

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

**Flash Report for the 2nd Quarter of Fiscal Year Ending May 31, 2021**  
**[under Japanese GAAP] (Non-consolidated)**      December 22, 2020



Company Name      Oracle Corporation Japan      Listed Stock Exchange: TSE 1<sup>st</sup> Section  
 Ticker: 4716      URL: <http://www.oracle.com/jp/corporate/investor-relations/index.html>  
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 Quarterly Report Filing Date (as planned): January 12, 2021  
 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 Jun 1, 2020 to November 30, 2020)

(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 2021	100,246	2.8	33,067	10.0	33,022	9.9	22,874	10.0
2 <sup>nd</sup> Quarter, May 2020	97,485	6.8	30,052	8.2	30,046	8.0	20,790	7.9

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
2 <sup>nd</sup> Quarter, May 2021	178	55	178	41
2 <sup>nd</sup> Quarter, May 2020	162	47	162	32

## (2) Financial Position

	Total Assets	Net Assets	Ratio of shareholders' equity
	Million Yen	Million Yen	%
2 <sup>nd</sup> Quarter, May 2021	298,706	195,825	65.5
FY ended May 2020	294,139	191,362	65.0

Shareholders' equity      2nd Quarter, May 2021: 195,695 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	-		0	00						
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	2 <sup>nd</sup> Quarter, May 2021	128,219,871	shares
(inclusive of treasury stock)	FY ended May 2020	128,184,271	shares
(ii) The number of treasury stock	2 <sup>nd</sup> Quarter, May 2021	36,406	shares
	FY ended May 2020	116,303	shares
(iii) The number of average shares outstanding	2 <sup>nd</sup> Quarter, May 2021	128,110,546	shares
(cumulative, non-consolidated, at end of third quarter)	2 <sup>nd</sup> Quarter, May 2020	127,967,273	shares

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

The treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term.

Caution1:

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

Caution2:

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

[Table of Contents of Attached Material]

1. Qualitative Information on Results in the Quarter under Review-----	2
(1) Qualitative Information on Business Outcomes -----	2
(2) Qualitative Information on Financial Situation-----	3
(3) Qualitative Information on Forecasts-----	3
2. Quarterly Financial Statements and Main Notes -----	4
(1) Quarterly Balance Sheet-----	4
(2) Quarterly Statement of Income-----	5
Cumulative Second Quarter-----	5
(3) Statement of Cash Flows-----	6
(4) Notes to Quarterly Financial Statements-----	7
Notes to Going Concern-----	7
Notes to significant changes in the stockholders' equity-----	7
Adoption of specified accounting methods for the preparation of quarterly non-consolidated Financial statements -----	7
Segment Information-----	8
Additional Information-----	8

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

### (1) Qualitative Information on Business Outcomes

#### Overview

During the second quarter under review (from June 1, 2020 to November 30, 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 COVID19 situation, we still see some slow-down regarding IT spending. In this business environment, the Company is expanding our Cloud business for realizing Customers’ innovation, for their business transformation, and for supporting their firm growth.

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.

As a result of these measures, the Company posted 100,246 million yen (up 2.8 % year on year) in revenue, 33,067 million yen (rising 10.0 %) in operating income, 33,022 million yen (gaining 9.9 %) in ordinary income and 22,874 million yen (increasing 10.0 %) 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

Our mission is to help people see data in new ways, discover insights, unlock endless possibilities. The Company is aiming for further business growth by supporting our customers’ cloud migration of their core systems and active data utilization with deepen customer-trust, which is based on “Be a TRUSTED TECHNOLOGY ADVISOR”. We have practiced DX (Digital Transformation) with our Cloud Journey to the Cloud by own technology which brought business success to ourselves. By accelerating to deploy and implement our technology to the customers, we support their Cloud Journey to Data-driven DX.

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 2<sup>nd</sup> Quarter of the fiscal year (from September 1, 2020 to November 30, 2020)

Regarding the Cloud license and on-premise license, we see solid demands from customers in variety of industry. 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. In terms of Partner business side, we are expanding our cooperative ties of alliance and creating new demands on SME market segment.

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, furthermore one of the most important strategy “ERP upgrade” (from On-premise to Cloud services) has been deployed to mainly its enterprise Customers. That has led to the usage of our Tokyo region data center opened in May this year 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 2 <sup>nd</sup> Quarter		FY2021 2 <sup>nd</sup> Quarter			May 2020	
	Amount	Comp.	Amount	Comp.	YoY	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud license & on-premise license	20,446	21.0	20,521	20.5	0.4	54,972	26.0
Cloud services & license support	58,053	59.6	60,915	60.8	4.9	117,601	55.6
Cloud & License	78,500	80.5	81,437	81.2	3.7	172,573	81.7
Hardware systems	8,407	8.6	8,142	8.1	-3.2	17,362	8.2
Services	10,577	10.9	10,666	10.6	0.8	21,420	10.1
Total	97,485	100.0	100,246	100.0	2.8	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 298,706 million yen (increasing 4,567 million yen from the previous fiscal year end). Current assets were 255,500 million yen (increasing 5,677 million yen).

