 8.0% from the same period a year earlier).

(V) Net income

As a result of posting 'extraordinary profits-gain on reversal of subscription rights to shares' (12 million yen) and income taxes (9,268 million yen), our current net income stood at 20,790 million yen (up 7.9% from the same period a year earlier).

(2) Analysis of financial position

(Assets)

Current assets at the end of the term were 50,686 million yen (decreasing 42,319 million yen) because of additional arranging a loan (30,000 million yen) with a maximum term of two years from February 2019 to Oracle Japan Holding, Inc., (parent company of the Company) in this year, etc., and noncurrent assets at the end of the term were 205,588 million yen (increasing 29,076 million yen).

(Liabilities)

Total liabilities at the end of the term decreased 17,271 million yen from the end of the previous fiscal year, to 91,958 million yen. This was mainly due to a decrease in advances received (8,561 million yen) and a decrease in accounts payable-trade (3,928 million yen).

(Net assets)

Total net assets at the end of the term increased 4,028 million yen, to 164,316 million yen. This was primarily attributable to increases in both capital stock and capital surplus (128 million yen) due to the exercise of stock options, and as a result of the posting of net income (20,790 million yen) and the payment of dividends (17,419 million yen). Consequently, the ratio of shareholders' equity stood at 64.1% (an increase of 4.7 percentage points from the end of the previous fiscal year).

(Translation purposes only)

(3) Analysis of cash flows

The cash inflow from operating activities is 15,306 million yen in the six months ended November 30, 2019. The cash outflow from investment activities is 30,424 million yen and the cash outflow from financial activities is 17,222 million yen in the six months ended November 30, 2019. In total, cash and equivalents decreased 32,384 million yen from the end of the previous term, to 33,120 million yen.

(Cash flows from operating activities)

Cash generated from operating activities was 15,306 million yen (increasing 2,184 million yen year on year). The inflow is attributable to the posting of income before income taxes of 30,058 million yen and a decrease in accounts receivable of 5,420 million yen. The outflows are attributable to the payment of 10,319 million yen in income taxes and a decrease in advances received of 8,561 million yen.

(Cash flows from investment activities)

Cash used for investment activities was 30,424 million yen (increase of 27,778 million yen year on year).

The outflows is attributable to additional arrangement a loan (30,000 million yen) with a maximum term of two years from February 2019 to Oracle Japan Holding Inc., (parent company of the Company) and purchase of property, plant and equipment (441 million yen).

(Cash flows from financial activities)

Cash used for financial activities was 17,222 million yen (increasing 1,927 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 cumulative 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 cumulative second quarter under review.

(6) Analysis about capital resources and liquidity of funds

There were no material changes in the “information about capital resources and liquidity of funds” stated in the Annual Securities Report for the 34<sup>th</sup> business term filed on August, 20, 2019.

3. **【Important Agreements for Business, etc.】**

There was no significant change in Important Agreement for Business, etc. to be addressed by the Company during the cumulative 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 second quarter (Shares) (November 30, 2019)	Number of outstanding shares on reporting date (shares) (Note) 1 (January 10, 2020)	Name of financial instruments exchange or name of registered authorized financial instruments firms association	Details
Common Stock	128,152,171	128,158,271	Tokyo Stock Exchange First Section	(Note) 2
Total	128,152,171	128,158,271	-	-

(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, 2020 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.】

##### (i) 【Details of Stock Option System】

Not applicable.

##### (ii) 【Status of exercising certificates of bonds with share warrants with exercise price revision clause, etc.】

Not applicable.

#### (3) 【Details of rights plan】

Not applicable.

#### (4) 【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, 2019 to November 30, 2019 (Note)	53,400	128,152,171	128	24,807	128	8,158

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

2. The Company’s capital stock and legal capital surplus increased by 14 million yen respectively and 6,100 shares increased due to the exercise of share warrants (from December 1, 2019 to December 31, 2019).

