

(Translation purposes only)

Quarterly Securities Report

(The Third Quarter of 34th Business Term)

Oracle Corporation Japan

(E05027)

Quarterly Securities Report

1. The original text of the Practical Guidance is prepared in the Japanese language, and this translation is to be used solely as reference material to aid in the understanding of the Practical Guidance. For all purposes of interpreting and applying the Practical Guidance, users should consult the original Japanese texts available on the following website;
http://www.oracle.co.jp/corp/IR/doc/201904/FY19Q3_Qreport_web.pdf
2. In addition to a review report that has been attached to the Quarterly Securities Report, this document also includes a confirmation document at the end of the report.

(Translation purposes only)

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【Title Page】

【Submitted document】	Quarterly Securities Report
【Text used as grounds for document】	Article 24-4-7 (1) of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	April 11, 2019
【Fiscal year】	The Third Quarter of 34 th Business Term (from December 1, 2018 to February 28, 2019)
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Yushi Murano, Director, Corporate Accounting
【Location of nearest contact】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Yushi Murano, Director, Corporate Accounting
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

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Part 1 【Information About the Company】

I 【Company Overview】

1. 【Movements in Key Performance Indicators, etc.】

Status of submitting company

Term	33 rd 3 rd Quarter	34 th 3 rd Quarter	33 rd
Closing month/year	From June 1, 2017 to February 28, 2018	From June 1, 2018 to February 28, 2019	From June 1, 2017 to May 31, 2018
Revenue (million yen)	131,716	139,784	185,481
Ordinary income (million yen)	39,164	42,430	55,978
Net income (million yen)	27,028	29,387	38,751
Return on investment with application of equity method (million yen)	—	—	—
Capital stock (million yen)	24,411	24,633	24,480
Total numbers of shares outstanding (thousand shares)	127,990	128,079	128,019
Net assets (million yen)	119,573	146,230	131,425
Total assets (million yen)	196,729	225,701	236,509
Net income per share (yen)	211.57	229.68	303.25
Net income per share (diluted) (yen)	211.14	229.39	302.66
Dividends per share (yen)	—	—	121
Ratio of shareholders' equity (%)	60.6	64.7	55.5

Term	33 rd 3 rd Quarter	34 th 3 rd Quarter
Closing month/year	From December 1, 2017 to February 28, 2018	From December 1, 2018 to February 28, 2019
Net income per share (yen)	76.32	79.03

(Note)1. Our company does not compile consolidated financial statements; thus it does not mention movements in consolidated business benchmarks, etc.

2. Sales amounts do not include consumption tax, etc.

3. Return on investment in the event of the use of an equity method is not indicated as the company has no affiliated companies.

4. 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) .

(Translation purposes only)

2. **【Details of Business】**

In the cumulative third quarter ended February 28, 2019, there were no significant changes in the contents of the businesses operated by the Company and the Group belongs to.

(Translation purposes only)

II 【Status of Business】

1. 【Business Risks】

For the nine-month period ended February 28, 2019, there is no significant change in business risks which were described on our Annual Securities Report for the year ended May 31, 2018.

2. 【Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows】

The various quarterly financial sheets, etc. of our company have been compiled based on accounting standards which are generally recognized as fair and reasonable in our country. The compilation of these quarterly financial sheets, etc. require assets and debts as of the final day of the period and hypotheses and estimates within the accounting period which could impact revenue and costs. While an estimate may have been considered reasonable based on past situations and experiences, they may vary from actual results due to changes in hypotheses or criteria. Matters regarding the future stated in this document are based on the judgment of the Company as of the day of the submission of this quarterly report.

(1) Analysis of Financial Status

(i) Overview

During the third quarter under review (from Jun 1, 2018 to February 28, 2019, hereinafter “this “quarter”), the Japanese economy continuously improved moderately, in spite of the need for concern over overseas policy trends in the United States and the expansion of trade conflict. In terms of social and corporate activity, it has become important to utilize digital technologies when cope with issues such as the shrinking productive-age population, globalization and the challenge of developing new business. Similarly, the Japanese information services industry in which the Company operates enjoyed firm system renewal demand and solid IT investment aimed at corporate growth and boosting competitiveness, including investing in mobile solutions, improving efficiency through the use of IoT and other digital data, and strengthening contact points with end users.

