

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

**Flash Report for the 1<sup>st</sup> Quarter of Fiscal Year Ending May 31, 2021**  
**[under Japanese GAAP] (Non-consolidated)** September 24, 2020



Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1<sup>st</sup> Section  
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 Quarterly Report Filing Date (as planned): October 14, 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, 2020 to August 31, 2020)

## (1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1 <sup>st</sup> Quarter, May 2021	47,629	0.3	14,536	2.0	14,500	2.2	10,040	2.3
1 <sup>st</sup> Quarter, May 2020	47,505	4.1	14,249	5.1	14,189	4.5	9,817	4.4

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
1 <sup>st</sup> Quarter, May 2021	78	40	78	32
1 <sup>st</sup> Quarter, May 2020	76	74	76	66

## (2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity
	Million Yen	Million Yen	%
1 <sup>st</sup> Quarter, May 2021	286,321	182,396	63.7
FY ended May 2020	294,139	191,362	65.0

Shareholders' equity 1<sup>st</sup> Quarter, May 2021: 182,248 Million Yen (FY2020: 191,206 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 2020	-		0	00	-		149	00	149	00
FY ending May 2021	-									
FY ending May 2021(Forecast)			-		-		-		-	

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

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

## 3. Forecast for the May 2021 term (from June 1, 2020 to May 31, 2021)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	0.0~3.0	370.00~385.00

(Note1) Revision of forecast for May 2021 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)	1 <sup>st</sup> Quarter, May 2021	128,204,971 shares
	FY ended May 2020	128,184,271 shares
(ii) The number of treasury stock	1 <sup>st</sup> Quarter, May 2021	116,503 shares
	FY ended May 2020	116,303 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	1 <sup>st</sup> Quarter, May 2021	128,076,021 shares
	1 <sup>st</sup> Quarter, May 2020	127,935,547 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

#### Overview

During the first quarter under review (from June 1, 2020 to August 31, 2020, hereinafter “this quarter”), 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, soaring data volume because of remote working, and strengthening contact points with end users. On the other hand, in some industries which were affected by business performance negatively under COVID-19 situation, we see some slow-down regarding IT spending.

As the COVID-19 virus (Coronavirus) was showing up in the end of last fiscal year, the Company recognizes that one of its most important business missions is to protect safety and health of its employees’ and customers’ and to continue its business stably. The Company has shifted promptly to remote working style and pressed ahead with efforts to ensure efficient risk management and to strengthen our sales capabilities continuously.

In this business environment and as a result of these measures, the Company posted 47,629 million yen (up 0.3 % year on year) in revenue, 14,536 million yen (rising 2.0 %) in operating income, 14,500 million yen (gaining 2.2 %) in ordinary income and 10,040 million yen (increasing 2.3 %) in net income.

The Company is delivering our value to strive 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 is aiming for further business growth by supporting our customer’s cloud migration of their core systems and active data utilization. Its mission is to help people see data in new ways, discover insights, unlock endless possibilities.

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.

The Company set a slogan “Customer Centric”, in order to accelerate our focus points “Win ERP Cloud”, “Focus on Big Deals” and “Growth Cloud Consumption”. Furthermore the Company also aim to provide the value of “OCI (Oracle Cloud Infrastructure)” which is able to perform extremely at dramatically increased data volume and the most demanding workloads under robust security network. Hereby the Company is expanding to provide its Cloud services, which maximize the value of information by data-driven approaching and supporting services for customers to use Cloud.

In the role of promoting strategy, the Company opened a new datacenter in Osaka region in February 2020, added on the datacenter in Tokyo region opened in May 2019 so that it has built Disaster Recovery service system and has delivered its cloud services corresponding to enterprise workload and security.

In terms of the structure of sales team, it deployed into Cloud and License, and we expand our cloud business by “Team Collaboration”, add value sales with our support and consulting services.

(Glossary)

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

Business status in the 1st quarter of the fiscal year (from June 1, 2020 to August 31, 2020)

Regarding the Cloud license and on-premise license, we see solid demands from customers in variety of industry including Finance, Manufacturing, and Distribution & Services. The Company has developed its strength of products and services to its Customers. The Company continues to close a good mix of small and large deals indicating a steady business scenario.

Concerning the Cloud services, including “Oracle Cloud Infrastructure (OCI)”, there is a lot of demands from customers putting a weight on performance, security and cost effectiveness. That has led to the usage of our Tokyo and Osaka region data center opened in FY20 is successfully increasing continuously across all of segment significantly with expansion its Gen-2 Cloud datacenter.

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.

In Services segment, the number of composite projects from Consulting Services 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.

