

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

**Flash Report for the Fiscal Year Ended May 31, 2022**  
**[under Japanese GAAP] (Non-consolidated)**

June 24, 2022



Company Name Oracle Corporation Japan Listed Stock Exchange: TSE Standard  
 Ticker: 4716 URL: <http://www.oracle.com/jp/corporate/investor-relations/index.html>  
 Representative & Contact personal Telephone: 03-6834-6666  
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 Schedule for general shareholders meeting: August 23, 2022 Schedule for dividends payment: August 8, 2022  
 Schedule for annual security report: August 23, 2022  
 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, 2021 to May 31, 2022)

## (1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
May 2022	214,691	3.0	73,213	3.3	73,543	3.7	51,182	4.1
May 2021	208,523	-1.3	70,904	3.0	70,904	3.0	49,175	3.1

	Net income per share		Net income per share (diluted)		ROE	ROA	Operating Income Margin
	Yen	Sen	Yen	Sen	%	%	%
May 2022	399	55	399	42	29.7	25.8	34.1
May 2021	383	92	383	66	23.9	22.6	34.0

## (2) Financial Position

	Total Assets		Net Assets		Ratio of shareholders' equity	Net assets per share	
	Million Yen		Million Yen		%	Yen	Sen
May 2022	236,868		125,355		52.9	977	41
May 2021	333,999		219,999		65.8	1,717	30

Shareholders' equity May 2022: 125,243 Million Yen (May 2021: 219,881 Million Yen)

## (3) Cash Flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at the end of period	
	Million Yen		Million Yen		Million Yen		Million Yen	
May 2022	53,091		99,835		-146,832		60,142	
May 2021	65,148		-50,118		-21,115		53,964	

## 2. Dividends

	Dividend per share										Total amount of dividends	Dividends payout ratio	Dividend Ratio to shareholders' equity
	1 <sup>st</sup> Quarter		2 <sup>nd</sup> Quarter		3 <sup>rd</sup> Quarter		Fiscal Year		Total				
	end	end	end	end	End	End	End	End	End	End			
May 2021	Yen -	Sen	Yen 0	Sen 00	Yen -	Sen	Yen 1,146	Sen 00	Yen 1,146	Sen 00	Million Yen 146,949	% 298.5	% 71.4
May 2022	Yen -	Sen	Yen 0	Sen 00	Yen -	Sen	Yen 160	Sen 00	Yen 160	Sen 00	Million Yen 20,518	% 40.0	% 11.9
May 2023 (Forecast)	Yen -	Sen	Yen -	Sen	Yen -	Sen	Yen -	Sen	Yen -	Sen			

(Note1) Changing Dividend Forecast for the year ended May 31, 2022: Yes

(Note2) Year-end dividend for the year ending May 31, 2023 has yet to be determined.

## 3. Forecast for the May 2023 term (from June 1, 2022 to May 31, 2023)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	1.0~4.0	400.00~410.00

(Note1) Company uses ranges of values for the forecast. Please refer to Future Outlook, on page 5.

(Note2) Estimation of effective tax rate is 30.8%

## 4. Other information

## (1) Changes in accounting policies, procedures, presentation rules, etc

- (i) Changes in accounting policies due to revision of accounting standards : Yes
- (ii) Changes in accounting policies due to reasons other than (i): None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None

## (2) The number of shares outstanding (common stock)

(i) The number of shares outstanding (inclusive of treasury stock)	May 2022	128,256,471	shares
	May 2021	128,240,971	shares
(ii) The number of treasury stock	May 2022	118,544	shares
	May 2021	201,781	shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	May 2022	128,100,762	shares
	May 2021	128,087,828	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:

This flash report is not subject to audit.

