

Oracle Financial Services Software B.V.

Annual Report April 1, 2020 - March 31, 2021

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Directors' Report

The corporate profile

Oracle Financial Services Software B.V. (the Company), a wholly owned subsidiary of Oracle Financial Services Software Limited (ultimate parent: Oracle Corporation), ended another successful year as of March 31, 2021.

Oracle Financial Services Software B.V. is headquartered at Amsterdam, The Netherlands, and has branch offices in Dublin, Frankfurt, London and Paris. Oracle Financial Services Software B.V. also has a fully owned subsidiary in Greece, Oracle Financial Services Software SA.

The partner network

Oracle Financial Services Software B.V. currently partners with a number of third-party service providers/implementation partners in the region who have developed the capability to implement Oracle FLEXCUBE and/or Oracle Financial Services Analytical Applications. In addition to this partner network, global system integrators like Capgemini and Accenture also implement Oracle Financial Services Software products.

Our focus areas:

1. Private Banking

Private Banking is one of the biggest growth opportunities for the banking industry. Our offering for this space – Oracle FLEXCUBE Private Banking – has already generated much interest from leading banks in the region.

2. Retail and Commercial banking

As institutions invest heavily in optimising IT processes and leveraging new IT solutions, Oracle Financial Services Software continues to see strong growth for Oracle FLEXCUBE Universal Banking, with its service-oriented architecture (SOA) based platform since this offers banks the combined benefits of interoperability, extensibility and standardisation. It is a comprehensive solution that supports a financial institution's requirements across retail, corporate and investment banking.

3. Payments

Oracle Financial Services Software through-leadership in the payments domain was demonstrated again, when its clients not only successfully adhered to regulatory norms around SEPA, Faster Payments and SWIFT in the mandated timeframes, but also successfully started using the payments systems for offering new products to customers in different geographies.

4. Governance, Risk, and Compliance (GRC)

With the implementation of new technologies and a stringent regulatory environment, organizations are being forced to embrace an enterprise-wide GRC framework, rather than a piecemeal approach that includes fragmented systems and one-off processes that compound compliance costs. Oracle Financial Services Software offers the industry's first-ever GRC solution and suite of analytical applications targeted solely for financial services. With tighter and ever evolving regulations being the norm, Oracle Financial Services Software is ideally positioned to help financial institutions not only adhere to these mandates, but also derive considerable business efficiency and operational effectiveness from adhering to these regulatory requirements.

For the financial year ended on March 31, 2021, the Directors hereby confirm that the Company have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

Risk Management

Risk and opportunity management is embedded in our strategy and is essential for achieving our targets. Within Oracle Financial Services Software B.V. risk management is based on the principles of sound management, as formulated in Risk Management Policy. This Policy sets out the principles and processes to ensure that risks to the Company are identified, analysed and managed in a controlled manner.

This section provides a high-level description of our Risk Management Cycle



Risk profile

Our risk profile is closely determined by our geographic coverage. We have wide geographic coverage. This means our exposure is spread across mature markets, which are experiencing a variety of economic conditions. These conditions are very relevant to development in our markets. Since it remains extremely difficult to predict future economic developments successfully, we focus on responding to actual performance in all of our local markets. Our business model, our processes, and other indicators help to ensure that we are flexible enough to quickly respond to growth or decline in our markets.

The following table provides an overview of the main risks, with key risks in bold, including the actions taken to mitigate these risks.

The risks described below are not exhaustive and you should carefully consider these risks and uncertainties as part of your total entity evaluation.

Strategic risks Risk-mitigating actions	Mitigation Plan
Geographical Spread The Company has presences across Europe and serves customers in EMEA Region. It is therefore imperative to consistently manage a multi cultural workforce, the different political and economic conditions of such locations, and local compliance. Exposure to local conditions including maintenance of work environment, adhering to local labour laws, and cross currencies spread are the key factors which may impact the performance of the Company in each of such jurisdictions. Global Competition Company faces competition from various parties across the globe. The competitors include global vendors as well as regional and local vendors.	 The Company, through its local offices along with expert support of global advisors, shall aim to ensure compliance with the laws of the land. The Companies geographic spread offers it a natural hedge against economic slowdown affecting a particular region. A unique combination of strong products along with end-to-end consulting services in the areas of IT solutions for banking, securities and insurance sectors makes the Company competitive in the market. The Company will continue to invest in products that are relevant to its each market and maintain / extend the competitive edge. The Company will aim to ensure that product differentiation expands the market while gaining a competitive edge.

