

(Translation purposes only)

Securities Report

(Report based on Financial Instruments and Exchange Act Article 24-1)

Business year from June 1, 2019
(35th business term) to May 31, 2020

Oracle Corporation Japan

(E05027)

35th business term (from June 1, 2019 to May 31, 2020)

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;
<https://www.oracle.com/jp/a/ocom/docs/jp-investor-relations/fy20-yuho-JP-web.pdf>
2. In addition to an auditing report that has been attached to the Securities Report, this document also includes an internal control report and confirmation document at the end of the report.

(Translation purposes only)

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Independent Auditor's Report and Internal Control Audit Report

Confirmation Document

(Translation purposes only)

【Title Page】

| | |
|--|--|
| 【Submitted document】 | Securities Report |
| 【Text used as grounds for document】 | Article 24-1 of the Financial Instruments and Exchange Act |
| 【For submission to】 | Kanto Finance Bureau |
| 【Date of submission】 | August 21, 2020 |
| 【Business year】 | 35 th (beginning June 1, 2019 and ending May 31, 2020) |
| 【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, Senior 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, Senior 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 Economic Indicators, etc.】

Status of submitting company

| Term | | 31 st | 32 nd | 33 rd | 34 th | 35 th |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|
| Closing month/year | | May 2016 | May 2017 | May 2018 | May 2019 | May 2020 |
| Revenue | (million yen) | 170,203 | 173,190 | 185,481 | 202,389 | 211,357 |
| Ordinary income | (million yen) | 50,273 | 52,502 | 55,978 | 62,284 | 68,857 |
| Net income | (million yen) | 33,568 | 36,360 | 38,751 | 43,360 | 47,686 |
| Return on investment with application of equity method | (million yen) | - | - | - | - | - |
| Capital stock | (million yen) | 23,209 | 23,755 | 24,480 | 24,679 | 24,884 |
| Total numbers of shares outstanding | (shares) | 127,511,971 | 127,728,671 | 128,019,371 | 128,098,771 | 128,184,271 |
| Net assets | (million yen) | 136,227 | 105,783 | 131,425 | 160,288 | 191,362 |
| Total assets | (million yen) | 223,402 | 198,731 | 236,509 | 269,518 | 294,139 |
| Net assets per share | (yen) | 1,062.14 | 824.79 | 1,025.38 | 1251.45 | 1,493.01 |
| Dividends per share | | 525 | 114 | 121 | 136 | 149 |
| (amount of interim dividends per share) | (yen) | (-) | (-) | (-) | (-) | (-) |
| Net income per share | (yen) | 263.64 | 285.11 | 303.25 | 338.92 | 372.52 |
| Net income per share (diluted) | (yen) | 263.14 | 284.55 | 302.66 | 338.51 | 372.19 |
| Ratio of shareholders' equity | (%) | 60.6 | 52.9 | 55.5 | 59.4 | 65.0 |
| Return on equity | (%) | 27.0 | 30.2 | 32.8 | 29.8 | 27.1 |
| Price earnings ratio | (times) | 22.34 | 22.87 | 27.34 | 22.39 | 33.77 |
| Dividend payout ratio | (%) | 199.1 | 40.0 | 39.9 | 40.1 | 40.0 |
| Cash flows from operating activities | (million yen) | 44,267 | 43,087 | 50,881 | 45,453 | 42,309 |
| Cash flows from investing activities | (million yen) | -69,506 | 16,122 | 42,778 | -82,178 | -30,584 |
| Cash flows from financing activities | (million yen) | -11,311 | -66,829 | -13,357 | -16,093 | -17,097 |
| Cash and cash equivalents at the end of period | (million yen) | 45,644 | 38,025 | 118,326 | 65,505 | 60,091 |
| Number of employees | (number of persons) | 2,500 | 2,422 | 2,497 | 2,622 | 2,504 |
| Total Shareholder Return (Comparison: TOPIX incl. dividends) | (%) (%) | 190.3 (182.8) | 259.8 (241.6) | 231.4 (170.3) | 186.9 (139.9) | 253.7 (104.7) |
| Highest stock price | (yen) | 6,480 | 6,910 | 10,640 | 9,690 | 13,510 |
| Lowest stock price | (yen) | 4,650 | 5,270 | 6,380 | 6,640 | 6,760 |

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(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 Dividends per share in the 31st period (to May 2016) include special dividends of 420 yen.
- 5 The number of treasury shares which become the basis for calculating 'net assets per share', 'net income per share' and 'net income per share (diluted)' include company shares owned by our BIP trust and ESOP trust, the number of shares for which are as follows:

| | | 31 st | 32 nd | 33 rd | 34 th | 35 th |
|--|--|------------------|------------------|------------------|------------------|------------------|
| Board Incentive Plan trust (BIP) | Number of shares at end of fiscal year (stocks) | 8,826 | 38,165 | 22,542 | 20,043 | 10,983 |
| | Average number of shares during interim period (stocks) | 10,294 | 19,173 | 27,935 | 19,886 | 14,147 |
| Employee stock ownership plan trust (ESOP) | Number of shares at end of fiscal year (stocks) | 28,320 | 106,382 | 69,735 | 153,062 | 93,445 |
| | Average number of shares during interim period (stocks) | 32,686 | 55,175 | 83,308 | 92,397 | 115,827 |
| Number of treasury shares at end of fiscal year (stocks) | | 37,146 | 144,547 | 92,277 | 184,430 | 116,303 |

- 6 The highest and lowest stock prices are those in the first section of the Tokyo Stock Exchange.
- 7 The Company applies ASBJ Statement No. 29 Accounting Standard for Revenue Recognition (March 30, 2018) and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition (March 30, 2018) from the 34th business term. The method of reflecting the cumulative effect amount in retained earnings at the beginning of the fiscal year has been adopted, and comparative information has not been restated.