## 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 Future prospects, on page 5.

[Table of Contents of Attached Material]

1. Overview of the Management Operations' Results, etc.-----	2
(1) Overview of the Management Operations' Results in the Current Financial Year -----	2
(2) Overview of the Financial Position in the Current Financial Year -----	4
(3) Overview of the Cash flows in the Current Financial Year-----	4
(4) Future Outlook-----	5
2. Basic Policies Concerning Selection of Accounting Standards -----	6
3. Financial Statements-----	7
(1) Balance Sheet-----	7
(2) Statement of Income-----	9
(3) Statement of changes in shareholders' equity-----	10
(4) Statement of Cash flows-----	12
(5) Notes to Financial Statements-----	13
(Notes to Going Concern) -----	13
(Changes in Accounting Policies) -----	13
(Additional Information) -----	13
(Segment Information) -----	14
(Per Share Data) -----	15
(Notes to subsequent events) -----	15

## 1. Overview of the Management Operations' Results, etc.

### (1) Overview of the Management Operations' Results in the Current Financial Year

#### Overview

During the fiscal year under review (from June 1, 2021 to May 31, 2022, hereinafter “this year”), the Japanese information services industry in which the Company operates were gradually recovering in migrating to the Cloud and IT investment aimed at corporate growth and boosting competitiveness, including investing in new technologies exemplified by Autonomous, AI, Machine learning or Deep learning technology, improving efficiency through the use of variable digital data, soaring data volume because of remote working, and strengthening contact points with end users.

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 early 2020, 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. The Company re-opened its offices in phases which could realize a higher level of autonomy and hybrid working style.

As a result of these measures, the Company posted 214,691 million yen (up 3.0 % year on year) in revenue, 73,213 million yen (rising 3.3 %) in operating income, 73,543 million yen (gaining 3.7 %) in ordinary income and 51,182 million yen (increasing 4.1 %) 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. For revenue and each profit category indicated attained hit record highs as this year (the fiscal year ended).

#### 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 is further accelerate to provide its Cloud services, which maximize the value of information by data-driven approaching and supporting services for customers to utilize our Cloud Services that we have been focusing on, hereby the Company drives its customers' DX.

The four measures which make “To Accelerate Cloud Transformation”

1) Realization of data-driven DX by SaaS

We promote aggressively DX by deploying and implementing Oracle Cloud ERP / HCM, / CX to our customers, which focuses on large-scale and strategic transactions.

2) Modernization of IT infrastructure with Hybrid Cloud

We move large-scale workloads of mission-critical systems to OCI (Oracle Cloud Infrastructure) and focus on increasing the number of cloud engineers.

3) Promotion of Social infrastructure DX

We strengthen the sales team of the public sector that has led to promote DX of social infrastructure, and support the Smart city projects of local governments.

4) Expansion of partner ecosystem

We support the buildup OCI / SaaS delivery system by deploying "Dedicated Region Cloud @Customer", which builds Oracle's public cloud in the customer's data center to strategic partners. In the role of promoting strategy, the Company is expanding the capacity of two datacenters in Tokyo and Osaka region 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 newly built the sales team for specialized the public sector. 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 4th Quarter of the fiscal year (from March 1, 2022 to May 31, 2022)

[Cloud & Licenses]

In the Cloud license and on-premise license, the Company has developed its strength of products and services to its Customers under our strategy stated above.

Regarding our License business, the market is showing a recovery trend in IT investment which is not only for cost reduction but developing and growing their business. Due to hardware supply chain issues (shipment delays) caused by global semiconductor shortages, there were some cases that license projects were moving back with hardware delivery delays.

We are continuously examining our business status henceforth owing to the range of investment momentum depends on the industry.

In terms of Partner business side, we are expanding our cooperative ties of alliance and keep on expansion our Cloud partnership, while creating new demands on SME market segment.

Concerning the Cloud services, we delivered some achieve results for Cloud Migration (from On-premise to Cloud services) which are mainly “Oracle Fusion Cloud ERP” to our install-based customers, and also it has been deployed to the new customers in variable industries for accelerating Cloud shifting. Regarding “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 are successfully increasing continuously with expansion its Cloud datacenter.

