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Flash Report for the 3rd Quarter of Fiscal Year Ending May 31, 2020
[under Japanese GAAP] (Non-consolidated)

March 23, 2020

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1st Section
 Ticker: 4716 URL: <http://www.oracle.com/jp/corporate/investor-relations/index.html>
 Representative & Contact personal Telephone: 03-6834-6666
 Representative personal Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
 Contact personal Yuki Nishio, Senior Manager, Investor Relations
 Quarterly Report Filing Date (as planned): April 13, 2020
 Schedule for dividends payment: -
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results conference: Yes (for analysts and institutional investors)

(Amount of less than ¥1 million are rounded down)

1. Financial results for this term (from June 1, 2019 to February 29, 2020)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
3 rd Quarter, May 2020	148,887	6.5	46,343	9.2	46,353	9.2	32,069	9.1
3 rd Quarter, May 2019	139,784	6.1	42,421	8.1	42,430	8.3	29,387	8.7

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
3 rd Quarter, May 2020	250	56	250	33
3 rd Quarter, May 2019	229	68	229	39

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity
	Million Yen	Million Yen	%
3 rd Quarter, May 2020	256,586	175,684	68.4
FY ended May 2019	269,518	160,288	59.4

Shareholders' equity 3rd Quarter, May 2020: 175,522 Million Yen (FY2019: 160,078 Million Yen)

2. Dividends

	Dividend per share									
	1 st Quarter end		2 nd Quarter end		3 rd Quarter end		Fiscal Year End		Total	
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen
FY ended May 2019	-		0	00	-		136	00	136	00
FY ending May 2020	-		0	00	-					
FY ending May 2020(Forecast)							-		-	

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

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

3. Forecast for the May 2020 term (from June 1, 2019 to May 31, 2020)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	1.0~5.0	340.00~350.00

(Note1) Revision of forecast for May 2020 term in this quarter: No

(Note2) Company uses ranges of values for the forecast. Please refer to 1. Qualitative Information on Results in the Quarter under Review, (3) Qualitative Information on Forecasts, on page 3.

(Note3) Estimation of effective tax rate is 30.8%

4. Other information

(1) Adoption of specified accounting methods for the preparation of quarterly non-consolidated financial statements: Yes

(2) Changes in accounting policies, procedures, presentation rules, etc

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

(3) The number of shares outstanding (common stock)

(i) The number of shares outstanding (inclusive of treasury stock)	3 rd Quarter, May 2020	128,172,771 shares
	FY ended May 2019	128,098,771 shares
(ii) The number of treasury stock	3 rd Quarter, May 2020	118,353 shares
	FY ended May 2019	184,430 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	3 rd Quarter, May 2020	127,992,953 shares
	3 rd Quarter, May 2019	127,951,035 shares

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

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

Caution1:

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

Caution2:

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

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1. Qualitative Information on Results in the Quarter under Review

(1) Qualitative Information on Business Outcomes

(i) Overview

During the third quarter under review (from Jun 1, 2019 to February 29, 2020, hereinafter “this quarter”), the Company posted 148,887 million yen (up 6.5 % year on year) in revenue, 46,343 million yen (rising 9.2 %) in operating income, 46,353 million yen (gaining 9.2 %) in ordinary income and 32,069 million yen (increasing 9.1 %) in net income.

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, and strengthening contact points with end users.

In this business environment, the Company strives further business growth by achieving customer’s innovation and supporting their business transformation by utilizing cloud service and data.

As the COVID-19 virus (Coronavirus) was showing up in the end of this quarter, the Company is carefully examining the effects on its further business, and there is no change to the forecast announced on June 28, 2019. 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.

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, and in order to further accelerate our focus points “Win big deals”, “Autonomous Upgrades” and “ERP Upgrades”. The Company opened a new datacenter in Osaka region in this February added on the “Generation 2 Cloud” datacenter in Tokyo region opened in May, 2019, and deliver our cloud services corresponding to enterprise workload and security. We continue to deploy our sales teams across all the different segment of the market including the SMB space.

(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 3rd quarter of the fiscal year (from December 1, 2019 to February 29, 2020)

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

Concerning the Cloud services including “Oracle Autonomous Database Cloud”, there is a lot of demands from customers putting a weight on performance, security and cost effectiveness, 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.