Operational risks Technological Obsolescence Technological obsolescence occurs when a technical product or service is no longer useful even though it could still be in working order. Technological obsolescence generally occurs when a new product has been created to replace an older version. In the current changing economic scenario where change is inevitable in all aspects, technological obsolescence is a key risk for IT Companies. Companies do strive to keep their product or services up to the mark to ensure they cater to the current requirements of the consumer mass forum. Failure to do so may hamper the quality and deliverables of the products and services to the customers.	Mitigation Plan The Company has a comprehensive suite of offerings encompassing retail, corporate, investment banking, funds, cash management, trade, treasury, payments, lending, private wealth management, asset management, compliance, enterprise risk and business analytics, among others. The Company shall aim to invest in upgrade of its suites of products on a continual basis to address changing and growing technological needs of the market. The Company shall also regularly strive to utilize newer technologies internally with the view to conserve the energy and create an environmentally friendly work environment.
Financial risks The OFSS group activities expose it to market risks, liquidity risk and credit risks. The management oversees these risks and is aided by the Risk Management Committee whose scope is to formulate the risk management policy, which will identify elements of risks, if any, which may affect the OFSS group. Market risk Market risk is the risk that the fair value of the future cash flows of financial instrument will fluctuate because of the changes in the market prices. Market risk mainly comprises of foreign currency risk. Foreign currency risk Foreign currency risk is the risk that the fair value or future cash flows of monetary items will fluctuate because of changes in foreign exchange rates. This may have potential impact on the profit on the statement of profit and loss and other components of equity, where monetary are denominated in a foreign currency which are different from functional currency which are different from functional currency in which they are measured.	Mitigation Plan The Company manages its foreign risk by a hedging the receivables in the major currencies (USD and EUR) using hedging instrument as forward contracts. The period of the forward contracts is determined by the expected collection period for invoices, which currently ranges between 30 to 120 days.

Liquidity risk Liquidity risk management implies maintaining sufficient availability of funds to meet obligations when due and to close out market position. The Company monitors rolling forecast of the cash and cash equivalent on the basis of the expected cash flows. Credit risk Credit risk is the risk that counterparty will not meet its obligations under a financial instruments or customer contracts, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financial activities, including time deposits with banks, foreign exchange transactions and other financial instruments. Economic Risks In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, Republic of China. As the epidemic has evolved, many more areas have detected imported cases and local transmission of COVID-19. As of now, COVID-19 has since spread to over 100 countries worldwide and on March 11, 2020 the World Health Organization ('WHO') declared COVID-19 a pandemic. The impacts of the global emergence of Coronavirus disease (COVID-19) on the Company's business are currently unknown. The Company is conducting business as usual with some modifications to employee travel, employee work locations, and cancellation of certain marketing events, among other modifications. The Company has observed other companies taking precautionary and pre-emptive actions to address COVID-19 and companies may take further actions that alter their normal business operations. The Directors will continue to actively monitor the situation and may take further actions that alter the Company's business operations as may be required by federal, state or local health authorities or that it determines are in the best interests of its employees, customers, partners, suppliers and stockholders.	Mitigation Plan The Company has not availed of any loans and is debt free. The Company has sufficient liquid funds in cash and cash equivalents to meet obligations towards financial liabilities. Customer credit risk is managed in line with the established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company's treasury department in accordance with the Company's policy manages credit risk from balances with banks. Investment of surplus funds are made only with existing bankers and within credit limits assigned to each bank. In addition, we face normal business risks such as global competition and country risks pertaining to countries that we operate in. The Company's significant volume of income being the earnings from Support, Consulting and License. The underlying performance of the Company depends primarily on revenues generated in Netherlands and UK, following by Germany, France and Ireland.
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Compliance risks	Mitigation Plan
Financial Reporting Risks Changing laws, rules, regulations and standards relating to accounting and financial reporting, create a challenging environment for companies in respect of compliance. Such new or amended regulations and standards may lack precision and be subjected to various interpretations. Their application in practice may evolve over time, as new guidance is provided by respective regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such financial reporting standards.	The Company believes in adopting and adhering to globally recognised corporate governance practices and continuously benchmarking itself against such practices. The Company understands and respects its fiduciary role and responsibility to its stakeholders and various regulatory authorities and strives to meet their expectations. The Company remains committed to maintaining high standards of corporate governance and transparent public disclosures. The Company shall always aim to comply with various regulations relating to financial reporting. The Company shall prepare the financial statements in conformity with local accounting standards. For making estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting period, the management shall use historical experience and various other factors that are believed to be reasonable under the circumstances including consultation with experts in the respective fields.

Research and development

Research and development costs expensed in the profit and loss accounts during the year amounted to Nil (2020: Nil).