We have been authorized ISMAP (Information system Security Management and Assessment Program) for Government Cloud supplier with OCI, PaaS and Oracle Exadata Cloud@Customer, and prospective benefits amid a push for government digitalization include an acceleration and increase in investment, larger projects, and further stimulation of demand over the mid-long term.

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.

NetSuite for SME market remained brisk performance in adding new customers who adopted Cloud ERP.

Also we have been keeping the high renewal rate of license support contracts and the attach rate for the on-premise license.

[Hardware Systems]

In Hardware Systems segment, the Company released “Oracle Exadata Database Machine X9M” (upgraded version of X8M) combines Intel® Optane™ DC persistent memory in September 2021. The inquiry for this machine is strong, while we have supply chain issues because of shortage of the semiconductor chip worldwide. Exadata X9M removes storage bottlenecks and dramatically increase performance for the most demanding workloads such as Online Transaction Processing (OLTP), analytics, IoT, fraud detection, and high frequency trading.

[Services]

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.

Revenue breakdown by business segments (Year to Date)

Item	May 2021		May 2022		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
Cloud license & on-premise license	47,173	22.6	44,975	20.9	-4.7
Cloud services & license support	123,052	59.0	132,636	61.8	7.8
Cloud & License	170,225	81.6	177,612	82.7	4.3
Hardware systems	17,083	8.2	15,429	7.2	-9.7
Services	21,214	10.2	21,649	10.1	2.1
Total	208,523	100.0	214,691	100.0	3.0

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

## (2) Overview of the Financial Position in the Current Financial Year

Current assets at the end of the current fiscal year were 84,800 million yen (increasing 3,761 million yen from the previous fiscal year end). Noncurrent assets of the Company at the end of the term stood at 152,068 million yen (decreasing 100,892 million yen from the previous fiscal year end). This was mainly due to a decrease in long-term loans receivable from subsidiaries and associates (100,000 million yen) as a result of the early collection of a portion of long-term loans receivable from subsidiaries and associates to Oracle Japan Holding Inc. (the parent company of the Company).

Liabilities were 111,513 million yen (decreasing 2,486 million yen from the previous fiscal year end). Net assets totaled 125,355 million yen (decreasing 94,644 million yen from the previous fiscal year end). This was mainly due to pay a year-end dividend of 1,146 yen (146,949 million yen) per share (including a special dividend of 992 yen per share) in the first quarter of the current fiscal year, etc.

As a result, the ratio of shareholders' equity was 52.9 % (down 12.9 percentage points from the previous fiscal year end).

## (3) Overview of the Cash flows in the Current Financial Year

## (Cash flows from operating activities)

Cash generated from operating activities was 53,091 million yen (decreasing 12,056 million yen year on year). The inflow is mainly attributable to the posting of income before income taxes of 73,548 million yen, a decrease in advance payments to suppliers of 3,337 million yen. The outflows are attributable to the payment of 24,396 million yen in income taxes.

## (Cash flows from investment activities)

Cash generated from investment activities was 99,835 million yen (used of 50,118 million yen in the previous fiscal year). This was mainly due to the early collection of a portion of long term loans receivable from subsidiaries and associates to Oracle Japan Holding Inc.(the parent company of the Company), and collected long term loans receivable from subsidiaries and associates (100,000 million yen) on July 29, 2021.

## (Cash flows from financial activities)

Cash used for financial activities was 146,832 million yen (increasing 125,717 million yen year on year). This was primarily appropriated to the payment of dividends of 1,146 yen per share (including a special dividend of 992 yen per share) as a year-end dividend.

In total, cash and equivalents increased 6,178 million yen from the end of the previous term, to 60,142 million yen.

(4) Future Outlook

Mission Statement

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.

We have confidence that continuing to evolve ourselves and navigating the evolution of our customers will be a step toward guiding the world in the right direction, and ultimately will contribute to society and humankind.

Our Strength

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.

Key Initiatives

The Company is further accelerate to provide its Cloud services, which maximize the value of information by data-driven approaching and supporting services for customers to utilize our Cloud Services that we have been focusing on. License team and Cloud one proceed the deals and projects by cooperating with each other, hereby the Company drives its customers' Cloud Transformation.