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2. 【History】

| Month/year | Item |
|------------|---|
| Oct. 1985 | Oracle Corporation Japan (capital stock: 1 million yen) established in Shinjuku, Tokyo for the purpose of selling relational database management system “Oracle” and other software products and providing various services to support these software products. |
| Oct. 1990 | Start of full-fledged business activities |
| Jun. 1992 | West Japan office established in Nishi-ku, Osaka (current Kansai office) |
| Jul. 1993 | Chubu office established in Naka-ku, Nagoya (current Tokai Office) |
| Jun. 1994 | Head office relocated to Chiyoda-ku, Tokyo |
| Jun. 1994 | Seibu office established in Chuo-ku, Fukuoka (current Kyushu office) |
| Aug. 1996 | Hokkaido office established in Chuo-ku, Sapporo |
| Feb. 1997 | Chubu Hokuriku sales office established in Kanazawa, Ishikawa prefecture (current Hokuriku office) |
| Jun. 1997 | Merger with superficially existing company Oracle Corporation Japan (former name: ORACLE Acquisition K.K.) to change par value of shares from 50,000 yen to 50 yen per share (note) |
| Feb. 1999 | Listed with the Japan Securities Dealers Association as over the counter stocks (capital: 12,164,660,000 yen) |
| Apr. 2000 | Stocks listed in First Section of Tokyo Stock Exchange (capital: 22,127,910,000 yen) |
| May. 2000 | Tohoku office set up in Aoba-ku, Sendai |
| Jul. 2000 | Training Campus Osaka set up in Kita-ku, Osaka |
| Aug. 2000 | Okinawa office (current Okinawa office) set up in Naha, Okinawa |
| Oct. 2000 | Training Campus Shibuya set up in Shibuya-ku, Tokyo (current Training Campus Akasaka) |
| Jan. 2005 | West Japan Hiroshima sales office (current Chugoku-Shikoku office) set up in Hiroshima, Hiroshima Prefecture |
| Jun. 2006 | Strengthened collaboration structure with sister company Oracle Information Systems (Japan) K.K. (reorganized as a godo gaisha (type of Japanese business organization modeled after American limited liability company on March 23, 2012; currently Oracle Information Systems (Japan) G.K.; hereinunder “OIS”); contact point for the handling of products added through acquisition of Oracle Corporation and related services, etc. centralized at the company. |
| Jul. 2008 | Head office building “Oracle Aoyama Center” completed |
| Sep. 2008 | Head office relocated to Minato-ku, Tokyo |
| Jun. 2010 | Newly hardware systems division was created to start offering sales and related services, etc. for servers, storage products, etc. |
| Jun. 2013 | Office opened at Akasaka Center Building in Moto-Akasaka, Minato-ku, Tokyo |

(Note) In order to change the par value amount for shares for Oracle Corporation Japan (established October 15, 1985, par value of shares: 50,000 yen), our company (trade name prior to merger: ORACLE Acquisition K.K., established Feb. 27, 1982, par value of share: 50 yen) absorbed and acquired Oracle Corporation with a deadline set at June 1, 1997, succeeded all of its income, debts, rights and obligations, and changed the trade name to Oracle Corporation Japan as of the same day; however, prior to the merger the company had been in a suspended state and all sales activities of the merged company had been succeeded. Thus, the existing company in substance has been the merged company Oracle Corporation Japan and unless specific mention is made, the information indicated will be on the existing company before the merger. The number of periods for each business year have been inherited from those of the company in actual existence.

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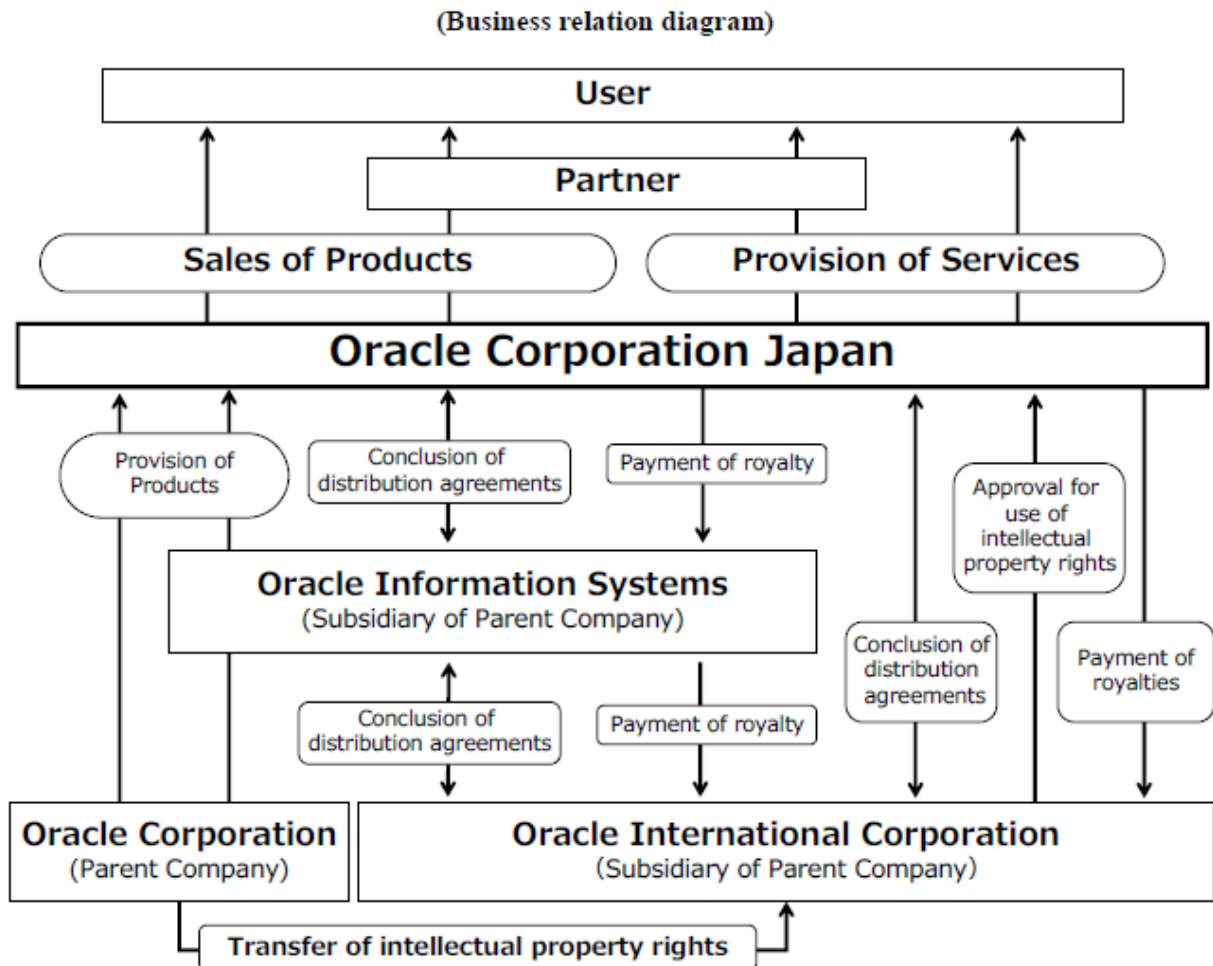
3. 【Details of Business】