In this business environment, the Company strives to become an ideal partner by achieving customer’s innovation and supporting their business transformation by utilizing cloud service and data. The company continuously invests in our employees to enhance their expertise, promotes combination proposals to customers by closer cooperation with sales, consulting services and support services.

In December, 2018, the Company opened “Oracle Digital Hub Tokyo” as a sales base to promote utilizing IT and cloud technology by companies in mid-markets. The Company has deployed the sales teams of “Oracle Digital” and “Oracle NetSuite” of cloud ERP, and they are promoting solution offering with Oracle Cloud while using advanced digital tools in order to respond directly to customers nationwide.

As a result of these measures, the Company posted 139,784 million yen (up 6.1 % year on year) in revenue, 42,421 million yen (rising 8.1 %) in operating income, 42,430 million yen (gaining 8.3 %) in ordinary income and 29,387 million yen (increasing 8.7 %) in net income.

(ii) Results by Reported Segment

Go to Market Strategy

The Company has the comprehensive product portfolio which consists of platform, applications, hardware which can be deployed on cloud environment and on-premise environment. Especially our software license products have been widely adopted in the field of mission critical systems, which have demanded high security, availability and high performance for many years. The Oracle Cloud, which the Company has focused on as a pillar of its new business, has been developed based on the same system architecture and technologies as these software licenses, and the Company enjoys a strength in enabling coordination and bidirectional migration between on-premises systems built with the software licenses products and the Oracle Cloud.

Currently the Company has been taking advantage of these strengths, so that our customers can use our products and services in optimal state, the company invests in our employees to enhance their expertise, promotes combination proposals to customers by closer cooperation with sales, consulting services and support services and focusses on the initiatives of “Acquiring big deals”, “Autonomous upgrades” and “ERP upgrades”.

Regarding our products and services, currently Oracle incorporates AI in the Oracle Cloud, and promotes to make it autonomy of maintenance and operation like patching, performance tuning and so on as one of differentiation with other cloud services. The Company released “Oracle Autonomous Transaction Processing” in August 2018 followed by “Oracle Autonomous Data Warehouse Cloud” we released in March 2018. And as a service to promote “ERP upgrades”, we provides “Oracle Soar” which migrates “Oracle E-Business Suite” on on-premise environment to Oracle ERP cloud in a short time. Regarding the Japan domestic data center announced in February 2018, preparation for an opening is in progress, and the Company concluded the reseller agreement of cloud services with Oracle Information Systems Japan G.K. in February, 2019 (which appoints the company as the agency of Cloud services in Japan).

(Translation purposes only)

Regarding purchasing experience, in order to use Oracle technologies more flexible for a wider range of customers, we provide “Bring Your Own License (BYOL)”, enabling customers to move their existing Oracle software licenses over to “Oracle PaaS” and “Universal Credits” which allows the use of all Oracle PaaS and IaaS by entering into a single and simple contract, and we are striving to expand our cloud and license business.

(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.
- SaaS: Stands for “Software as a Service,” and refers to services that offer financial accounting, salary/personnel management, and other functions of software that are provided via the Internet.
- PaaS: Stands for “Platform as a Service,” and refers to services that offer database management software for the construction and operation of the IT systems and middle layer software that ensure the smooth linkage between different software that are provided via the Internet.
- IaaS: Stands for “Infrastructure as a Service,” and refers to services that offer infrastructure that are provided via the Internet for the construction and operation of IT systems, such as server machines, storage devices, and other hardware and networks.
- On-premises: A form of IT system developed and operated as the company’s possession.