Furthermore, we reinforce our industry model by collaborating cross-functionally, which contribute customers' business with deploying optimal Oracle Solutions in each industry.

The five measures which make "To Accelerate Cloud Transformation"

1) Mission Critical Systems Modernization

To support the transformation of cost structure, the minimization of business continuity risk, and the balance of the ability to adjust and respond to change.

2) End-to-End Business Process Digitalization

To support the reduction of back office load and the concentration of management resources on high-value-added businesses.

3) Resilient Social Infrastructure Realization

To support the realization of a robust and secure social infrastructure which is required for Economic Security.

4) Business and Social Sustainability Acceleration

To support the enhancement of corporate value in the mid-term and the realization of a Sustainable economy by power of IT.

5) Co-Innovation Partner Eco-system Enhancement

To promote our key initiatives by leveraging a mutual strength of us and our stakeholders.

The Company uses a range of values for the forecast for the next fiscal year. The Company is carefully examining the effects on its further business and it will announce that the forecast may change by various reason.

(% of change from previous year)

	Revenue	Net income per share	Estimation of effective tax rate
	%	Yen	%
Entire term	1.0~4.0	400.00~410.00	30.8

#### Cautious Statements for the forecast

Forecasts and other statements in this document that are not historical facts are made by the Company based on the information available to it and assumptions that it considered reasonable at the time of publication of this document. The Company does not guarantee to achieve them. A number of factors could cause actual results to differ materially from forward-looking statements.

## 2. Basic Policies Concerning Selection of Accounting Standards

In the preparation of non-consolidated financial results, the company has adopted Japanese GAAP. The Company has an internal control to comply with accounting rules appropriately and continues to monitor the regulation of the application of IFRS in Japan.

### 3. Financial Statements

#### (1) Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2021)	Current term end (as of May 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	53,964	60,142
Accounts receivable-trade	18,799	20,784
Advance payments to suppliers	3,399	62
Prepaid expenses	109	108
Other	4,784	3,721
Allowance for doubtful accounts	-20	-20
<b>Total current assets</b>	<b>81,038</b>	<b>84,800</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings, net	19,447	19,362
Accumulated depreciation	-9,959	-10,734
Buildings, net	9,487	8,628
Tools, furniture and fixtures	7,627	7,684
Accumulated depreciation	-6,278	-6,573
Tools, furniture and fixtures, net	1,349	1,111
Land	26,057	26,057
Total property, plant and equipment	36,894	35,796
Intangible assets		
Software	0	1
Total intangible assets	0	1
Investments and other assets		
Investment securities	36	36
Deferred tax assets	3,817	4,051
Guarantee deposits	352	154
Long-term loans receivable from subsidiaries and associates	210,000	110,000
Other	1,859	2,028
Total investments and other assets	216,065	116,270
<b>Total noncurrent assets</b>	<b>252,960</b>	<b>152,068</b>
<b>Total assets</b>	<b>333,999</b>	<b>236,868</b>

(Unit : Million yen)

Description	Previous term end (as of May 31, 2021)	Current term end (as of May 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	9,379	8,918
Accounts payable-other	3,743	4,672
Income taxes payable	13,982	12,313
Advances received	80,206	-
Contract liabilities	-	80,047
Deposits received	288	175
Provision for bonuses	2,120	1,953
Provision for directors' bonuses	12	21
Provision for product warranties	42	31
Provision for stock benefits	688	761
Other	3,534	2,616
<b>Total current liabilities</b>	<b>113,999</b>	<b>111,512</b>
<b>Noncurrent liabilities</b>		
Other	0	0
<b>Total noncurrent liabilities</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>113,999</b>	<b>111,513</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	25,033	25,067
Capital surplus		
Legal capital surplus	8,384	8,418
Total capital surplus	8,384	8,418
Retained earnings		
Other retained earnings		
Retained earnings brought forward	188,924	93,156
Total retained earnings	188,924	93,156
Treasury stock	-2,461	-1,399
<b>Total shareholders' equity</b>	<b>219,881</b>	<b>125,243</b>
<b>Subscription rights to shares</b>	<b>118</b>	<b>111</b>
<b>Total net assets</b>	<b>219,999</b>	<b>125,355</b>
<b>Total liabilities and net assets</b>	<b>333,999</b>	<b>236,868</b>