Results from Operations

(Currency – EUR)

During the financial year ending March 31, 2021 Oracle Financial Services Software B.V. reported an overall profit. We won orders from several prominent banks in the region. Banks continue to view technology as an enabler that helps them improve operational efficiency and reduce costs and Oracle Financial Services Software B.V. continued to provide the best value proposition to our customers.

The Company achieved total revenue of €151.3M (2020: €168.3M) during the financial year ended March 31, 2021 – a decrease of 10% over the previous year.

Our revenue comprises three streams – License Fees, annual maintenance contracts and consulting fees. The following template provides a high level overview of Revenue trend by Line of Business

Revenue Stream	FY21 (‘000 €)	FY20 (‘000 €)	YoY % Trend	% of Total Revenue FY21
Licence	25,651	36,509	(30%)	17%
Support	68,445	69,021	(1%)	45%
Consulting	57,170	62,779	(9%)	38%
Total	151,267	168,309		

Oracle Financial Software Services B.V. has reported a decrease in sales year-on-year of (€17M) going from €168.3M in FY20 to €151.3M in FY21. Licence, Support and Consulting revenue experienced decreased of €10.9M, €0.6M and €5.6M respectively.

The Netherlands had the largest decrease in revenues of (€23M) and Germany (€1.3m). This decrease has been offset by increases in the UK €6.6m, Ireland €0.6M and France €0.2M.

Our capital requirement relate primarily to financing the growth of our business. We have financed our working capital, capital expenditure and other requirements through our operating cash flow. During fiscal 2021 we generated Operating Income from operations €5.5M (as per no-consolidated results)

The Company has not entered into any contract related to any financial instruments or is not using any other type of financial contracts in its day-to-day business transactions. Our primary market risk exposures are due to the foreign exchange rate fluctuations.

The Company offers comprehensive solutions for financial institutions across the globe to expand their digital capabilities, rethink their ways of doing business, modernise their technology infrastructure, and take advantage of the evolving banking ecosystem and lead banking transformation.

The number of employees as at March 31, 2021 was 96 (2020: 101).

As at March 31, 2021, the Board of Directors consisted of three Male Directors and one Female Non-Executive Director.

Mr. Simon Allison
Executive Managing Director
Place: United Kingdom
Date:30 June 2021

Mr. Bala Hari
Executive Managing Director
Place: United States of America
Date:30 June 2021

Mr. Pieter J. Schultheiss
Executive Managing Director
Place: The Netherlands
Date:30 June 2021

Jane Murphy
Non-Executive Director
Place: Belgium
Date:30 June 2021

Financial Statements

Balance Sheet

At March 31, 2021

(Before appropriation of net income)

(Currency – '000 EUR)

	Note	2021	2020
Tangible fixed assets	1	68	88
Right-of-use-assets	12	842	-
Total tangible fixed assets		910	88
Investment in subsidiary	2	9,204	9,204
Total fixed assets		10,114	9,292
Accounts receivable	3	35,636	50,016
Prepaid expenses and other receivables	4	3,379	2,497
Deferred tax asset	5	1	143
Cash and cash equivalents	6	24,726	18,282
Total current assets		63,742	70,938
Total assets		73,856	80,230
Issued share capital		14,000	14,000
Capital Contribution		798	679
Retained earnings		24,487	17,388
Cumulative translation adjustment		2,056	2,069
Net profit / (loss) for the period		1,636	7,098
Total Shareholder's equity	7	42,977	41,234
Long Term lease obligations	12	297	-
Accounts payable		1,686	1,182
Intercompany Payable	8	8,709	14,285
Accrued expenses	9	1,802	1,525
Short Term lease obligations	12	532	-
Deferred revenue	10	15,611	20,483
Taxes and social security	11	2,242	1,521
Total current liabilities		30,582	38,996
Total Shareholder's equity and liabilities		73,856	80,230

Statement of Income
For the year ended March 31, 2021
(Currency – '000 EUR)

	Note	2021	2020
Sales	13	151,267	168,309
Cost of sales		(138,315)	(150,983)
Total gross profit		12,952	17,326
Selling and marketing expenses	14	(6,128)	(6,508)
General and administrative expenses		(1,324)	(1,042)
Operating income / (loss)		5,500	9,776
Interest Income / (expenses)		(324)	(907)
Financial Income		1,126	855
Currency exchange gain / (loss)		(1,810)	(1,634)
Total financial income/(expense)		(1,008)	(1,686)
Reversal of Impairment of assets		-	2,340
Income before taxes		4,492	10,430
Income taxes	16	(2,856)	(3,332)
Net Income/(loss) after taxes		1,636	7,098

Notes to Financial Statements

At March 31, 2021

(Currency – ‘000 EUR)

1. General

a) The Company

Oracle Financial Services Software B.V. ("the Company"), having its legal seat in Amsterdam, The Netherlands, is a leading provider of software solutions and services to the financial services industry across Europe and Africa. The Company was incorporated on May 19, 2000.