[Cloud & License]

Revenue in the Cloud & license segment was 110,781 million yen, up 6.5 % from the corresponding period of the previous fiscal year. Revenue in the Cloud license & on-premise license was 28,901 million yen (declining 5.0 % year on year), revenue in the Cloud services & license support was 81,879 million yen (rising 11.2 % year on year). This segment consists of the “Cloud license & on-premise license” that the Company sells software licenses for database management software, a range of middleware, and ERP and other business applications, etc., the “License support” that the Company provides software updates and technical support for customers using the Company’s software licenses, and the “Cloud services” are services the Company provides the resources of software and hardware via the Internet.

* (Note) The Company has changed reporting segments since the 1st quarter of the fiscal year ending May31, 2019, renamed “Cloud & Software” to “Cloud & license”, “New software license” to “Cloud license & on-premise license”, integrated “Cloud(SaaS/PaaS/IaaS)” and “Update & product support” to “Cloud services & license support”.

In the 1st Quarter of the fiscal year, we successfully closed large deals in mainly the service sector, the telecommunication sector and the retail and distribution sector. These orders came from customers improving customer engagement by utilizing data and digital technologies aggressively and pursuing revenue growth, and customers enhancing their core systems to adapt their rapid business growth.

In the 2nd Quarter, we received orders from the customers in wide variety of industries and company size including the manufacturing, Retail, Service, Public and Utility. As a result of our sales activities taking advantage of our strengths, we got orders of ERP cloud for the overseas base from a customer in the manufacturing industry that is developing globally. And we successfully closed the comprehensive cloud deals from a customer in retail services, which contained ERP cloud, Marketing cloud, Engagement cloud integrated functions of sales management and customer service, and PaaS to develop additional functions.

In the 3rd Quarter, there was a reactionary downturn following the large deals won in the same period of the previous fiscal year. However the Company received orders of “Oracle Exadata” for systems of store sales management, digital settlement services and production management from customers in retail and distribution sector, service sector and manufacturing sector.

Regarding the demand for on-premise license including Oracle database, though we see some fluctuations every quarter, it is steady especially in mission critical use.

The demand for “Oracle Cloud Platform” is increasing due to its compatibility with on-premise systems and the abundant functions of PaaS and IaaS, in addition to this, the demand for "Oracle Cloud Infrastructure" is increasing for customers who need high cost-performance while securing security and supporting high workload processing such as analysis processing and risk calculation. Regarding SaaS, customers who plan to enhance management and risk control and to improve business efficiency along with expansion of company scale, are studying and adopting SaaS including ERP cloud because of its rapid implementation.

[Hardware systems]

Revenue in the Hardware systems segment was 12,975 million yen, up 3.5 % from the corresponding period of the previous fiscal year. This segment consists of the Hardware systems product division which sells servers, storage, engineered systems and network devices, and provides operating systems and related software, and the Hardware systems support division which provides technical support for hardware products, maintenance and repair services and updated versions of related software including operating systems

(Translation purposes only)

[Services]

Revenue in the Services segment was 16,027 million yen, gaining 6.0 % from the corresponding period of the previous fiscal year. This segment consists of Consulting Services, which support the introduction of products of the Company; Advanced Customer Support Services, which provide a preventive maintenance service and a comprehensive operation management service for customers' IT environments; and Education services, which provide training for engineers and users, and also encompasses a technology qualification business. As for Consulting Services, the number of composite projects 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>

Item	FY2018 3 rd Quarter		FY2019 3 rd Quarter			May 2018	
	Amount	Comp.	Amount	Comp.	YoY	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud license & on-premise license	30,423	23.1	28,901	20.7	-5.0	46,557	25.1
Cloud services & license support	73,635	55.9	81,879	58.6	11.2	99,960	53.9
Cloud & License	104,059	79.0	110,781	79.3	6.5	146,518	79.0
Hardware systems	12,538	9.5	12,975	9.3	3.5	18,063	9.7
Services	15,117	11.5	16,027	11.5	6.0	20,898	11.3
Total	131,716	100.0	139,784	100.0	6.1	185,481	100.0

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

(iii) Operating income

While operating income in Hardware systems segment and Services segment were about the same level year on year.