## (2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2020 to May 31, 2021)	Current term (From June 1, 2021 to May 31, 2022 )
<b>Net sales</b>	<b>208,523</b>	<b>214,691</b>
Cost of sales	106,764	109,139
<b>Gross Profit</b>	<b>101,758</b>	<b>105,551</b>
Selling, general and administrative expenses	30,854	32,337
<b>Operating income</b>	<b>70,904</b>	<b>73,213</b>
Non-operating income		
Interest income	32	157
Foreign exchange gains	-	178
Others	14	16
Total Non-Operating Income	47	352
Non-Operating expenses		
Foreign exchange losses	33	-
Others	12	23
Total Non-Operating expenses	46	23
<b>Ordinary Income</b>	<b>70,904</b>	<b>73,543</b>
Extraordinary Income		
Gain on reversal of subscription rights to shares	13	5
Total Extraordinary Income	13	5
<b>Income before income taxes</b>	<b>70,918</b>	<b>73,548</b>
Income taxes-current	22,375	22,562
Income taxes-deferred	-633	-196
<b>Total Income Taxes</b>	<b>21,742</b>	<b>22,366</b>
<b>Net Income</b>	<b>49,175</b>	<b>51,182</b>

## (3) Statement of changes in shareholders' equity

Previous term end (From June 1, 2020 to May 31, 2021)

(Unit : Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Legal capital surplus	Total Capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	24,884	8,235	8,235	158,846	158,846
Changes of items during the period					
Issuance of new shares-exercise of subscription rights to shares	149	149	149		
Dividends from surplus				-19,097	-19,097
Net income				49,175	49,175
Purchase of treasury stock					
Sale of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during the period	149	149	149	30,077	30,077
Balances at end of current period	25,033	8,384	8,384	188,924	188,924

	Shareholders' equity		Subscription rights to shares	Net assets
	Treasury stock	Total shareholders' equity		
Balance at the beginning of current period	-759	191,206	156	191,362
Changes of items during the period				
Issuance of new shares-exercise of subscription rights to shares		298		298
Dividends from surplus		-19,097		-19,097
Net income		49,175		49,175
Purchase of treasury stock	-2,275	-2,275		-2,275
Sale of treasury stock	573	573		573
Net changes of items other than shareholders' equity			-38	-38
Total changes of items during the period	-1,701	28,675	-38	28,636
Balances at end of current period	-2,461	219,881	118	219,999

Current term end (From June 1, 2021 to May 31, 2022 )

(Unit : Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Legal capital surplus	Total Capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	25,033	8,384	8,384	188,924	188,924
Changes of items during the period					
Issuance of new shares-exercise of subscription rights to shares	33	33	33		
Dividends from surplus				-146,949	-146,949
Net income				51,182	51,182
Purchase of treasury stock					
Sale of treasury stock		0	0		
Net changes of items other than shareholders' equity					
Total changes of items during the period	33	33	33	-95,767	-95,767
Balances at end of current period	25,067	8,418	8,418	93,156	93,156

	Shareholders' equity		Subscription rights to shares	Net assets
	Treasury stock	Total shareholders' equity		
Balance at the beginning of current period	-2,461	219,881	118	219,999
Changes of items during the period				
Issuance of new shares-exercise of subscription rights to shares		67		67
Dividends from surplus		-146,949		-146,949
Net income		51,182		51,182
Purchase of treasury stock	-5	-5		-5
Sale of treasury stock	1,067	1,068		1,068
Net changes of items other than shareholders' equity			-6	-6
Total changes of items during the period	1,062	-94,638	-6	-94,644
Balances at end of current period	-1,399	125,243	111	125,355