The Company belongs to a corporate group centered on Oracle Corporation, which is the substantive parent company of the Company.

The corporate group undertakes worldwide sales of software, including relational database management software, middleware, and applications; and hardware, including servers, storage devices, and network devices. Its products are used for building and operating IT environments, such as cloud computing environments. In addition, the Company provides products such as cloud services that are offered over the Internet and through other networks, and a variety of services to support the introduction and use of these products.

The Company has concluded sales agency agreements with Oracle International Corporation, which owns and manages the intellectual property rights of Oracle Corporation, the parent company of the Company, and sales license agreements with Oracle Information Systems Japan G.K., a subsidiary of Oracle Corporation, which owns the right to license and the right to sell cloud services and products that have been acquired by Oracle Corporation in Japan. Based on these agreements, the Company receives supplies of products for the Japanese market from Oracle Corporation and pays a certain percentage of the sales proceeds from the products including cloud services and the acquired products to Oracle International Corporation and Oracle Information Systems Japan G.K., respectively, in consideration thereof.

In addition, as the principal operations of the Company are selling products developed by Oracle Corporation and providing related services incidental to these products in the Japanese market, the Company does not conduct research and development activities on its own.



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Descriptions of each business and sales distribution ratios are as follows:

Descriptions of each business and sales distribution ratios are as follows:

| Name of segment | Description of business | Sales distribution ratio (%) (note) | | |
|-------------------------------------|---|---|---|---|
| | | 33 rd period (starting June 1, 2017 ending May 31, 2018) | 34 th period (starting June 1, 2018 ending May 31, 2019) | 35 th period (starting June 1, 2019 ending May 31, 2020) |
| Cloud & Software | | | | |
| Cloud Licenses & OnPremise Licenses | 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. | 25.1 | 26.1 | 26.0 |
| Cloud Services & License Support | Cloud Services: Providing resources for business application software and hardware including database management software, middleware products, and ERP via Internets. License Support: Providing updated versions of software products, patches (modified programs), and technical support through the Internet and by phone, including My Oracle Support | 53.9 | 54.4 | 55.6 |
| Cloud & Licenses total | | 79.0 | 80.4 | 81.7 |
| Hardware systems | Hardware Systems Products: Sales of servers, storage, engineered systems and network devices, and provides operating systems and related software. Hardware Systems Support: Providing technical support for hardware products, maintenance and repair services and updated versions of related software including operating systems. | 9.7 | 9.1 | 8.2 |
| Services | Providing Consulting Services, which help users implement our products, Advanced Support Customer Services, high-value added services such as preventive maintenance services, and Education Services, which consist of training of engineers and users and certification of technical qualifications | 11.3 | 10.5 | 10.1 |
| Total | | 100.0 | 100.0 | 100.0 |

(Note) Sales distribution ratios have been rounded off.

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4. 【Status of Associated Companies】

Associated companies are as follows:

| Name | Address | Capital | Description of key business | Ownership ratio of voting rights (%) | Related details |
|--|-----------------|--------------------------|--|--------------------------------------|--|
| (parent company) Oracle Corporation (note) 1 | California, USA | 26,486 Million USD | Development and sales of software and hardware, cloud services, and related services | 74.2 (74.2) (Note) 3 | Our company sells and offers software and hardware products and cloud services developed by the parent company and related services in Japan. Number of directors accepted: Four (Note) 4 |
| Three other companies (note) 2 | - | - | - | - | - |

(Note) 1 The parent of our company in practical terms and a company that continues to disclose information on the New York Stock Exchange.

2 Details on these matters are as indicated in “VII 【Reference Information on Submitting Company】 1. Information on Parent Companies, etc. at Submitting Company.

3 Percentages for ownership ratios for voting rights indicate indirect ownership ratios included in the total.

4 The breakdown of acceptance of officers consists of two directors and two directors working concurrently as executive officers.

5. 【Status of Employees】

(1) Status of submitting company

As of May 31, 2020

| Number of employees | Average age | Average number of years of employment | Average annual remuneration (yen) |
|---------------------|-------------|---------------------------------------|-----------------------------------|
| 2,504 | 43.2 | 9.2 | 10,693,907 |

| Name of segment | Number of employees |
|------------------------|---------------------|
| Cloud & Licenses | 1,390 |
| Hardware systems | 121 |
| Services | 810 |
| All companies (common) | 183 |
| Total | 2,504 |

(Note) 1. The number of employees indicated above include dispatched workers from other companies (243 workers) and employees on contract (1 employee). Dispatched workers and contracted employees are not included in the average age, average years of employment, or average yearly remuneration.