But operating income came to 42,421 million yen (up 8.1% from the same period a year earlier), because of sales increase in Cloud & License segment.

Cost of sales came to 73,531 million yen (up to 6.4% from the same period a year earlier), royalties in the Cloud & License segment rose due to sales increase in Cloud & License segment. In the Service segment, there was an increase in outsourcing expenses for consulting services.

Selling, general and administrative expenses came to 23,831 million yen (up to 1.9% from the same period a year earlier). This was due to increase of outsourcing expenses, etc.

(IV) Non-operating profit and loss, ordinary income

As a result of appropriating non-operating profit and loss of 9 million yen (net), our ordinary income stood at 42,430 million yen (up 8.3% from the same period a year earlier).

(V) Net income

As a result of appropriating 'extraordinary profits-gain on reversal of subscription rights to shares' as extraordinary income, our current net income stood at 29,387 million yen (up 8.7% from the same period a year earlier).

(Translation purposes only)

(2) Analysis of financial status

(Assets)

Total current assets at the end of the term decreased 142,579 million yen from the end of the previous fiscal year, to 49,711 million yen. This was mainly attributable to a decrease in cash and deposits (141,880 million yen) which was caused by an execution of loan (130,000 million yen) to Oracle Japan Holding Inc. (parent company of the Company) during the third quarter under review whose loan period shall be for up to 2 years and in account receivable-trade (5,635 million yen).

Total non-current assets at the end of the term stood at 175,990 million yen, an increase of 131,771 million yen from the end of the previous year. This was mainly attributable to an execution of the above loan (130,000 million yen) and an increase in incremental costs for the acquisition of contracts (bonus of sales department for the acquisition of contracts) because of accounting policy changes, the scope of those that are posted under assets was changed retroactively, in addition to an increase in property, plant and equipment.

(Liabilities)

Total liabilities at the end of the term decreased 25,612 million yen from the end of the previous fiscal year, to 79,471 million yen. This was mainly due to a decrease in advances received (14,693 million yen), and a decrease in accounts payable-other (5,629 million yen).

(Net assets)

Total net assets at the end of the term increased 14,804 million yen, to 146,230 million yen. This was primarily attributable to increases in both capital stock and capital surplus (152 million yen) due to the exercise of stock options, and an increase in retained earnings (15,156 million yen) as a result of the posting of net income (29,387 million yen), the payment of dividends (15,489 million yen) and an increase of the balance of retained earnings at the beginning of the current period due to the application of the accounting standard for revenue recognition (1,258 million yen). Consequently, the ratio of shareholders' equity stood at 64.7% (an increase of 9.2 percentage points from the end of the previous fiscal year).

(3) Business and Financial Tasks to be addressed

There was no significant change in the task to be addressed by the Company during the cumulative third quarter under review.

(4) Research and development activities

There was no significant change in the task to be addressed by the Company during the cumulative third quarter under review.

(5) Analysis about capital resources and liquidity of funds

There were no material changes in the "information about capital resources and liquidity of funds" stated in the Annual Securities Report for the 33rd business term filed on August, 21, 2018.

(Translation purposes only)

3. 【Important Agreements for Business, etc.】

(1) Agency Agreement with Oracle Information Systems Japan G.K. (cloud services)

Name of agreement	Agreement for sales agent services
Date of agreement	February 27, 2019
Period under agreement	Took effect as of March 1, 2019 and to continue to be in effect unless one of the parties under the agreement requests an annulment 30 days in advance.
Agreement signed with:	Oracle Information Systems Japan G.K. (Minato-ku, Tokyo)
Description of agreement	Oracle Information Systems Japan G.K. appoints our company as its agent in Japan for the sale of cloud services. To pay a certain ratio of cloud services sales from contracted parties as fees.

(2) Oracle partner agreement, which is the sales agency agreements that renewed upon expiration of the contract term during the third quarter of this fiscal year, are the following.