(Translation purposes only)

(5) 【Status of major shareholders】

As of November 30, 2019

Name	Address	Number of shares held (1000 shares)	Percentage of shares held versus total number of outstanding shares (excluding treasury stocks)
ORACLE JAPAN HOLDING, INC. Standing proxy SMBC NIKKO SECURITIES INC.	500 Oracle Parkway, Redwood Shores, California, U.S.A (1-5-55 Kiba, Koto-ku, Tokyo)	94,967	74.1
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	2,078	1.6
STATE STREET BANK AND TRUST COMPANY 505001	P.O.BOX351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,489	1.2
SSBTC CLIENT OMNIBUS ACCOUNT	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo)	1,472	1.1
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	1,391	1.1
THE CHASE MANHATTAN BANK 385036	360 N.CRESCENT DRIVE BEVERLY HILLS, CA 90210 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	862	0.7
Japan Trustee Services Bank, Ltd. (Trust account5)	1-8-11 Harumi, Chuo-ku, Tokyo	800	0.6
NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS	50 BANK STREET CANARY WHARF LONDON E14 5NT,UK (3-11-1 Nihombashi, Chuo-ku, Tokyo)	790	0.6
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	769	0.6
Japan Trustee Services Bank, Ltd. (Trust account7)	1-8-11 Harumi, Chuo-ku, Tokyo	646	0.5
Total	-	105,268	82.2

(Note) Of the total, shares under trust services are as follows;

Japan Trustee Services Bank, Ltd.	4,355 (1,000 shares)
The Master Trust Bank of Japan, Ltd.	1,983 (1,000 shares)
Trust & Custody Services Bank, Ltd.	394 (1,000 shares)
The Nomura Trust and Banking Co., Ltd.	170 (1,000 shares)

(Translation purposes only)

(6) 【Status of voting rights】

(i) 【Number of outstanding shares】

As of November 30, 2019

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) Common stock 11,600	-	-
Stocks with full voting rights (Others)	Common stock 127,871,800	1,278,718	-
Share less than one unit	Common stock 268,771	-	-
Number of outstanding shares	128,152,171	-	-
Voting rights of shareholders	-	1,278,718	-

(Note) "Stocks with full voting rights (Others)" include 2,000 stocks in the name of Japan Securities Depository Center (20 stocks with voting rights), 10,900 company stocks held by the BIP Trust and 95,500 stocks held by the ESOP Trust.

(ii) 【Treasury stock, etc.】

As of November 30, 2019

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) Oracle Corporation Japan	2-5-8 Kita-Aoyama, Minato-ku, Tokyo	11,600	-	11,600	0.0
Total	-	11,600	-	11,600	0.0

(Note) The trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust, which are the 10,900 stocks and 95,500 stocks held respectively by The Master Trust Bank of Japan (2-11-3, Hamamatsu-cho, Minato-ku, Tokyo) are not included in the above treasury stock, etc.

2. 【Information about directors】

Not applicable

(Translation purposes only)

2 **【Status of Directors】**

Changes of Directors for the six months under review after the end of previous fiscal year.

(1) Change of Assignment

Name	Previous assignment	New assignment	Effective date
Frank Obermeier	Director Corporate Executive Officer President & CEO	Director Corporate Executive Officer President	September 2, 2019

(2) Newly appointed Corporate Executive Officer

Assignment	Name	Date of Birth	Profile		Shares owned	Effective date
Corporate Executive Officer CEO	Kenneth Johansen	March 2, 1972	Jul. 1996	TDC Account Manager	-	September 2, 2019
			Oct. 2000	Ericsson Account Manager		
			Mar. 2001	Computer Associates International, Inc. (currently CA Technologies) Account Manager		
			Dec. 2002	NetIQ Sales Manager		
			Apr. 2004	BEA Systems Sales Manager		
			Sep. 2009	Oracle Denmark Sales Director		
			Aug. 2010	Oracle Denmark Country Leader		
			Jun. 2017	Oracle Germany Country Leader		
Sep. 2019	Oracle Corporation Japan Corporate Executive Officer, CEO (current position)					

(3) Number of each gender of Directors and Ratio of Female after personnel changes

Male directors 10 and Female director 1 (Female directors make up 9.1%)