Liabilities were 102,881 million yen (increasing 105 million yen from the previous fiscal year end). Net assets totaled 195,825 million yen (increasing 4,462 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 November 30, 2020)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	60,091	73,734
Accounts receivable-trade	26,539	15,301
Short-term loans receivable from subsidiaries and associates	160,000	160,000
Other	3,214	6,524
Allowance for doubtful accounts	-13	-59
<b>Total current assets</b>	<b>249,832</b>	<b>255,500</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings, net	10,367	9,927
Land	26,057	26,057
Other, net	2,471	1,840
Total property, plant and equipment	38,895	37,825
Intangible assets	1	1
Investments and other assets		
Other	5,409	5,380
Allowance for doubtful accounts	-0	-
Total investments and other assets	5,409	5,380
<b>Total noncurrent assets</b>	<b>44,306</b>	<b>43,206</b>
<b>Total assets</b>	<b>294,139</b>	<b>298,706</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	10,501	12,127
Accounts payable-other	4,242	4,211
Income taxes payable	11,875	10,817
Advances received	67,730	70,918
Provision for bonuses	2,341	1,527
Other Provision	425	152
Other	5,651	3,126
<b>Total current liabilities</b>	<b>102,768</b>	<b>102,880</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>102,881</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	24,884	24,975
Capital surplus	8,235	8,326
Retained earnings	158,846	162,622
Treasury stock	-759	-228
<b>Total shareholders' equity</b>	<b>191,206</b>	<b>195,695</b>
<b>Subscription rights to shares</b>	<b>156</b>	<b>129</b>
<b>Total net assets</b>	<b>191,362</b>	<b>195,825</b>
<b>Total liabilities and net assets</b>	<b>294,139</b>	<b>298,706</b>

## (2) Quarterly Statement of Income

## Cumulative Second Quarter

(Unit : Million yen)

Description	Previous term (From Jun 1, 2019 to November 30, 2019)	Current term (From Jun 1, 2020 to November 30, 2020 )
<b>Net sales</b>	<b>97,485</b>	<b>100,246</b>
Cost of sales	50,842	51,381
<b>Gross Profit</b>	<b>46,642</b>	<b>48,864</b>
Selling, general and administrative expenses	16,589	15,796
<b>Operating income</b>	<b>30,052</b>	<b>33,067</b>
Non-operating income		
Interest income	13	17
Others	29	12
<b>Total Non-Operating Income</b>	<b>43</b>	<b>30</b>
Non-Operating expenses		
Foreign exchange losses	47	71
Others	1	4
<b>Total Non-Operating expenses</b>	<b>49</b>	<b>75</b>
<b>Ordinary Income</b>	<b>30,046</b>	<b>33,022</b>
Extraordinary Income		
Gain on reversal of subscription rights to shares	12	11
<b>Total Extraordinary Income</b>	<b>12</b>	<b>11</b>
<b>Income before income taxes</b>	<b>30,058</b>	<b>33,033</b>
Income taxes	9,268	10,159
<b>Net Income</b>	<b>20,790</b>	<b>22,874</b>

## (3) Statements of Cash Flows

(Unit : Million yen)

	Previous term (From Jun 1, 2019 to November 30, 2019)	Current term (From Jun 1, 2020 to November 30, 2020)
Net cash provided by (used in) operating activities		
Income before income taxes	30,058	33,033
Depreciation and amortization	1,167	1,076
Share-based compensation expenses	10	9
Increase (decrease) in allowance for doubtful accounts	-34	46
Increase (decrease) in provision for bonuses	-1,354	-814
Increase (decrease) in other provision	-251	-273
Foreign exchange losses (gains)	44	55
Interest and dividends income	-41	-29
Loss (gain) on sales and retirement of noncurrent assets	1	0
Decrease (increase) in notes and accounts receivable-trade	5,420	11,238
Decrease (increase) in other current assets	4,527	-3,292
Increase (decrease) in notes and accounts payable-trade	-3,928	1,626
Increase (decrease) in accounts payable-other	-1,847	-35
Increase (decrease) in advances received	-8,561	3,187
Increase (decrease) in other current liabilities	-250	-2,569
Other, net	638	591
Subtotal	25,598	43,853
Interest and dividends income received	27	11
Income taxes paid	-10,319	-11,173
Net cash provided by (used in) operating activities	15,306	32,691
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-441	-53
Proceeds from sales of property, plant and equipment	32	46
Payments of loans receivable from subsidiaries and associates	-30,000	—
Payments into time deposits	—	-30,000
Payments of guarantee deposits	-19	-0
Proceeds from refund of guarantee deposits	2	0
Payments for asset retirement obligations	—	-46
Net cash provided by (used in) investing activities	-30,424	-30,052
Net cash provided by (used in) financing activities		
Proceeds from issuance of shares	220	156
Purchase of treasury stocks	-3	-3
Proceeds from sales of treasury stocks	0	—
Cash dividends paid	-17,439	-19,093
Net cash provided by (used in) financing activities	-17,222	-18,940
Effect of exchange rate change on cash and cash equivalents	-44	-55
Net Increase/(Decrease) in cash and cash equivalents	-32,384	-16,357
Cash and cash equivalents at beginning of period	65,505	60,091
Cash and cash equivalents at end of period	33,120	43,734



(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, 2019 to November 30, 2019)**

## Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	78,500	8,407	10,577	97,485	—	97,485
Intersegment net sales or transfer	—	—	—	—	—	—
Total	78,500	8,407	10,577	97,485	—	97,485
Operating income (loss)	30,229	393	1,731	32,354	-2,301	30,052

(Notes): 1. Segment profit adjustment of minus 2,301 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.

2. Segment profits are adjusted in comparison with operating income in the statement of income.

**II. Current quarter under review (from June 1, 2020 to November 30, 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	81,437	8,142	10,666	100,246	—	100,246
Intersegment net sales or transfer	—	—	—	—	—	—
Total	81,437	8,142	10,666	100,246	—	100,246
Operating income (loss)	32,829	346	2,226	35,401	-2,333	33,067

(Notes): 1. Segment profit adjustment of minus 2,333 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.