Partner	Applicable products	Date of agreement	Period under agreement
NEC Corporation	Software	February 8, 2019	From February 8, 2019 to May 31, 2019
	Hardware		
	Cloud services		
	Primary maintenance services and SI support services for engineered system products		

(Translation purposes only)

III 【Status of Submitting Company】

1. 【Status of stocks, etc.】

(1) 【Number of shares, etc.】

(i) 【Number of shares】

Type	Number of shares authorized to issue(stocks)
Common Stock	511,584,909
Total	511,584,909

(ii) 【Number of outstanding shares】

Type	Number of outstanding shares as of the end of the third quarter (Shares) (February 28, 2019)	Number of outstanding shares on reporting date (shares) (Note) 1 (April 11, 2019)	Name of financial instruments exchange or name of registered authorized financial instruments firms association	Details
Common Stock	128,079,571	128,089,071	Tokyo Stock Exchange First Section	(Note) 2
Total	128,079,571	128,089,071	-	-

(Note) 1 “Number of outstanding shares on reporting date” does not include the number of shares issued by the exercise of share warrants from April 1, 2019 to the date of submission of this Securities Report.

2 The Company’s standard stock whose rights are not subject to any restrictions. Share unit is 100 shares.

(2) 【Status of share warrants, etc.】

(i) 【Details of Stock Option System】

Not applicable

(ii) 【Status of exercising certificates of bonds with share warrants with exercise price revision clause, etc.】

Not applicable.

(3) 【Details of rights plan】

Not applicable.

(4) 【Trends with number of outstanding shares, capital, etc.】

Date	Number of outstanding shares increase/decrease (shares)	Number of outstanding shares balance (shares)	Capital stock increase/decrease (million yen)	Capital stock balance (million yen)	Legal capital surplus Increase/decrease (million yen)	Legal capital surplus balance (million yen)
From December 1, 2018 to February 28, 2019 (Note)	17,000	128,079,571	42	24,633	42	7,984

(Note) 1. Increase due to the exercise of share warrants.

2. The Company’s capital stock and legal capital surplus increased by 20 million yen respectively and 9,500 shares increased due to the exercise of share warrants (from March 1, 2019 to March 31, 2019).

(Translation purposes only)

(5) 【Status of major shareholders】

The major shareholders are not presented because the current quarterly accounting period is the third quarter period.

(6) 【Status of voting rights】

Concerning the information on voting rights below, as the Company was unable to confirm the information stated in the shareholder register as of February 28, 2019, the information is stated not from its register; rather it is stated from the shareholder register of the immediately preceding cut-off date (November 30, 2018).

(i) 【Number of outstanding shares】

As of November 30, 2018

Item	No. of shares(shares)	No. of voting rights (Units)	Details
Nonvoting stock	-	-	-
Stock with restricted voting right (Treasury stock, etc.)	-	-	-
Stock with restricted voting right (Others)	-	-	-
Stocks with full voting rights (Treasury stock, etc.)	(Own shares) Common stock 11,100	-	-
Stocks with full voting rights (Others)	Common stock 127,762,100	1,277,621	-
Share less than one unit	Common stock 289,371	-	-
Number of outstanding shares	128,062,571	-	-
Voting rights of shareholders	-	1,277,621	-

(Note) "Stocks with full voting rights (Others)" include 2,000 stocks in the name of Japan Securities Depository Center (20 stocks with voting rights), 15,000 company stocks held by the BIP Trust and 21,800 stocks held by the ESOP Trust.

(ii) 【Treasury stock, etc.】

As of November 30, 2018

Name of owner	Addresses of owner	No. of shares held in own name(shares)	No. of shares held in another name (shares)	No. of shares held (shares)	Percentage of shares held versus total number of outstanding shares (%)
(Own shares) Oracle Corporation Japan	2-5-8 Kita-Aoyama, Minato-ku, Tokyo	11,100	-	11,100	0.0
Total	-	11,100	-	11,100	0.0

(Note) The trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust, which are the 15,000 stocks and 21,800 stocks held respectively by The Master Trust Bank of Japan (2-11-3, Hamamatsu-cho, Minato-ku, Tokyo) are not included in the above treasury stock, etc.