## (4) Statement of Cash Flows

(Unit : Million yen)

	Previous term (From June 1, 2020 to May 31, 2021)	Current term (From June 1, 2021 to May 31, 2022 )
Net cash provided by (used in) operating activities		
Income before income taxes	70,918	73,548
Depreciation and amortization	2,049	1,653
Share-based compensation expenses	16	9
Increase (decrease) in allowance for doubtful accounts	6	-
Increase (decrease) in provision for bonuses	-220	-167
Increase (decrease) in provision for directors' bonuses	6	8
Increase (decrease) in provision for product warranties	-12	-10
Increase (decrease) in provision for stock benefits	323	73
Foreign exchange losses (gains)	41	-83
Interest and dividends income	-38	-164
Loss (gain) on sales and retirement of noncurrent assets	7	16
Decrease (increase) in notes and accounts receivable-trade	7,739	-1,984
Decrease (increase) in advance payments to suppliers	-3,399	3,337
Decrease (increase) in accounts receivable-other	-1,743	1,415
Decrease (increase) in other current assets	37	-196
Increase (decrease) in notes and accounts payable-trade	-1,121	-461
Increase (decrease) in accounts payable-other	-506	617
Increase (decrease) in accrued consumption taxes	-1,760	-863
Increase (decrease) in advances received	12,475	-
Increase (decrease) in contract liabilities	-	-158
Increase (decrease) in other current liabilities	-143	-39
Other, net	597	927
Subtotal	85,273	77,478
Interest and dividends income received	69	9
Income taxes paid	-20,193	-24,396
Net cash provided by (used in) operating activities	65,148	53,091
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-98	-395
Proceeds from sales of property, plant and equipment	46	67
Purchase of intangible assets	-	-0
Payments of loans receivable from subsidiaries and associates	-210,000	-
Proceeds from loans receivable	160,000	100,000
Payments into time deposits	-30,000	-
Proceeds from withdrawal of time deposits	30,000	-
Payments of guarantee deposits	-0	-10
Proceeds from collection of guarantee deposits	19	209
Payments for asset retirement obligations	-86	-35
Net cash provided by (used in) investing activities	-50,118	99,835
Net cash provided by (used in) financing activities		
Proceeds from issuance of shares	256	56
Purchase of treasury stocks	-2,275	-5
Proceeds from sales of treasury stocks	-	0
Cash dividends paid	-19,096	-146,884
Net cash provided by (used in) financing activities	-21,115	-146,832
Effect of exchange rate change on cash and cash equivalents	-41	83
Net Increase/(Decrease) in cash and cash equivalents	-6,127	6,178
Cash and cash equivalents at beginning of period	60,091	53,964
Cash and cash equivalents at end of period	53,964	60,142

(5) Notes to Financial Statements

(Notes to Going Concern): Not Applicable

(Changes in Accounting Policies)

(Application of Accounting Standard for Calculation of Fair Value, etc.)

The Company has applied "Accounting Standard for Measurement of Fair Value" (ASBJ Statement No.30, July 4, 2019. Hereinafter referred to as "Fair Value Calculation Accounting Standard"), etc. from the beginning of the current fiscal year, and will apply the new accounting policies set forth by the Accounting Standard for Measurement of Fair Value etc. prospectively in accordance with the transitional treatments set forth in Paragraph 19 of the Accounting Standard for Measurement of Fair Value and Paragraph 44 2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact of this change on the quarterly financial statements.

(Additional Information)

(Accounting estimates for the impact of the spread of the COVID-19 infection)

As of the end of the current fiscal year, it is still unclear when the COVID-19 infection will be contained, and we are making accounting estimates (such as evaluating the recoverability of deferred tax assets and considering impairment accounting for fixed assets) based on the assumption that there will be a certain degree of impact for the time being. The impact of this change on the Company's operating results and financial position is not material at this time.