Oracle Financial Services Software S.A. ("S.A."), a Greek registered Company incorporated on May 16, 2007 is a wholly owned subsidiary of the Company, having its legal seat in Athens.

The Company is a wholly owned subsidiary of Oracle Financial Services Software Limited ("the parent Company"), which has its registered office in Mumbai, India. As at March 31, 2021, the parent Company is 73.26% owned by Oracle (Global) Mauritius Ltd ("the holding Company") and 26.74% is owned by public shareholders. The holding Company is wholly owned by Oracle Corporation ("the ultimate parent").

The date of preparation is June 30th, 2021.

b) Principle activities

Oracle Financial Service Software is a world leader in providing information technology solutions to the financial services industry. Engaged in developing, selling and marketing computer software, computer systems; providing consultancy and other information technology related activities.

c) Related party transactions

All products and services sold by the Company to third parties are purchased from the parent Company Oracle Financial Services Software Limited or other Oracle / Oracle Financial Services Software Group companies. The Company also sold many products to various Oracle / Oracle Financial Services Software Group companies.

d) Use of estimates

The financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial report, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those required in the accounting for provisions and accrued expenses. Actual results could differ from those estimates.

All assumptions, anticipations, expectations and forecasts used as a basis for certain estimates within the financial statements represent good-faith assessments of the Company's future performance, for which, however, it believes there is a reasonable basis and represent the Company's view only as at the dates they are made. It involves known and unknown risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ from those forecasted. The Accounts Receivables provision is based upon the aging of invoices outstanding and the bankruptcy of debtors.

e) Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates prevailing on the date of the transaction. Foreign currencies denominated monetary items are translated into reporting currency at the closing rates of exchange prevailing at the date of the balance sheet. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement or translation of monetary items are recognised as income or as expenses in the year in which they arise.

f) Company Registration

On 19th May 2000, the Company has been registered at the Chamber of Commerce, with Trade Register Number of 34137774.

2. Going Concern

The Company's Management has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. They also confirm that the Company's financial statements have been compiled under the assumption of going concern and that appropriate accounting policies were consistently applied and that the accounting estimates were prepared by applying the principle of prudence and diligence and in accordance with sound business practices.

The response to the impact of COVID-19 is set out in the Principal Risks and Uncertainties section above.

To the best of the Directors' current knowledge, based on the procedures below, COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern.

The Company has considerable financial resources together with revenue streams across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

As at March 31, 2021, the Company recorded a net profit after tax of €1.6M.

3. Basis of presentation

The annual accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and are in compliance with the provisions of the Dutch Civil Code Book 2, Title 9. As permitted by Section 408, Book 2 of the Code, the Company has not prepared consolidated financial statements. All accounts are measured at historic cost unless otherwise stated.

4. Accounting Principles

a) General

The accounting principles of the Company are summarised below. These accounting principles have all been applied consistently throughout the year and the preceding period from April 1, 2020 to March 31, 2021.

The financial statements have been prepared under the historical cost convention and in conformity with the requirements of the Netherlands Civil Code. Assets and liabilities are stated at face value unless indicated otherwise. The statement of income fully complies with the classification prescribed by section 2:36; subsection 6 of the Netherlands Civil Code, in order to provide insight in the expenses in line with the business of the Company.

b) Changes in accounting principles

Company has elected to adopt IFRS 16 Leases from 1st April 2020. Refer to section 5 Changes in accounting Policies and Disclosures. Apart from the adoption of IFRS 16 there are no other changes to the accounting principles.

c) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Costs of normal repairs and maintenance are charged to income as incurred. Major replacements or betterment of property and equipment are capitalised.

PARTICULARS	Useful Life
	Years
Improvement to Leasehold premises	7
Computer Equipments	3
Electrical and Office Equipments	7
Furniture and Fixtures	7

d) Financial fixed assets

The investment in the Greek subsidiary is stated at the lower of cost and fair value. The management assesses at each reporting date whether there is any objective evidence that the investment should be impaired. If there is any objective evidence that an impairment loss has been incurred the carrying value of the investment is reduced to the impaired value.

e) Accounts receivable

Accounts receivable are initially stated at fair value and subsequently measured at amortised cost, which equals the nominal amount net of a necessary provision for doubtful debts. These provisions are determined on the basis of the individual assessment of the receivables concerned.

f) Other assets and liabilities

All other assets and liabilities are initially stated at fair value, including any transaction costs, and subsequently measured at amortised cost.

g) Revenue Recognition / Deferred revenue

IFRS 15 is a single standard for revenue recognition that applies to all of the cloud, license, hardware and services arrangements and generally requires revenues to be recognised upon the transfer of control of promised goods or services provided to the company's customers, reflecting the amount of consideration the company expects to receive for those goods or services. Pursuant to IFRS 15, revenues are recognised as follows:

Product licenses and related revenue:

License fees are recognised, on delivery and subsequent milestone schedule as per the terms of the contract with the end user.