(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, 2019 (from June 1, 2019 to November 30, 2019) and three months ended November 30, 2019 (from September 1, 2019 to November 30, 2019) 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 (as of May 31, 2019)	Current term end (as of November 30, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	65,505	33,120
Accounts receivable-trade	20,283	14,863
Other	7,228	2,714
Allowance for doubtful accounts	-12	-12
<b>Total current assets</b>	<b>93,005</b>	<b>50,686</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings, net	11,088	10,661
Land	26,057	26,057
Other, net	3,743	3,404
Total property, plant and equipment	40,889	40,123
Intangible assets	2	2
Investments and other assets		
Long-term loans receivable from subsidiaries and associates	130,000	160,000
Other	5,655	5,463
Allowance for doubtful accounts	-34	-0
Total investments and other assets	135,620	165,463
<b>Total noncurrent assets</b>	<b>176,512</b>	<b>205,588</b>
<b>Total assets</b>	<b>269,518</b>	<b>256,275</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	15,910	11,982
Accounts payable-other	5,313	3,439
Income taxes payable	10,969	9,890
Advances received	70,772	62,210
Provision for bonuses	2,581	1,227
Other Provision	442	190
Other	3,232	3,010
<b>Total current liabilities</b>	<b>109,222</b>	<b>91,950</b>
<b>Noncurrent liabilities</b>		
Other	7	7
<b>Total noncurrent liabilities</b>	<b>7</b>	<b>7</b>
<b>Total liabilities</b>	<b>109,230</b>	<b>91,958</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	24,679	24,807
Capital surplus	8,030	8,158
Retained earnings	128,580	131,950
Treasury stock	-1,211	-771
<b>Total shareholders' equity</b>	<b>160,078</b>	<b>164,145</b>
<b>Subscription rights to shares</b>	<b>209</b>	<b>171</b>
<b>Total net assets</b>	<b>160,288</b>	<b>164,316</b>
<b>Total liabilities and net assets</b>	<b>269,518</b>	<b>256,275</b>

(Translation purposes only)

(2) Quarterly Statement of Income  
Cumulative second quarter

(Unit : Million yen)

Description	Previous term (From June 1, 2018 to November 30, 2018)	Current term (From June 1, 2019 to November 30, 2019)
<b>Net sales</b>	<b>91,254</b>	<b>97,485</b>
Cost of sales	47,544	50,842
<b>Gross Profit</b>	<b>43,709</b>	<b>46,642</b>
Selling, general and administrative expenses	※ 15,925	※ 16,589
<b>Operating income</b>	<b>27,784</b>	<b>30,052</b>
Non-operating income		
Foreign exchange gains	51	—
Interest income	6	13
Others	23	29
Total Non-Operating Income	81	43
Non-Operating expenses		
Foreign exchange losses	—	47
Others	36	1
Total Non-Operating expenses	36	49
<b>Ordinary Income</b>	<b>27,829</b>	<b>30,046</b>
Extraordinary Income		
Gain on reversal of subscription rights to shares	14	12
Total Extraordinary Income	14	12
<b>Income before income taxes</b>	<b>27,843</b>	<b>30,058</b>
Income taxes	8,567	9,268
<b>Net Income</b>	<b>19,276</b>	<b>20,790</b>

(Translation purposes only)

(3) Quarterly Statement of Cash flows

(Unit : Million yen)

	Previous term (From June 1, 2018 to November 30, 2018)	Current term (From June 1, 2019 to November 30, 2019)
Net cash provided by (used in) operating activities		
Income before income taxes	27,843	30,058
Depreciation and amortization	925	1,167
Share-based compensation expenses	12	10
Increase (decrease) in allowance for doubtful accounts	—	-34
Increase (decrease) in provision for bonuses	-1,064	-1,354
Increase (decrease) in other provision	-203	-251
Foreign exchange losses (gains)	-27	44
Interest and dividends income	-6	-41
Loss (gain) on sales and retirement of noncurrent assets	36	1
Decrease (increase) in notes and accounts receivable-trade	8,087	5,420
Decrease (increase) in other current assets	-502	4,527
Increase (decrease) in notes and accounts payable-trade	-3,243	-3,928
Increase (decrease) in accounts payable-other	-1,476	-1,847
Increase (decrease) in advances received	-6,402	-8,561
Increase (decrease) in other current liabilities	-767	-250
Other, net	271	638
Subtotal	23,484	25,598
Interest and dividends income received	5	27
Income taxes paid	-10,367	-10,319
Net cash provided by (used in) operating activities	13,122	15,306
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-1,635	-441
Proceeds from sales of property, plant and equipment	—	32
Payments of loans receivable from subsidiaries and associates	—	-30,000
Payments into time deposits	-52,000	—
Proceeds from withdrawal of time deposits	51,000	—
Payments of guarantee deposits	-4	-19
Proceeds from refund of guarantee deposits	3	2
Net cash provided by (used in) investing activities	-2,636	-30,424
Net cash provided by (used in) financing activities		
Proceeds from issuance of shares	190	220
Purchase of treasury stocks	-0	-3
Proceeds from sales of treasury stocks	—	0
Cash dividends paid	-15,485	-17,439
Net cash provided by (used in) financing activities	-15,295	-17,222
Effect of exchange rate change on cash and cash equivalents	27	-44
Net Increase/(Decrease) in cash and cash equivalents	-4,782	-32,384
Cash and cash equivalents at beginning of period	118,326	65,505
Cash and cash equivalents at end of period	※ 113,543	※ 33,120