2. Average annual remuneration includes bonuses and ESOP taxable remuneration.

(2) Status of labor unions

While a labor union is not in place, the relationship between workers and management is smooth.

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II 【Status of Business】

1. 【Business Policies, Business Environment, Issues to be Dealt with, etc.】

Matters in the sentences related to future are decisions made by the Company as of the end of the current fiscal year.

(1) Our basic business policies

The Company practices a basic philosophy of creating new IT value and contributing to customer success and the development of society. The role of IT has been evolving from tools for operational efficiency and cost cutting, to business infrastructure that transforms corporate processes and business models.

The basic policy of the Company as a technology company is to help enhance the competitiveness and improve the performance of customers and provide for the greater convenience and development of society by delivering the most-advanced digital technologies such as cloud solutions.

(2) Targeted business indices

The Company aims to improve corporate value and return profits to shareholders by driving revenue, operating income and EPS.

(3) The Company's medium- and long-term management strategies and issues to be addressed.

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

The Company set a slogan "Customer Centric", in order to accelerate our focus points "Win ERP Cloud", "Focus on Big Deals" and "Growth Cloud Consumption". Furthermore the Company also aim to provide the value of "OCI (Oracle Cloud Infrastructure)" which is able to perform extremely at dramatically increased data volume and the most demanding workloads under robust security network.

Hereby the Company is expanding to provide its Cloud services, which maximize the value of information by data-driven approaching and supporting services for customers to use Cloud.

In the role of promoting strategy, the Company opened a new datacenter in Osaka region in February 2020, added on the datacenter in Tokyo region opened in May 2019 so that it has built Disaster Recovery service system and has delivered its cloud services corresponding to enterprise workload and security. In terms of the structure of sales team, it deployed into Cloud and License, and we expand our cloud business by "Team Collaboration", add value sales with our support and consulting services.

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

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2. 【Business Risks】

Out of the matters related to Status of Business and Financial Status, etc., the major risks that may have a significant impact on our financial condition, operating results and cash flow situation are as follows. These are regarded as matters that may have a significant impact on investors' decisions, but the items listed are decisions made by the Company as of the end of the current fiscal year, and it does not mean that all risks are covered. In addition, the extent and timing of the risk materialized and the impact of the risk materialized on the Company's financial position and operating results are not stated because it is difficult to reasonably predict.

The Company has a system in place to identify and evaluate such risks and implement countermeasures. For details, please refer to “IV 【Status of Submitting Company】 , 4. Status and Other Items Pertaining to Corporate Governance, (1) Status of corporate governance”.

(1) About influence of novel strain of coronavirus (COVID-19)

Regarding novel strain of coronavirus (COVID-19), we carry out thorough hygiene management for employees and continue business activities while responding flexibly and promptly such as promotion of working from home and suspension of business trips and events. However, there is a risk that business activities will be restricted in order to prevent the spread of infection if an employee is infected or if the national or local government requests for self-restraint. The Company is continuing to proactively monitor the situation, keeping in mind the safety and health of all stakeholders including employees and customer companies, and there is a possibility of taking further measures such as changing business operation if necessary.

If the COVID-19 pandemic is prolonged, the economy will decline and there is a risk of affecting our business. Specifically, risks such as IT investment curtailment due to the deterioration of customers' business conditions, new projects decreasing and size reduction of existing projects due to postponement, and deterioration of the Company's cash flow due to delays in customer payments are assumed. Although it is difficult to accurately predict these risks, we recognize that there is a risk that they may affect our financial condition and business results

(2) Relationship with Oracle Corporation

Oracle Corporation is the parent company of our company in practical terms and we belong to the corporate group that is focused around it. The future development of our business may be impacted by its cloud business, other business strategies, or other such matters.

(i) Reliance on Oracle Corporation's Products and Technology

As we supply products and services from Oracle Corporation to the Japanese market, we are reliant on its products and technology. Thus, in the event that the launch of its new products or services or updated products or the integration of products acquired by the company should be delayed, a major flaw or defect exists, or the policy, etc. for supplying products, services, etc. has been changed, there is a possibility that the business performance, financial status, or other aspect of our company will be impacted.

(ii) Possibility of Changes in Rates of Royalty Fees or Scope of Application

Our company has an agreement with Oracle International Corporation, which maintains and administers intellectual property rights for our parent company Oracle Corporation, and a reciprocal sales agreement with Oracle Information Systems Japan, a subsidiary of Oracle Corporation. Based on these agreements, Oracle Corporation supplies our company with products for the Japanese market for which we pay Oracle International Corporation a certain percentage of sales for the pertinent products as royalty fees, as well as to Oracle Information Systems Japan for some products. Royalty rates and the scope of application are decided based on reasonable standards which are agreed upon by Oracle Corporation and the group companies that handle Oracle products. Changes in royalty rates or the scope of application due to changes in products or services supplied by Oracle Corporation, transfer pricing taxation or other factors have the potential to impact our business performance, financial status, and other such aspects.

Based on an agreement between Japanese and U.S. tax authorities pertaining to transfer pricing the royalty rates payable to Oracle International Corporation were increased as of the Fiscal Year ended May 31, 2011 period.

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(iii) Risks for the Oracle Cloud strategy

The Company provides cloud services consisting of SaaS, PaaS, IaaS, etc. that answers the needs of customer. These business models are provided under the initiative of our parent company, Oracle Corporation. If we cannot provide them to our customers effectively, there is a risk that our competitiveness will be reduced and our financial condition and business results will be affected.

(iv) System Failures due to Natural Disasters, etc.