Implementation and customisation services are recognised as services are provided, when arrangements are on a time and material basis. Revenue for fixed price contracts is recognised using the proportionate completion method.

Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The group monitors estimates of total contract revenue and cost on a routine basis throughout the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

Product maintenance revenue is recognised, over the period of the maintenance contract on a straight line basis.

IT solutions and consulting services:

Revenue from IT solutions and consulting services are recognised as services are provided, when arrangements are on a time and material basis.

Revenue from fixed price contracts is recognised using the proportionate completion method. Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The group monitors estimates of total contract revenue and cost on a routine basis throughout the delivery period. The cumulative impact of any changes in estimates of the contract revenue or costs is reflected in period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

h) Income taxes and deferred taxes

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off.

Deferred tax liabilities and deferred tax assets are carried on the basis of the tax consequences of the realisation or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the Company at the balance sheet date. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.

Deferred and other tax assets and liabilities are netted off if the general conditions for netting off are met.

Taxes are calculated on the result disclosed in the profit and loss account, taking account of tax-exempt items and partly or completely non-deductible expenses.

i) Pensions

The pensions of the employees of the Company are based on a defined contribution scheme. The contributions for these pensions are directly charged to the income statement.

j) Income and Expense

Sales and expenses are stated net of discounts and value-added taxes. Other income, costs and expenses are allocated to the year to which they relate.

k) Risk Management

The Directors consider that the following are the principal risks and uncertainties affecting the Company:

Currency Risk:

The Company is exposed to exchange rate risk, or risk of loss due to unfavourable changes in the exchange rates. This risk applies in relation to payment of obligations in currencies other than its functional currency. Potential exposures to foreign currency exchange rate movements are monitored and appropriate actions taken if deemed appropriate by the board.

Liquidity Risk:

The Company manages its liquidity and solvency risks by balancing the maturity of receivables and liabilities and monitoring cash flows. It is meeting its financial obligations within deadlines and is facing no liquidity issues.

Credit Risk:

The Company trades only with recognised creditworthy third parties and so assess its credit risk as low. The Company has developed well-established procedures of managing receivables and the formation of allowances for receivables. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Managing risk means reducing them to the lowest level possible. The Directors believe that while financial risks are present, the level of risk exposure is low due to the structure of its resources and funds.

l) Research and development expenses

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical feasibility of project is established, future economic benefits are probable, the group has an intention and ability to complete and use or sell the software and the cost can be measured reliably. Software product development costs incurred subsequent to the achievement of technical feasibility are not material and are expensed as incurred.

m) Cash Flow Statement

In accordance with the exemption provisions of the Guidelines for Annual Reporting (DAS 360.104) in The Netherlands the cash flow statement has been omitted since the Company's ultimate parent, Oracle Corporation, includes a cash flow statement in its consolidated financial statements, which can be viewed on the SEC website.

5. Changes in Accounting Policies and Disclosures

The Company applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. As described below the company acts as a lessee and a lessor, due to a sublease to a related party. Given that the sublease activity is rather limited and is not deemed material, the effect of IFRS 16 is not disclosed below.

Company as a lessee – Policy applied up to 1 April 2020

Leases of assets are classified as operating leases if the lessor effectively retains all the risks and benefits of ownership. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

Company as a lessee – Policy applied after 1 April 2020

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company assess whether:

- The contract involves the use of an identified asset which may be specified explicitly or implicitly. The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to determining how and for what purpose the asset is used.

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The Lease Liabilities are initially measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The Company uses the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accumulation of interest and reduced for the lease payments made. If there is a modification, a change in the lease term, a change in the lease payments (e.g, when there is a change in future lease payments arising from a change in an index or rate), a change in the amount expected to be payable under a residual guarantee, or a change in the assessment of whether a purchase, or extension or termination option will be exercised. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Company's right-of-use assets and the current and non-current portion of lease liabilities are included as separate line items within the Balance Sheet.

Oracle Financial Services Software Limited is the immediate parent company and controlling party of Oracle Financial Software Services B.V. This immediate parent of Oracle Financial Software Services B.V. prepares consolidated financial statements based on Indian GAAP Accounting Standards and publishes them in India. The company has decided to adopt

IFRS 16 as this standard is similar to Indian AS 116. Given the accounting principles applied by Oracle Financial Software Services B.V.'s group head and the option provided by DAS 292 'Leases' to account for lease agreements in accordance with IFRS 16, the management of Oracle Financial Software Services B.V. has decided to account for its lease agreements in accordance with IFRS 16. All lease agreements relate to property leases.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended March 31, 2020, except for the adoption of new standards and interpretations effective as of January 1, 2020, which were adopted by the Company effective April 1, 2020.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2020. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application without any impact to retained earnings.