(Translation purposes only)

## Notes to Quarterly Financial Statements

(Notes to Going Concern): Not Applicable

(Special accounting for preparing quarterly financial statements)

(Tax expense calculation)

Tax expenses on profit before income taxes for the six months under review are calculated by multiplying profit before income taxes for the six months under review by the reasonably estimated effective tax rate for the fiscal year including the second 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 2 <sup>nd</sup> Quarter From June 1, 2018 to November 30, 2018	Current 2 <sup>nd</sup> Quarter From June 1, 2019 to November 30, 2019
Salaries and bonuses	(million yen)	7,590	8,057
Provision for bonuses	(million yen)	546	461

(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 (From June 1, 2018 to November 30, 2018) (million yen)	Current term end (From June 1, 2019 to November 30, 2019) (million yen)
Cash and deposits	165,543	33,120
Time deposits of over 3 months	-52,000	-
Cash and cash equivalents	113,543	33,120

(Translation purposes only)

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

Previous term (from June 1, 2018 to November 30, 2018)

1 Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
Board of director held on July 24, 2018	Common stock	15,489	121	May 31, 2018	August 6, 2018	Retained earning

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 24, 2018 includes the 11 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (8 million yen))

2 Dividends which the cutoff date was in the six months ended November 30, 2018 and the effective date of which is after the end of the second quarter of the fiscal year ended May 31, 2019.

Not Applicable

3 Significant changes in the amount of shareholders' equity

Not Applicable

Current term (from June 1, 2019 to November 30, 2019)

1 Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
Board of director held on July 22, 2019	Common stock	17,419	136	May 31, 2019	August 5, 2019	Retained earning

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 22, 2019 includes the 23 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (20 million yen))

2 Dividends which the cutoff date was in the six months ended November 30, 2019 and the effective date of which is after the end of the second quarter of the fiscal year ended May 31, 2020.

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, 2018 to November 30, 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	72,675	8,084	10,493	91,254	—	91,254
Intersegment net sales or transfer	—	—	—	—	—	—
Total	72,675	8,084	10,493	91,254	—	91,254
Operating income (loss)	26,949	371	2,544	29,865	-2,080	27,784

(Notes): 1. Segment profit adjustment of minus 2,080 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 November 30, 2019)**

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	78,500	8,407	10,577	97,485	—	97,485
Intersegment net sales or transfer	—	—	—	—	—	—
Total	78,500	8,407	10,577	97,485	—	97,485
Operating income (loss)	30,229	393	1,731	32,354	-2,301	30,052

(Notes): 1. Segment profit adjustment of minus 2,301 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.

(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:

	Previous term end (From June 1, 2018 to November 30, 2018)	Current term end (From June 1, 2019 to November 30, 2019)
(1) Net income per share (yen)	150.64	162.47
(Basis for calculation)		
Net income (millions of yen)	19,276	20,790
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	19,276	20,790
Average number of shares during the term (thousand shares)	127,958	127,967
(2) Net income per share (diluted)	150.44	162.32
(Basis for calculation)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (thousand shares)	173	118
(Subscription right (thousand shares))	(173)	(118)
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, 20,467 treasury shares owned by the BIP trust and 56,027 treasury shares owned by the ESOP trust for last year, 17,311 treasury shares owned by the BIP trust and 136,739 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 10, 2020

Oracle Corporation Japan  
The board of Directors

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

Designated limited liability employee/Business executive  
Hisafumi Nomoto, Certified Public Accountant

Designated limited liability employee/Business executive  
Atsuko Tanabe, 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 35<sup>th</sup> term (from June 1, 2019 to November 30, 2019) and the fiscal term commencing on June 1, 2019, and ending on May 31, 2020, 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, 2019 and the results of its operations in the cumulative second quarter ended November 30, 2019 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.

- \* 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 10, 2020
<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 Chief Financial Officer】</b>	Krishna Sivaraman, Executive Officer, Chief Financial Officer
<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. (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 Krishna Sivaraman, Executive Officer, CFO of the company, confirmed the adequacy of the 35<sup>th</sup> 2<sup>nd</sup> Quarterly Securities Report based on Financial Instruments and Exchange Act (for the period from September 1, 2019 to November 30, 2019)

2 **【Special mention】**

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