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

Item	FY2020 1 <sup>st</sup> Quarter		FY2021 1 <sup>st</sup> Quarter			May 2020	
	Amount	Comp.	Amount	Comp.	YoY	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud license & on-premise license	9,371	19.7	8,137	17.1	-13.2	54,972	26.0
Cloud services & license support	29,058	61.2	30,330	63.7	4.4	117,601	55.6
Cloud & License	38,429	80.9	38,467	80.8	0.1	172,573	81.7
Hardware systems	3,950	8.3	4,003	8.4	1.4	17,362	8.2
Services	5,125	10.8	5,157	10.8	0.6	21,420	10.1
Total	47,505	100.0	47,629	100.0	0.3	211,357	100.0

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

## (2) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 286,321 million yen (decreasing 7,817 million yen from the previous fiscal year end). Current assets were 242,564 million yen (decreasing 7,268 million yen).

Liabilities were 103,925 million yen (increasing 1,148 million yen from the previous fiscal year end). Net assets totaled 182,396 million yen (decreasing 8,966 million yen from the previous fiscal year end). As a result, the ratio of shareholders’ equity was 63.7 % (down 1.3 percentage points from the previous fiscal year end).

## (3) Qualitative Information on Forecasts

There is no change to the forecast announced on June 25, 2020.

## 2. Quarterly Financial Statements and Main Notes

### (1) Quarterly Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2020)	Current term end (as of August 31, 2020)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	60,091	66,966
Accounts receivable-trade	26,539	10,993
Short-term loans receivable from subsidiaries and associates	160,000	160,000
Other	3,214	4,617
Allowance for doubtful accounts	-13	-13
<b>Total current assets</b>	<b>249,832</b>	<b>242,564</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings, net	10,367	10,148
Land	26,057	26,057
Other, net	2,471	2,144
Total property, plant and equipment	38,895	38,350
Intangible assets	1	1
Investments and other assets		
Other	5,409	5,404
Allowance for doubtful accounts	-0	-0
Total investments and other assets	5,409	5,404
<b>Total noncurrent assets</b>	<b>44,306</b>	<b>43,756</b>
<b>Total assets</b>	<b>294,139</b>	<b>286,321</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	10,501	7,086
Accounts payable-other	4,242	3,611
Income taxes payable	11,875	4,788
Advances received	67,730	82,077
Provision for bonuses	2,341	1,113
Other Provision	425	556
Other	5,651	4,691
<b>Total current liabilities</b>	<b>102,768</b>	<b>103,924</b>
<b>Noncurrent liabilities</b>		
Other	7	0
<b>Total noncurrent liabilities</b>	<b>7</b>	<b>0</b>
<b>Total liabilities</b>	<b>102,776</b>	<b>103,925</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	24,884	24,935
Capital surplus	8,235	8,286
Retained earnings	158,846	149,789
Treasury stock	-759	-762
<b>Total shareholders' equity</b>	<b>191,206</b>	<b>182,248</b>
<b>Subscription rights to shares</b>	<b>156</b>	<b>147</b>
<b>Total net assets</b>	<b>191,362</b>	<b>182,396</b>
<b>Total liabilities and net assets</b>	<b>294,139</b>	<b>286,321</b>

## (2) Quarterly Statement of Income

## Cumulative Third Quarter

(Unit : Million yen)

Description	Previous term (From June 1, 2019 to August 31, 2019)	Current term (From June 1, 2020 to August 31, 2020)
<b>Net sales</b>	<b>47,505</b>	<b>47,629</b>
Cost of sales	24,856	24,792
<b>Gross Profit</b>	<b>22,648</b>	<b>22,836</b>
Selling, general and administrative expenses	8,399	8,299
<b>Operating income</b>	<b>14,249</b>	<b>14,536</b>
Non-operating income		
Interest income	6	8
Others	5	5
Total Non-Operating Income	12	13
Non-Operating expenses		
Foreign exchange losses	71	47
Others	0	1
Total Non-Operating expenses	72	49
<b>Ordinary Income</b>	<b>14,189</b>	<b>14,500</b>
Extraordinary Income		
Gain on reversal of subscription rights to shares	3	—
Total Extraordinary Income	3	—
<b>Income before income taxes</b>	<b>14,192</b>	<b>14,500</b>
Income taxes	4,374	4,460
<b>Net Income</b>	<b>9,817</b>	<b>10,040</b>

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

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

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

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

## (Segment Information)

**I . Previous quarter under review (from June 1, 2019 to August 31, 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	38,429	3,950	5,125	47,505	—	47,505
Intersegment net sales or transfer	—	—	—	—	—	—
Total	38,429	3,950	5,125	47,505	—	47,505
Operating income (loss)	14,627	187	714	15,530	-1,281	14,249

(Notes): 1. Segment profit adjustment of minus 1,281 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.  
2. Segment profits are adjusted in comparison with operating income in the statement of income.

**II . Current quarter under review (from June 1, 2020 to August 31, 2020)**

Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	38,467	4,003	5,157	47,629	—	47,629
Intersegment net sales or transfer	—	—	—	—	—	—
Total	38,467	4,003	5,157	47,629	—	47,629
Operating income (loss)	14,899	151	814	15,865	-1,328	14,536

(Notes): 1. Segment profit adjustment of minus 1,328 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.

## (Additional Information)

There are no significant changes to the assumptions and accounting estimates regarding the effects of the COVID-19 infection in the (Additional Information) securities report for the previous fiscal year.