We promote Global Single Instance (GSI), which improves work efficiency through system optimization and the unification of work procedures for the entire Oracle Group with a focus on Oracle Corporation. Accordingly, we share various internal systems such as computer servers, email, purchasing and procurement, etc. for saving text with Oracle Group companies. In the event that a failure or other incident should occur with the shared system due to earthquakes or other natural disasters both within and outside Japan, trouble would occur in our company's business activities and our business performance and future business deployment may possibly be impacted. In anticipation of such situations we have in place unique disaster response measures, a recovery plan, and data backup structure; periodically review the details, and have developed a Business Continuity Management Program that is common worldwide for the Oracle Group.

(v) Relationship with Shared Service Center

Our company uses the shared service center which integrates and standardizes administration and management duties for the Oracle Group for the entire globe. Accounting work such as payments, the collection of accounts receivable, and payroll calculations and tasks for updating orders and contracts for support have been transferred to the center and in the event that the processing capacity of the center is exceeded or unforeseen events or other such events occur and the center becomes unable to offer appropriate services, the business performance of our company, its financial state, or other such aspect may be impacted.

(3) Execution of Cloud and Other Businesses

With regard to cloud services, we offer our customers software and system platform services from our data centers (including data centers of the Oracle Group). As for Managed Cloud Services, which is contained in cloud, we offer the administration and operation of customer information systems at data centers of our parent company, partner companies, or our customers. These are the tasks to manage and operate information systems and important information which are associated with the core work of our customers, so we take every possible measure such as security measures and data backup and recovery. However, the business performance, financial state, or other aspect of our company may potentially be impacted by a claim for damage, etc. from the customer in the event of a suspension in a customer information system or important information leaks, etc. due to equipment failure, flawed responses in the event of a disaster, errors made by staff associated with management, or deliberate incidents induced by computer viruses, cyber attacks, hacking, unauthorized access by malicious third parties and operations and delays are incurred or opportunities are lost for the customer's business activities.

(4) Management of Information

Our company is in possession of a large amount of personal information and confidential information pertaining to the execution of our business. Regarding this information, we have taken thorough countermeasures to manage such as establishing internal regulations and employees' education and etc.; however, the possibility of leaks cannot be ruled out completely and such a situation could impact our social credibility and also affect our business performance, financial state or other aspects of our company due to unexpected costs to be covered for response measures, compensation for damages, etc.

(5) Potential for Intensified Competition

As competition is fierce and rapid advancements may be made in technological innovation in the information services industry in which we conduct business, the business performance, financial state, or other aspect of our company may potentially be impacted by movements within the industry or at competitor companies. For example, increased pressure to lower prices due to intensified competition, including new market entrants, launches of competitive new products by competitors, or strategic alliances between competitors may potentially impact the business performance, financial state, or other aspect of our company.

(6) Risks for Providing Technical Support Services

Customers use our support services to resolve technical issues related to our products. There is a risk of incurring additional

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costs, affecting our financial condition and business performance, etc. if we cannot predict the increase in customer demand and cannot provide support services promptly, or if we cannot provide effective support for customer technical problems.

(7) Project Management

When a customer introduces our products, our company may on occasion supply a plan for their introduction, a plan for their system design, or offer customer support for the operation of their system, etc. While we make efforts to bolster project management for product quality and development periods and try to ensure comprehensive control over profitability, additional costs and penalties may be incurred due to delayed delivery if the customer departs from the initial plan and the progress of the project is delayed if they change their specifications, more work is incurred than initially estimated, etc., which could impact the business performance, financial state, or other aspect of our company.

(8) Legal and Other Restrictions

Various laws and regulations are applied to the execution of our business. While we are fully prepared with an internal structure, employee training, etc. in order to follow such laws and regulations, etc., in the event that a lawsuit or legal procedures are taken against our company, there is a possibility that large amounts of litigation costs or compensation for damages may be incurred. Such a situation may possibly impact affect our business performance, financial state or other aspects of our company.

(9) Human Resources

It is the belief of our company that for the continuation, development, and growth of business, one of the most important business challenges is the hiring, development, and maintenance of human resources equipped with high levels of expertise (in sales, technology, and other areas). The information services industry in which we conduct business continues to compete over human resources and there tends to be a shortage of human resources. For that reason, the inability to adequately hire, develop, and maintain appropriate resources may possibly impact affect our business performance, financial state or other aspects of our company.

(10) Reliance on Specific Sales Segments

Our company has a high ratio comprising cloud and licence sales (new software licenses, software license updates & product support, cloud (SaaS/PaaS/IaaS)) and a notable characteristic is that the contribution rate on earnings is high. A fall in sales in these areas may possibly impact our business performance, financial state, and other aspects of our company.

(11) Reliance on Indirect Sales (Partner Models)

Products and services are chiefly sold at our company through collaborations with partner companies such as hardware manufacturers, system integrators, and independent software developers. Our customers are varied across a broad spectrum of industry types and forms including the manufacturing industry, distribution, finance, communications, services, government and public offices, and education and their size is also diverse, from large companies to small-scale business operators. In order to answer to these broad customer needs in a fine-tuned manner, we rely on indirect sales through our partner companies, and sales from indirect sales comprise a large proportion of our results during this period. Thus, there is great significance for the future of our company to maintain stable, trusting relationships with our partner companies. The business performance, financial state or other aspect of our company could be impacted if, for example, our relationship with a certain partner company were to worsen, a competitor formed a strategic alliance with our partner company, or the financial state of a partner company became worse.

(12) Risks Involving Financial Instruments

As for the management and operation of funds, we follow the rules for the management and operation of funds set by our company (which conform to the global policy established by Oracle Corporation) and secure high levels of safety and appropriate fluidity, limiting our activities to investments in securities with high ratings and depositing our funds only at financial institutions that have achieved high ratings. As for investment securities, we periodically maintain a grasp of current market prices and the financial state of the issuers in an effort to reduce risks. However, there are still possibilities of impact on the business performance, financial state, or other aspect of our company in the event that the financial institution should collapse or a bond default, fall below value, or other such event should be incurred. As to notes and accounts receivable, other trade receivables, and loans, we oversee due dates for each transaction and manage balances in accordance with our credit management regulations (in line with the global policy established by Oracle Corporation) and regularly check credit statuses in an effort to reduce risks. However, there are possibilities of losses being incurred in the event that the financial situation for our transaction partners should worsen. Our policy is to refrain from trading derivatives.