(Application of Accounting Standard, etc. for Revenue Recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The "Accounting Standard for Revenue Recognition", etc. issued on March 30, 2018 have been applied from the beginning of the fiscal year ending May 31, 2019.

Due to the application of the accounting standard for revenue recognition, "Advances received", which was presented in "Current liabilities" in the balance sheet of the previous fiscal year, is included in "Contract liabilities" from the current fiscal year. In addition, "Increase (decrease) in advances received," which had been presented in "Net cash provided by (used in) operating activities" in the statement of cash flows until the previous fiscal year, is now included in "Increase (decrease) in contract liabilities" from the current fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 89-4 of the "Accounting Standard for Revenue Recognition", no reclassification has been made for the previous fiscal year with the new presentation method.

## (Segment Information)

**Segment sales, segment income (loss), segment assets and other items for reportable segments****Previous term (from June 1, 2020 to May 31, 2021)**

(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	170,225	17,083	21,214	208,523	-	208,523
Intersegment net sales or transfer	-	-	-	-	-	-
Total	170,225	17,083	21,214	208,523	-	208,523
Operating income (loss)	70,110	699	4,594	75,404	-4,500	70,904
Other item						
Depreciation (Note) 3	1,473	98	178	1,750	299	2,049

- (Notes):
1. Segment profit adjustment of minus 4,500 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.
  3. Depreciation in Adjustment primarily relates to administrative departments that do not belong to any reportable segment.
  4. Based on the decision of management, the supreme decision-making body does not allocate segment information on assets to reportable segments. Consequently, the Company does not disclose that information.

**Current term (from June 1, 2021 to May 31, 2022)**

(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	177,612	15,429	21,649	214,691	-	214,691
Intersegment net sales or transfer	-	-	-	-	-	-
Total	177,612	15,429	21,649	214,691	-	214,691
Operating income (loss)	72,343	687	5,123	78,154	-4,940	73,213
Other item						
Depreciation (Note) 3	1,155	86	144	1,386	267	1,653

- (Notes):
1. Segment profit adjustment of minus 4,940 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.
  3. Depreciation in Adjustment primarily relates to administrative departments that do not belong to any reportable segment.
  4. Based on the decision of management, the supreme decision-making body does not allocate segment information on assets to reportable segments. Consequently, the Company does not disclose that information.

## (Per Share Data)

(Unit: Yen)

Items	Previous term (From June 1, 2020 to May 31, 2021)	Current term (From June 1, 2021 to May 31, 2022 )
Net assets per share	1,717.30	977.41
Net income per share	383.92	399.55
Net income per share (diluted)	383.66	399.42

(Notes) The basis of calculation for net income per share and net income per share (diluted) is as shown below.

	Previous term (From June 1, 2020 to May 31, 2021 )	Current term (From June 1, 2021 to May 31, 2022 )
Net income per share		
Net income (millions of yen)	49,175	51,182
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	49,175	51,182
Average number of shares during the term (shares)	128,087,828	128,100,762
Net income per share (diluted)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (shares)	86,440	41,566
of which stock acquisition rights (shares)	(86,440)	(41,566)
Details of shares not included in calculation of diluted net income per share due to non- dilutive effect	—	Subscription right (Type: 1 Numbers:173)

(Note) The Company has introduced the BIP trust and the ESOP trust.

Posted as treasury stock included in shareholders' equity, the treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term in order to calculate the net income per share and net income per share (diluted) (6,078 treasury shares owned by the BIP trust and 111,929 treasury shares owned by the ESOP trust for last year, 3,356 treasury shares owned by the BIP trust and 133,267 treasury shares owned by the ESOP trust for this year).

The Company's stock held by the Trust Account are included in treasury stock, which is deducted from the total number of shares issued and outstanding at the end of the fiscal year for the purpose of calculating net assets per share (3,356 treasury shares owned by the BIP trust and 185,950 treasury shares owned by the ESOP trust for last year, 3,356 treasury shares owned by the BIP trust and 102,163 treasury shares owned by the ESOP trust for this year).

(Notes to subsequent events)

Not Applicable