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 1, 2020. Instead, the Company applied the standard only to contracts that were previously identified as leases applying DAS 292 at the date of initial application.

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

As at 1 April 2020 'Right-of-use assets' were recognised and presented separately in the statement of financial position. The right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

In addition, lease liabilities were recognised and presented separately in the statement of financial position. The effect of adopting IFRS 16 at April 1, 2020 is, as follows:

Assets

Right-of-use assets (Note 12)	1,268,310
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Total assets	1,268,310
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Liabilities

Lease Liability (Note 12)	1,268,310
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Total liabilities	1,268,310
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When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at April 1, 2020. The weighted-average rate applied in the Netherland's Branch is 2.57% and in the United Kingdom branch is 1.30%. The lease liabilities at April 1, 2020 can be reconciled to the operating lease commitments as of March 31, 2020, as follows:

Operating lease commitments as at 31 March 2020	1,732,954
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Discounting to present value	(464,644)
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Lease liabilities as at 1 April 2020

1,268,310

The amounts recognised in the statement of financial position and profit and loss are further disclosed in Note 12 of the Financial Statements. Note 11 discloses the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period.

As IFRS 16 was adopted using the modified retrospective approach, there was no impact on the past profit and loss account. Due to the implementation the future impact will be that the general and administrative expenses will decrease and the finance expenses will increase.

Judgments

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

6. Covid-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying value of trade receivables, unbilled receivables, contract assets and investment in subsidiaries. These are not significant to the standalone financial statements for the year ended March 31, 2021. In assessing the recoverability of these assets, the Company has used internal and external sources of information up to the date of approval of these standalone financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The impact on account of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements. The Company will continue to monitor any material impact due to changes in future economic conditions.

Notes to Balance Sheet

At March 31, 2021

1. Tangible Fixed Assets

	Computer Equipment	Electrical and Office Equipment	Furniture and Fixtures	Total
	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Book Value April 01, 2020	38	35	18	91
Adjustment on closing balance	1	-	2	3
Additions	17	0	-	17
Retirement	-	(4)	-	(4)
Depreciations for year	(30)	(6)	(4)	(40)
Depreciation on retirement	-	1	-	1
Book Value March 31, 2021	26	26	16	68
Total				
Historical Cost	152	40	47	239
Accumulated Depreciation	(126)	(14)	(31)	(171)
Book Value March 31, 2021	26	26	16	68

2. Investment in Subsidiary

Investment in subsidiary consists of a 100% shareholding in Oracle Financial Services Software S.A.

	'000 EUR
Balance April 01, 2020	9,204
Investment during the year	-
Balance March 31, 2021	9,204

Investments in Subsidiaries are not consolidated and are stated at the lower of cost and market value.

At March 31, 2021, there was no movement on the valuation of the investment in subsidiary (2020:€2.3m).

3. Account Receivable

Accounts receivable as presented under current assets mature within one year and are mainly denominated in USD, GBP and EUR.

	2021 '000 EUR	2020 '000 EUR
Gross Trade	22,368	34,063
Intercompany	13,941	18,395
Bad Debts	(673)	(2,442)
	<u>35,636</u>	<u>50,016</u>

4. Prepaid Expenses and Other Receivables

	2021 '000 EUR	2020 '000 EUR
Deposits	17	50
Prepaid Income Tax	2,711	1,778
Prepaid Expenses	651	799
	<u>3,379</u>	<u>2,497</u>

5. Deferred tax asset

	2021 '000 EUR	2020 '000 EUR
NBV at 1 April	659	4
Addition	-	-
Release	<u>655</u>	<u>655</u>
NBV at 31 March	4	659
of which		
with a term of < 1 year	-	-
with a term of > 1 year	<u>4</u>	<u>659</u>
Deferred Tax @ 21.70% (2019 25%)	1	143

6. Cash and Cash Equivalents

	2021 '000 EUR	2020 '000 EUR
Citibank Ireland (EUR)	4,226	4,498
Citibank Netherlands (USD)	918	1,467
Citibank Netherlands (EUR)	13,524	4,794
Citibank Germany (EUR)	1,574	1,313
Citibank France (EUR)	1,797	981
Citibank UK (GBP)	2,686	3,933
	<u>24,726</u>	<u>18,282</u>

Cash as of March 31, 2021 does not include time deposits. All cash is at the free disposal of entity.