2. 【Information about directors】

Not applicable

(Translation purposes only)

IV 【Financial Status】

1 Method of preparing Quarterly Financial Statements

The quarterly financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Financial Statements” (Cabinet Office Ordinance No. 63 of 2007).

2 Audit Certification

The quarterly financial statements for the third quarter of the fiscal year ending February 28, 2019 (from June 1, 2018 to February 28, 2019) and three months ended February 28, 2019 (from December 1, 2018 to February 28, 2019) were reviewed by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

3 Consolidated financial statements

The Company does not prepare consolidated financial statements as we have no subsidiaries.

(Translation purposes only)

1 Quarterly Financial Statements
 (1) Quarterly Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2018)	Current term end (as of February 28, 2019)
Assets		
Current assets		
Cash and deposits	169,326	27,446
Accounts receivable-trade	19,871	14,236
Other	3,105	8,040
Allowance for doubtful accounts	-12	-12
Total current assets	192,290	49,711
Noncurrent assets		
Property, plant and equipment		
Buildings, net	10,635	10,737
Land	26,057	26,057
Other, net	3,171	3,916
Total property, plant and equipment	39,863	40,711
Intangible assets	4	3
Investments and other assets		
Long-term loans receivable from subsidiaries and associates	—	130,000
Other	4,385	5,310
Allowance for doubtful accounts	-34	-34
Total investments and other assets	4,350	135,275
Total noncurrent assets	44,218	175,990
Total assets	236,509	225,701
Liabilities		
Current liabilities		
Accounts payable-trade	13,087	12,139
Accounts payable-other	5,521	2,970
Income taxes payable	10,991	5,361
Advances received	69,862	55,169
Provision for bonuses	2,281	942
Other Provision	390	330
Other	2,941	2,548
Total current liabilities	105,075	79,463
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	105,083	79,471
Net assets		
Shareholders' equity		
Capital stock	24,480	24,633
Capital surplus	7,831	7,984
Retained earnings	99,450	114,606
Treasury stock	-599	-1,217
Total shareholders' equity	131,162	146,007
Subscription rights to shares	262	222
Total net assets	131,425	146,230
Total liabilities and net assets	236,509	225,701

(Translation purposes only)

(2) Quarterly Statement of Income
Cumulative third quarter

(Unit : Million yen)

Description	Previous term (From June 1, 2017 to February 28, 2018)	Current term (From June 1, 2018 to February 28, 2019)
Net sales	131,716	139,784
Cost of sales	69,102	73,531
Gross Profit	62,613	66,252
Selling, general and administrative expenses	23,388	23,831
Operating income	39,225	42,421
Non-operating income		
Foreign exchange gains	—	17
Interest income	12	8
Others	19	25
Total Non-Operating Income	32	51
Non-Operating expenses		
Foreign exchange losses	89	—
Others	3	41
Total Non-Operating expenses	93	41
Ordinary Income	39,164	42,430
Extraordinary Income		
Gain on reversal of subscription rights to shares	102	17
Total Extraordinary Income	102	17
Income before income taxes	39,267	42,448
Income taxes	12,238	13,061
Net Income	27,028	29,387

(Translation purposes only)

Notes to Quarterly Financial Statements

(Notes to Going Concern): Not Applicable

(Changes in accounting policies)

As ASBJ Statement No. 29 Accounting Standard for Revenue Recognition (March 30, 2018) (hereinafter referred to as the "Accounting Standard for Revenue Recognition") and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition (March 30, 2018) became applicable from the beginning of a fiscal year starting on and after April 1, 2018, the Accounting Standard for Revenue Recognition and other related standards have been applied from the beginning of the first quarter under review.

In the application of the Accounting Standard for Revenue Recognition and other related standards, the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition is followed. The aggregate amount of the impact on retroactive application of the new accounting policy prior to the beginning of the first quarter under review is added to/subtracted from retained earnings at the beginning of the first quarter under review and the new accounting policy is applied to the balance at the beginning of the first quarter under review.

The changes are as follows.