(Translation purposes only)

(13) Future Acquisitions and Mergers

As part of the business strategy of our company or as part of a global business strategy of our parent company, there are possibilities that we may conduct mergers and acquisitions in the future. Accordingly, there are possibilities that companies or businesses thus acquired may not be integrated with our business in an effective and efficient way, that relationships with important customers, suppliers or other relevant parties of an acquired company may not be maintained, or that asset acquisition may be damaged to incur losses. Should such a situation be incurred, it may impact the business performance, financial state, or other aspect of our company.

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

(Results of Business)

(1) Performance

During the third quarter under review (hereinafter “this quarter”), the Japanese information services industry in which the Company operates enjoyed firm system renewal demand and solid Cloud and IT investment aimed at corporate growth and boosting competitiveness, including investing in mobile solutions, improving efficiency through the use of IoT and other digital data, 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 fiscal year, the Company recognizes that one of its most important business missions is to protect safety and health of its employees’ and customers’ and to continue its business stably. The Company has shifted promptly to remote working style and pressed ahead with efforts to ensure efficient risk management and to strengthen our sales capabilities.

As a result of these measures, the Company posted 211,357 million yen (up 4.4 % year on year) in revenue, 68,865 million yen (rising 10.5 %) in operating income, 68,857 million yen (gaining 10.6 %) in ordinary income and 47,686 million yen (increasing 10.0 %) in net income.

The Company achieved the forecast range announced at the beginning of fiscal year, and renewed record highs in revenue for consecutively tenth period and in operating income, ordinary income and net income for ninth straight year.

The results of each business segment are as follows:

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 February 2020 added on the datacenter in Tokyo region opened in May 2019, thus the Company built its Disaster Recovery service system and has delivered its cloud services corresponding to enterprise workload and security. The Company continue to deploy its sales teams across all the different segment of the market including the SMB space.

(Glossary)

- (1) 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.
- (2) On-premises: A form of IT system developed and operated as the company’s possession.

(Translation purposes only)

[Cloud & Licenses]

Revenue in the Cloud & license segment was 172,573 million yen, up 6.0 % and operating margin was 69,431 million yen, increasing 12.1% from the corresponding period of the previous fiscal year. Revenue in the Cloud license & on-premise license was 54,972 million yen (increasing 4.2 % year on year), revenue in the Cloud services & license support was 117,601 million yen (rising 6.8 % 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.

Regarding the Cloud license and on-premise license, we see continuously good demands from customers in wide variety of industry including Communication, Government, Finance, Manufacturing, Retail, Distribution and Services. 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, furthermore one of the most important strategy “ERP upgrade” (from On-premise to Cloud services) has been deployed to mainly its enterprise Customers. That has led to the usage of our Tokyo region datacenter opened in May 2019 and new datacenter in Osaka region in February 2020 is successfully increasing continuously across all of segment significantly with expansion its datacenter.

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 17,362 million yen, fell 5.3 % and operating margin was 758 million yen, fell 7.7 % 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.

The Company released in Sep. 2019 “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.

[Services]

Revenue in the Services segment was 21,420 million yen, up 0.9 % and operating margin was 3,372 million yen, fell 14.5 % 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.

(Translation purposes only)

<Revenue breakdown by business segments>

| Item | FY2019 | | FY2020 | | |
|-------------------------------------|-----------------------|------------|-----------------------|------------|---------------|
| | Amount Million Yen | Comp. % | Amount Million Yen | Comp. % | Variance % |
| Cloud Licenses & On-Premise License | 52,747 | 26.1 | 54,972 | 26.0 | 4.2 |
| Cloud Services & License Support | 110,066 | 54.4 | 117,601 | 55.6 | 6.8 |
| Cloud & Licenses | 162,813 | 80.4 | 172,573 | 81.7 | 6.0 |
| Hardware systems | 18,340 | 9.1 | 17,362 | 8.2 | -5.3 |
| Services | 21,234 | 10.5 | 21,420 | 10.1 | 0.9 |
| Total | 202,389 | 100.0 | 211,357 | 100.0 | 4.4 |

*Amount is rounded down. Composition ratio and year-to-year comparison (Variance) are rounded off.

(2) Cash Flow

The status of our cash flow for this period is as follows:

(Cash flows from operating activities)

Cash generated from operating activities was 42,309 million yen (decreasing 3,143 million yen year on year). The inflow is attributable to the posting of income of income before taxes of 68,872 million yen, a decrease in accounts receivable-other of 4,084 million yen. The outflows are attributable to the payment of 20,054 million yen in income taxes, an increase in notes and accounts receivable-trade of 6,255 million yen, and a decrease in notes and accounts payable-trade of 5,409 million yen.

(Cash flows from investment activities)

Cash used for investment activities was 30,584 million yen (decreasing 51,593 million yen year on year).

The outflows is attributable to arrangement an additional loan (30,000 million yen) with a maximum term of two years to Oracle Japan Holding Inc., (parent company of the Company) from February 2019, purchase of property, plant and equipment (708 million yen).

(Cash flows from financial activities)

Cash used for financial activities was 17,097 million yen (increasing 1,003 million yen year on year). The outflow was primarily appropriated to the payment of dividends.

In total, cash and equivalents decreased 5,413 million yen from the end of the previous term, to 60,091 million yen.