7. Shareholder's Equity

The movement in shareholder's equity for the years 2020 and 2021 is as follows:

	Issued and paid in capital '000 EUR	Retained earnings '000 EUR	Cumulative Translation Adjustment '000 EUR	Income for the year '000 EUR	Total '000 EUR
Balance April 1, 2019	14,532	8,423	1,633	8,965	33,553
Appropriation of Income 2019	-	8,965	-	(8,965)	-
Net Profit 2020	-	-	-	7,098	6,723
Capital Contribution	147	-	-	-	147
Adjustment to reserve	-	-	436	-	436
Balance March 31, 2020	<u>14,679</u>	<u>17,388</u>	<u>2,069</u>	<u>7,098</u>	<u>41,234</u>
Balance April 1, 2020	14,679	17,388	2,069	7,098	41,234
Appropriation of Income 2020	-	7,098	-	(7,098)	-
Net Profit 2021	-	-	-	1,636	1,636
Capital Contribution	119	-	-	-	119
Adjustment to reserve	-	-	(13)	-	(13)
Balance March 31, 2021	<u>14,798</u>	<u>24,487</u>	<u>2,056</u>	<u>1,636</u>	<u>42,977</u>

The authorized share capital consists of 160,000 authorized common shares of which 140,000 shares are issued and outstanding at March 31, 2021. The shares have a par value of €100.00 each. The adjustment to reserve is the effect of converting the balances related to UK branch from GBP to EUR. This reserve is non-distributable.

8. Intercompany

Intercompany payable amounting to €8,709 thousand (2020: payable of €14,285 thousand) is the net balance after setting off any intercompany receivable from the same counterparty.

All related party transactions that were entered into during the financial year ended March 31, 2021 were at arm's length basis and in the ordinary course of business.

9. Accrued Expenses

	2021 '000 EUR	2020 '000 EUR
Holiday allowance	181	172
Employee bonus	593	676
Accrued Expenses	1,028	677
	<u>1,802</u>	<u>1,525</u>

10. Deferred Revenue

	2021 '000 EUR	2020 '000 EUR
Support	14,314	18,074
License	-	93
Consulting	1,297	2,316
	<u>15,611</u>	<u>20,483</u>

11. Taxes and Social Security

	2021 '000 EUR	2020 '000 EUR
Payroll Taxes	569	422
VAT	1,673	1,099
Income Tax	-	(13)
	<u>2,242</u>	<u>1,508</u>

12. Leases

Effective April 1, 2020 the Company has implemented IFRS 16 when accounting for leases, and these are thus accounted for as part of the Company's current and non-current liabilities. The Company has solely lease contracts for facilities, used in its operations. Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at April 1, 2020. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). OFSS B.V has reviewed a share facility services agreement with Oracle UK and concluded that the assets are low value and short term and therefore not classified as a finance lease.

	EUR
Balance at 1 April 2020	0
Adoption of IFRS 16	1,268,310
Restated balance at 1 April 2020	1,268,310
Additions	31,984
Depreciation Expense	(458,626)
Ending balance	<u>841,668</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	EUR
Balance at 1 April 2020	0
Adoption of IFRS 16	1,268,310
Restated balance at 1 April 2020	1,268,310
Additions	31,984
Accumulation of interest	28,659
Payments	(499,646)
Ending balance	<u>829,307</u>

<i>Lease Liability</i>	EUR
Current (> 12 months)	532,286
Non- Current (1-2 years)	297,021
Total liability	<u>829,307</u>

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing leased-asset portfolio and align with the Company's needs. Management exercises significant judgement in determining whether these extensions and termination are reasonable certain to be exercised (see Note 4). Within the next 12 months, Management does not anticipate any further extensions or terminations of the Company's lease agreements. As of 31 March 2021 no leases that the Company is committed which are not yet commenced.

The following are the amounts recognized in the Statement of Income:

	EUR
Depreciation expense of right-of-use assets	458,626
Interest Expense on lease liabilities	28,659
Expenses related to short term leases	63,432
Other Income from sublease right of use assets	(105,484)
Total amount recognized in statement of income	<u>445,233</u>

Notes to Income Statement

For the year ended March 31, 2021

13. Net Sales

a) The Entity wise apportionment of the sales is as follows:

	2021 '000 EUR	2020 '000 EUR
The Netherlands	110,753	133,781
Germany	1,068	2,396
UK	31,374	24,790
Ireland	5,547	4,986
France	2,525	2,356
	<u>151,267</u>	<u>168,309</u>

b) The composition of revenues by business segment is as follows:

	2021 '000 EUR	2020 '000 EUR
Support	68,445	69,021
Consulting	57,170	62,779
Licence	25,651	36,509
	<u>151,267</u>	<u>168,309</u>

14. Selling and Marketing Expenses

	2021 '000 EUR	2020 '000 EUR
Salary and wages	5,530	5,173
Travelling cost	177	545
Other Selling and Marketing expenses	421	790
	<u>6,128</u>	<u>6,508</u>

15. Personnel / Employees

	2021	2020
Sales and presales	24	20
Support Services	8	10
Consulting - Developers	64	71
	96	101

16. Income Taxes

Tax on profit resulting from ordinary activities

	2021 '000 EUR	2020 '000 EUR
Tax on profit or loss for current financial year	897	1,158
Tax on equity movement	9	(145)
Adjustment to Tax charge in previous period	3	(56)
	910	957
Foreign Tax	1,781	2,430
Foreign Tax on PY periods	24	87
	2,714	3,474
Deferred Tax:		
Origination and reversal of timing differences – current	-	(142)
Origination and reversal of timing differences – Prior Year	142	-
	2,856	3,332

Profit and loss tax calculation

	2020 '000 EUR	2020 '000 EUR
Profit on Ordinary Activities before tax	4,495	10,430
Tax rate	25%	25%
Profit on ordinary activities multiplied by CT standard rate	1,124	2,607
Effects of:		
Withholding tax on foreign income	1,599	2,363
Reversal of impairment qualifying for participation exemption	-	(585)
Expenses not deductible for Tax purposes	131	50
Foreign Branch Rate Impact	(81)	82
Adjustment in respect of previous period	145	(56)
Potential margin reduction tax impact	83	(1,138)
Impact of change in tax rate UK losses recaptured	(0)	22
Other	(146)	(13)
	2,856	3,332

Main element of FY21 Tax charges is the Withholding tax on foreign income consisting of withholding tax suffered at source from payments made by customers located in foreign jurisdictions.

17. Remuneration of Statutory Directors

In accordance with Article 2.242, Book 2 of the Netherlands Civil Code, the Company has appointed the following Directors listed below.

Mr. Pieter J. Schultheiss	Mr. Bala Hari	Mr. Simon Allison	Ms. Jane Murphy
Director	Director	Director	Non-Executive Director
Place: The Netherlands	Place: United States of America	Place: United Kingdom	Place: Belgium

The Directors' remuneration includes periodically paid remuneration such as salaries, holiday allowance and social premiums, remuneration to be paid after a certain term such as pension's allowances on termination of employment and bonus payments, to the extent that these items were charged to the Company. For FY 2021, total Director's remuneration amounts to €nil (2020: €25,842).

18. Auditors Remuneration

The fee for professional audit services rendered by Ernst & Young Accountants LLP for the financial year ended March 31, 2021 amounted to EUR 63,019 (2020: EUR 64,500).

19. Subsequent events

Other than as described in the Principal Risks and Uncertainties section above in relation to COVID-19, there were no significant events between 31 March 2021 and the date of approval of these financial statements affecting the Company, which require adjustment to or disclosure in the financial statements.

20. Appropriation of income

In anticipation of the Annual General Meeting of Shareholders of the adoption of the financial statements, the net profit of €1,636 thousand has been added to the other reserves.

Date: 30 June 2021

Statutory Directors:

Mr. Simon Allison

Mr. Bala Hari

Mr. Pieter J. Schultheiss

Ms. Jane Murphy

Other Information

1. **Provision in the articles of association governing the appropriation of profits**

Profit is appropriated in accordance with the Article 16 of the Association of the Company provides that the appropriation of the net result for the year is decided upon at the Annual General Meeting of Shareholders.

2. **Branches and Subsidiary**

The Company currently has following branches / subsidiary

- Oracle Financial Services Software B.V., London, United Kingdom
- Oracle Financial Services Software B.V., Frankfurt, Germany
- Oracle Financial Services Software B.V., Dublin, Ireland
- Oracle Financial Services Software B.V., Paris, France
- Oracle Financial Services Software S.A., Athens, Greece

3. **Independent Auditor's Report**

The auditor's report is set out on the following pages.

Independent auditor's report

To: the board of directors and the shareholder of Oracle Financial Services Software B.V.

Report on the audit of the financial statements for the year ended 31 March 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Oracle Financial Services Software B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Oracle Financial Services Software B.V. for the year ended 31 March 2021 and of its result for the year ended 31 March 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet for the year ended 31 March 2021
- ▶ The statement of income for the year ended 31 March 2021
- ▶ The notes comprising of a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards of Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Oracle Financial Services Software B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ The directors' report
- ▶ Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 30 June 2021

Ernst & Young Accountants LLP

signed by Y.M. Jansen