

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



**Flash Report for the 2<sup>nd</sup> Quarter of Fiscal Year Ending May 31, 2020**  
**[under Japanese GAAP] (Non-consolidated)** December 20, 2019

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1<sup>st</sup> Section  
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 Quarterly Report Filing Date (as planned): January 10, 2020  
 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 November 30, 2019)

## (1) Operating result (% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
2 <sup>nd</sup> Quarter, May 2020	97,485	6.8	30,052	8.2	30,046	8.0	20,790	7.9
2 <sup>nd</sup> Quarter, May 2019	91,254	8.5	27,784	11.1	27,829	11.3	19,276	11.6

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
2 <sup>nd</sup> Quarter, May 2020	162	47	162	32
2 <sup>nd</sup> Quarter, May 2019	150	64	150	44

## (2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity
	Million Yen	Million Yen	%
2 <sup>nd</sup> Quarter, May 2020	256,275	164,316	64.1
FY ended May 2019	269,518	160,288	59.4

Shareholders' equity 2<sup>nd</sup> Quarter, May 2020: 164,145 Million Yen (FY2019: 160,078 Million Yen)

## 2. Dividends

	Dividend per share									
	1 <sup>st</sup> Quarter end		2 <sup>nd</sup> Quarter end		3 <sup>rd</sup> 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	-		0	00						
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

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

(i) The number of shares outstanding (inclusive of treasury stock)	2 <sup>nd</sup> Quarter, May 2020	128,152,171 shares
	FY ended May 2019	128,098,771 shares
(ii) The number of treasury stock	2 <sup>nd</sup> Quarter, May 2020	118,178 shares
	FY ended May 2019	184,430 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	2 <sup>nd</sup> Quarter, May 2020	127,967,273 shares
	2 <sup>nd</sup> Quarter, May 2019	127,958,324 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.

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## 1. Qualitative Information on Results in the Quarter under Review

### (1) Qualitative Information on Business Outcomes

#### (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.

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 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.

#### Business status in the 2<sup>nd</sup> quarter of the fiscal year (from September 1, 2019 to November 30, 2019)

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 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.

In Hardware Systems segment, 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.

## &lt;Revenue breakdown by business segments&gt;

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.

## (1) Qualitative Information on Financial Situation

Current assets 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 were 205,588 million yen (increasing 29,076 million yen).

Liabilities were 91,958 million yen (decreasing 17,271 million yen). Net assets totaled 164,316 million yen (increasing 4,028 million yen). As a result, the ratio of shareholders' equity was 64.1% (up 4.7 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 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>

## (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>

## (3) Statements 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



(4) 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 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)**

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	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.