(Translation purposes only)

(Status of Production, Orders, and Sales)

(1) Production Results

Our production results by segment for this business year are as follows:

| Segment | Amount (million yen) | Comparison to previous period (%) |
|------------------|----------------------|-----------------------------------|
| Cloud & License | 79,117 | 3.3 |
| Hardware systems | 14,838 | -5.3 |
| Services | 15,155 | 4.5 |
| Total | 109,110 | 2.2 |

(Note) 1 Amounts are based on sales costs.

2 The above figures do not include consumption tax or other taxes.

(2) Status of Orders

Our chief business is the sales of products developed by Oracle Corporation and supply of related services. As such, amounts which correspond to the concept of the production of individual orders have no importance and have been omitted.

(3) Status of Sales

| Segment | Sales (million yen) | Comparison to previous period (%) |
|------------------------------------|---------------------|-----------------------------------|
| Cloud & License | | |
| Cloud license & on-premise license | 54,972 | 4.2 |
| Cloud services & license support | 117,601 | 6.8 |
| Cloud & License total | 172,573 | 6.0 |
| Hardware Systems | | |
| Hardware Systems total | 17,362 | -5.3 |
| Services | | |
| Services total | 21,420 | 0.9 |
| Total | 211,357 | 4.4 |

(Note) 1 Ratios versus sales performance and corresponding sales performance at chief parties with whom we do business are as follows:

| Parties with whom we conduct business | Previous business year | | Current business year | |
|---------------------------------------|------------------------|-----------|-----------------------|-----------|
| | Sales (million yen) | Ratio (%) | Sales (million yen) | Ratio (%) |
| NEC Corporation | 25,930 | 12.8 | 23,583 | 11.2 |

2 The above amounts do not include consumption tax or other taxes.

(Translation purposes only)

(Analysis and Consideration for the Status of Business Performance etc. from the Viewpoint of Management)

Recognition, analysis and consideration for the status of business performance etc. of the company from the viewpoint of management are as follows.

Notations under this item related to the future are items which have been assessed by our company as of the date of submission of this Securities Report.

(1) Awareness, analysis and consideration of financial status and business performance

1. Analysis of business performance

(i) Revenue

Total revenue was 211,357 million yen (up 4.4% year on year), reflecting an increase in revenue in all segments. For the analysis of revenue by segment, please refer to "II Status of Business, 3. Analysis of Financial Status, Results of Operation, Cash Flow Status, Overview of Performance, etc. (1) Performance."

(ii) Operating income and ordinary income

Operating income came to 68,865 million yen (up 10.5% year on year), because of the continued strong performance of the Cloud & License segment although the Hardware systems segment and the Services segment went below the previous fiscal year.

In terms of the cost of sales, outsourcing expenses decreased while royalties increased in the Cloud & Licensing segment. Personnel expenses increased in the Service segment. In addition, purchases and personnel expenses for the period decreased in Hardware Systems segment.

As for selling, general and administrative expenses, outsourcing expenses decreased, while advertising expenses and personnel expenses increased. In addition, travel expenses and transportation expenses decreased due to the impact of the COVID-19.

Ordinary income stood at 68,857 million yen (up 10.6% year on year) as a result of posting non-operating expenses of 8 million yen (net) in non-operating income and expenses.

(iii) Current net earnings

As a result of posting 'extraordinary profits-gain on reversal of subscription rights to shares' (14 million yen) and income taxes (21,186 million yen), our current net income stood at 47,686 million yen (up 10.0% year on year).

(iv) Net income per share (EPS)

As a result of the above, net income per share (EPS) increased by 33.60 yen to 372.52 yen (up 9.9% year on year).

2. Analysis of financial status

The total assets of the Company at the end of the term stood at 294,139 million yen (increasing 24,620 million yen from the end of the previous term).

(Assets)

Current assets were 249,832 million yen (increasing 156,826 million yen) because of additional arranging a loan (30,000 million yen) with a maximum term of two years to Oracle Japan Holding, Inc., (parent company of the Company) from February 2019 and reclassification of loans receivable from subsidiaries and associates from noncurrent assets to current assets (160,000 million yen), etc., and Noncurrent assets were 44,306 million yen (decreasing 132,206 million yen).

(Liabilities)

Total Liabilities at the end of the fiscal year under review decreased 6,454 million yen from the end of the previous fiscal year, to 102,776 million yen. This was primarily attributable to a decrease in accounts payable-trade (5,409 million yen) and a decrease in advanced received (3,041 million yen).

(Translation purposes only)

(Net assets)

Total net assets at the end of the fiscal year under review increased 31,074 million yen, to 191,362 million yen. This was primarily attributable to increases in both capital stock and capital surplus (204 million yen) due to the exercise of stock options, and the posting of net income (47,686 million yen), the payment of dividends (17,419 million yen), and an increase in retained earnings (30,266 million yen). As a result, the equity ratio was 65.0% (up 5.6 points from the end of the previous fiscal year).

Financial status by segment is not presented because the Company does not allocate assets and liabilities to each segment due to a management decision.

(2) Analysis and consideration of cash flow status, and information about capital resources and liquidity of funds

1. Cash flow analysis

For the state of cash flow during this period, please see II Status of Business 3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows (2) Cash Flow.

2. Information about capital resources and liquidity of funds

Cash used by the Company consists primarily of operating costs such as the cost of sales, and selling, general and administrative expenses, as well as the payment of different types of taxes. The cost of sales mainly comprises royalties related to sales of the Cloud & License, labor costs and outsourcing expenses in the cost sector, and the cost of goods purchased in the Hardware Systems segment. Cash used for other purposes mainly consists of capital spending related to the Cloud business as well as the payment of different types of taxes and dividends. Cash needed for these payments is self-financed using cash provided by operating activities.

The Company controls and manages cash according to its rules for cash control and management (the global policy set forth by Oracle Corporation), thereby ensuring high-level safety and appropriate liquidity.

The Company's dividend policy is presented in IV Status of Submitting Company 3 Policy on Dividends.