1) Changes in revenue recognition criteria

Revenues are recognized in an amount expected to be received in exchange for the agreed-on property or service upon transfer of control of the said property or service to the customer. We heretofore had recognized revenue over the licensing period prescribed in the contract for the sale of some licenses, but changed to a method to recognize revenue at the time of sale.

As the result, the balance of retained earnings at the beginning of the current period increased 287 million yen. The impact on revenue, operating income and income before income taxes for the result nine months of the fiscal year under review is insignificant.

2) Incremental costs for the acquisition of contracts

Bonuses of sales departments arising from acquisition of contracts had been capitalized and amortized based on the straight-line method over contract period (service provision period), however, since the first quarter of the fiscal year under review, the scope of capitalization and its amortization period have been partially revised.

In addition to bonuses by acquiring cloud contracts, bonuses by acquiring support contracts are also covered by capitalization, and the amortization period is mainly based on the contract period, but for certain types of contracts will be amortized by the straight-line method over the estimated contract period including the renewal of future contracts, the expected useful lives of our technologies, and other factors.

As a result, the balance of retained earnings at the beginning of the current period increased 970 million yen. The impact of the changes on operating income and income before income taxes for the result nine months of the fiscal year under review is insignificant.

(Special accounting for preparing quarterly financial statements)

(Tax expense calculation)

Tax expenses on profit before income taxes for the nine months under review are calculated by multiplying profit before income taxes for the nine months under review by the reasonably estimated effective tax rate for the fiscal year including the third quarter under review after applying tax effect accounting.

(Balance Sheet related): Not Applicable

(Statement of Income related): Not Applicable

(Translation purposes only)

(Quarterly statement of cash flows)

A quarterly statement of cash flows relating to the nine months ended February 28, 2019, has not been prepared. Depreciation (including amortization of intangible assets) are as follows.

	Previous 3 rd Quarter	Current 3 rd Quarter
	From June 1, 2017 to February 28, 2018	From June 1, 2018 to February 28, 2019
Depreciation (million yen)	1,341	1,453

(Related to the statement of changes in shareholders' equity)

Previous term (from June 1, 2017 to February 28, 2018)

1 Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
Board of director held on July 20, 2017	Common stock	14,559	114	May 31, 2017	August 7, 2017	Retained earning

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 20, 2017 includes the 16 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (12 million yen))

2 Dividends which the cutoff date was in the nine months ended February 28, 2018 and the effective date of which is after the end of the third quarter of the fiscal year ended May 31, 2018.

Not Applicable

3 Significant changes in the amount of shareholders' equity

Not Applicable

Current term (from June 1, 2018 to February 28, 2019)

1 Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
Board of director held on July 24, 2018	Common stock	15,489	121	May 31, 2018	August 6, 2018	Retained earning

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 24, 2018 includes the 11 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (8 million yen))

2 Dividends which the cutoff date was in the nine months ended February 28, 2019 and the effective date of which is after the end of the third quarter of the fiscal year ended May 31, 2019.

Not Applicable

3 Significant changes in the amount of shareholders' equity

Not Applicable

(Equity in earnings (loss) of affiliated companies)

Not Applicable

(Translation purposes only)

(Segment Information)

I. Previous quarter under review (from June 1, 2017 to February 28, 2018)

Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	104,059	12,538	15,117	131,716	—	131,716
Intersegment net sales or transfer	—	—	—	—	—	—
Total	104,059	12,538	15,117	131,716	—	131,716
Operating income (loss)	38,280	568	3,759	42,608	-3,383	39,225

(Notes): 1. Segment profit adjustment of minus 3,383 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, 2018 to February 28, 2019)

1. Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	110,781	12,975	16,027	139,784	—	139,784
Intersegment net sales or transfer	—	—	—	—	—	—
Total	110,781	12,975	16,027	139,784	—	139,784
Operating income (loss)	41,090	569	3,764	45,425	-3,004	42,421

(Notes): 1. Segment profit adjustment of minus 3,004 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.

2. Change in Reported Segments

The Cloud and Software segment has been renamed as the Cloud and license segment.