<Revenue breakdown by business segments>

Item	FY2019 3 rd Quarter		FY2020 3 rd Quarter			May 2019	
	Amount	Comp.	Amount	Comp.	YoY	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud license & on-premise license	28,901	20.7	32,552	21.9	12.6	52,747	26.1
Cloud services & license support	81,879	58.6	87,701	58.9	7.1	110,066	54.4
Cloud & License	110,781	79.3	120,253	80.8	8.6	162,813	80.4
Hardware systems	12,975	9.3	12,582	8.5	-3.0	18,340	9.1
Services	16,027	11.5	16,051	10.8	0.2	21,234	10.5
Total	139,784	100.0	148,887	100.0	6.5	202,389	100.0

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

(1) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 256,586 million yen (decreasing 12,931 million yen from the previous fiscal year end).

Current assets were 211,230 million yen (increasing 118,224 million yen from the previous fiscal year end) because of additional arranging a loan (30,000 million yen) with a maximum term of two years from February 2019 to Oracle Japan Holding, Inc., (parent company of the Company) in this year and reclassification of loans receivable from subsidiaries and associates from noncurrent assets to current assets (160,000 million yen), etc. and Noncurrent assets were 45,356 million yen (decreasing 131,156 million yen from the previous fiscal year end).

Liabilities were 80,902 million yen (decreasing 28,328 million yen from the previous fiscal year end).

Net assets totaled 175,684 million yen (increasing 15,396 million yen from the previous fiscal year end).

As a result, the ratio of shareholders' equity was 68.4% (up 9.0 percentage points from the previous fiscal year end).

(2) Qualitative Information on Forecasts

There is no change to the forecast announced on June 28, 2019.

2. Quarterly Financial Statements and Main Notes

(1) Quarterly Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2019)	Current term end (as of February 29, 2020)
Assets		
Current assets		
Cash and deposits	65,505	29,702
Accounts receivable-trade	20,283	18,218
Short-term loans receivable from subsidiaries and associates	—	160,000
Other	7,228	3,321
Allowance for doubtful accounts	-12	-12
Total current assets	93,005	211,230
Noncurrent assets		
Property, plant and equipment		
Buildings, net	11,088	10,549
Land	26,057	26,057
Other, net	3,743	3,020
Total property, plant and equipment	40,889	39,627
Intangible assets	2	1
Investments and other assets		
Long-term loans receivable from subsidiaries and associates	130,000	—
Other	5,655	5,726
Allowance for doubtful accounts	-34	-0
Total investments and other assets	135,620	5,726
Total noncurrent assets	176,512	45,356
Total assets	269,518	256,586
Liabilities		
Current liabilities		
Accounts payable-trade	15,910	11,858
Accounts payable-other	5,313	4,178
Income taxes payable	10,969	4,877
Advances received	70,772	53,994
Provision for bonuses	2,581	1,618
Other Provision	442	286
Other	3,232	4,081
Total current liabilities	109,222	80,894
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	109,230	80,902
Net assets		
Shareholders' equity		
Capital stock	24,679	24,857
Capital surplus	8,030	8,208
Retained earnings	128,580	143,229
Treasury stock	-1,211	-773
Total shareholders' equity	160,078	175,522
Subscription rights to shares	209	161
Total net assets	160,288	175,684
Total liabilities and net assets	269,518	256,586

(2) Quarterly Statement of Income

Cumulative Third Quarter

(Unit : Million yen)

Description	Previous term (From June 1, 2018 to February 28, 2019)	Current term (From June 1, 2019 to February 29, 2020)
Net sales	139,784	148,887
Cost of sales	73,531	77,428
Gross Profit	66,252	71,458
Selling, general and administrative expenses	23,831	25,115
Operating income	42,421	46,343
Non-operating income		
Foreign exchange gains	17	—
Interest income	8	21
Others	25	30
Total Non-Operating Income	51	52
Non-Operating expenses		
Foreign exchange losses	—	39
Others	41	2
Total Non-Operating expenses	41	42
Ordinary Income	42,430	46,353
Extraordinary Income		
Gain on reversal of subscription rights to shares	17	12
Total Extraordinary Income	17	12
Income before income taxes	42,448	46,365
Income taxes	13,061	14,296
Net Income	29,387	32,069

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

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

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

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

(Segment Information)

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

II . Current quarter under review (from June 1, 2019 to February 29, 2020)

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	120,253	12,582	16,051	148,887	—	148,887
Intersegment net sales or transfer	—	—	—	—	—	—
Total	120,253	12,582	16,051	148,887	—	148,887
Operating income (loss)	46,522	629	2,622	49,775	-3,431	46,343

(Notes): 1. Segment profit adjustment of minus 3,431 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.