The segment information for the previous fiscal year is described in accordance with the new classification and name after the change.

(Translation purposes only)

(Per Share Data)

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

	Previous term end (From June 1, 2017 to February 28, 2018)	Current term end (From June 1, 2018 to February 28, 2019)
(1) Net income per share (yen)	211.57	229.68
(Basis for calculation)		
Net income (millions of yen)	27,028	29,387
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	27,028	29,387
Average number of shares during the term (thousand shares)	127,749	127,951
(2) Net income per share (diluted)	211.14	229.39
(Basis for calculation)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (thousand shares)	263	161
(Subscription right (thousand shares))	(263)	(161)
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	—	—

(Note) 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). The average number of treasury shares during the term deducted in the calculation of net income per share and net income per share (diluted) were, specifically, 29,753 treasury shares owned by the BIP trust and 87,713 treasury shares owned by the ESOP trust for last year, 19,833 treasury shares owned by the BIP trust and 71,789 treasury shares owned by the ESOP trust for this year.

(Significant subsequent events)

Not applicable

2. 【Others】

Not applicable

(Translation purposes only)

Part 2 **【Information on Guarantor Companies, etc. for Submitting Company】**

Not applicable

(Translation purposes only)

Translation

Following is an English translation of the Independent Auditor's Review Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditor's Review report

April 11, 2019

Oracle Corporation Japan
The board of Directors

Ernst & Young ShinNihon LLC

Designated limited liability employee/Business executive
Mitsunobu Yamaguchi, Certified Public Accountant

Designated limited liability employee/Business executive
Atsuko Tanabe, Certified Public Accountant

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have conducted a quarterly review of the quarterly financial statements of Oracle Corporation Japan listed in the "Status of Accounting" for three months ended February 28, 2019 (from December 1, 2018 to February 28, 2019) and the cumulative third quarter of the fiscal year ending February 28, 2019 (from June 1, 2018 to February 28, 2019), which comprise the balance sheet, income statement and notes.

<Management's responsibility for the quarterly financial statements>

Management is responsible for the preparation and fair presentation of these quarterly financial statements and the annexed detailed statements thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the quarterly financial statements and the annexed detailed statements thereof that are free from material misstatement, whether due to fraud or error.

<Auditor's responsibility>

Our responsibility is to express a conclusion on the quarterly financial statements from an independent standpoint based on our quarterly review. We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan

A quarterly review consists of principally of making inquiries to the management and the persons responsible for financial and accounting matters, etc., applying analytical procedures and conducting other quarterly review procedures. The quarterly review procedures are less exhaustive than the procedures for annual financial statement audits conducted in accordance with the audit standards generally accepted in Japan.

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

<Auditor's conclusion>

In our quarterly review, no matter has come to our attention that causes us to believe that the above quarterly financial statements do not fairly present, in any material respect, the financial condition of Oracle Corporation Japan as of February 28, 2019 and the results of its operations in the cumulative third quarter ended February 28, 2019 in accordance with the standards for preparation of quarterly financial statements generally accepted in Japan.

<Interest >

There exists no special interest between the Company and this audit corporation or its engagement partners which is required to be stated pursuant to the provisions of the Certified Public Accountants Act.

* 1. The above is a digital version of the original of the audit report, and the original is kept separately by the company.

2. XBRL data is unaudited.

3. The original review report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

(Translation purposes only)

【Title page】

【Submitted document】	Certification
【Text used as grounds for document】	Article 24-4-8 paragraph1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	April 11, 2019
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Name of Chief Financial Officer】	Krishna Sivaraman, Executive Officer, Chief Financial Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

1 **【Regarding the adequacy of the Securities Report】**

Tadahiro Kaneko, Representative executive officer, Chief Legal Officer and S. Krishna Kumar, Executive Officer, CFO of the company, confirmed the adequacy of the 34th 3rd Quarterly Securities Report based on Financial Instruments and Exchange Act (for the period from December 1, 2018 to February 28, 2019)

2 **【Special mention】**

Upon confirmation, there are no items needing of special mention.