(3) Analysis about factors that have a significant influence on business performance

In our company, various factors described in II Status of Business 2 Business Risks may affect our business performance.

(4) Significant accounting estimates and assumptions used in those estimates

The financial statements of the Company are prepared based on accounting standards generally accepted in Japan. In preparing these financial statements, etc., it is necessary to make assumptions and estimates that will affect assets and liabilities at the end of the fiscal year and income and expenses at the accounting period. Even an estimate that was considered valid under past experience and circumstances may differ from the actual result due to changes in assumptions or conditions. The important estimates used in the Company's financial statements are presented in V Financial Status, 2. Financial Documents, Notes to Financial Statements, Significant Accounting Policies.

In preparing the financial statements for the current fiscal year, although it is not possible to reasonably estimate the timing of the convergence of the COVID-19 infection, we make accounting estimates (evaluation of recoverability of deferred tax assets, consideration of impairment accounting for fixed assets, etc.) based on the assumption that the business impact will continue to a certain extent within 2020. The impact of this change on our business performance and financial position is immaterial at this time. However, as a result of reviewing the judgment due to changes in the future situation, it may have a significant impact on the financial statements for the next business year and beyond.

(Translation purposes only)

4 . 【Important Agreements for Business, etc.】

(1) Agreement with subsidiary of parent company

(i) Agency Agreement with Oracle International Corporation

| | |
|--------------------------|---|
| Name of agreement | Agreement for sales agent services |
| Date of agreement | March 1, 2002 (note) |
| Period under agreement | Took effect as of March 1, 2002 and will continue indefinitely in principle unless significant changes are incurred in Oracle Corporation's right to exercise control over our company. |
| Agreement signed with: | Oracle International Corporation (California, USA) |
| Description of agreement | (i) Oracle International Corporation appoints our company as a general agent for Oracle products in the Japanese market. (ii) Oracle International Corporation grants the items below to our company: (a) The right to promote sales, advertise, and license Oracle products to end users within Japan. (b) The right to appoint secondary agencies within Japan and grant said secondary agencies licenses for the use of Oracle products. (c) The right to modify program source codes to adapt Oracle products to the Japanese market. (d) The right to use trademarks for which Oracle International Corporation has the rights for the purpose of promoting sales, advertising, and licensing Oracle products in the Japanese market. (iii) Our company will pay a certain ratio of sales from our contracted parties to Oracle International Corporation as royalties. (note) |

(Note) Based on an agreement pertaining to transfer pricing between the tax authorities of Japan and the United States, an agreement on changes in royalty rates was signed on May 9, 2011.

(ii) - (a) Agency Agreement with Oracle Information Systems Japan G.K. (software)

| | |
|--------------------------|--|
| Name of agreement | Agreement for sales agent services (Oracle partner agreement) |
| Date of agreement | August 13, 2007 |
| Period under agreement | Took effect as of June 1, 2007 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 | (i) To sell products from companies acquired by the parent company, offer technical support, etc. to end users within Japan and to sales agents. (ii) To pay a certain ratio of sales from contracted parties as royalties. |

(Note) Our company and Oracle Information Systems Japan G.K. are under a reciprocal sales agent agreement.

(ii) - (b) Agency Agreement with Oracle Information Systems Japan G.K. (hardware)

| | |
|--------------------------|--|
| Name of agreement | Agreement for sales agent services (Oracle partner agreement) |
| Date of agreement | June 7, 2011 |
| Period under agreement | Took effect as of June 1, 2010 and to continue to be in effect unless one of the parties under the agreement requests an annulment 90 days in advance. |
| Agreement signed with: | Oracle Information Systems Japan G.K. (Minato-ku, Tokyo) |
| Description of agreement | (i) Oracle Information Systems Japan G.K. appoints our company as its agent in Japan for the sale of hardware system products and related services. (ii) Our company is to make purchases related to hardware system products and related services from Oracle Information Systems Japan G.K. at certain amounts. |

(Translation purposes only)

(ii) - (c) 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 | (i) Oracle Information Systems Japan G.K. appoints our company as its agent in Japan for the sale of cloud services. (ii) To pay a certain ratio of cloud services sales from contracted parties as fees. |

(2) Agency Agreement with Partners

Oracle partner agreement

Our company has signed sales agency agreements with sales agents (partners), our partners sell products from our company to end users, and we have granted them the right to offer technical support to end users (excluding cloud services). Main items are as indicated below:

| Partner | Applicable products | Date of agreement | Period under agreement |
|-----------------|---------------------|-------------------|------------------------------------|
| NEC Corporation | Software | July. 1, 2019 | From July 1, 2019 to June 30, 2024 |
| | Hardware | | |
| | Cloud services | | |
| Fujitsu Limited | Software | May 11, 2016 | Until December 31, 2021 |
| | Hardware | | |
| | Cloud services | | |

5. 【R&D Activities】

Our company does not conduct its own research and development activities as its key business is the sale of products developed by Oracle Corporation in the domestic market and the offer of related services.

While product research and development is conducted with Oracle Corporation as the integral body, through close cooperation with Oracle Corporation and our company participating from the preliminary stages of the development of new products, product development is underway to match the Japanese market.

(Translation purposes only)

III 【Status of Facilities/Equipment】

1. 【Overview of Capital Investment, etc.】

The total amount for facility investment during this period stands at 716 million yen. They primarily comprise purchases of computer equipments, etc. The total amount for facility investment includes the payment of guarantee deposits. Also, as key facilities are shared by each segment, a list of facility investment by segment has been omitted.

2. 【Status of Key Facilities/Equipment】

| Office | Description of facility | Book value (million yen) | | | | | Number of employees |
|--------------------------------------|--|--------------------------|---------------------------------|--------------------------------------|-------|--------|---------------------|
| | | Building | Land (size in sq. meters) | Tools, equipment, and fixtures | Other | Total | |
| Head office (Minato-ku, Tokyo) | Facility for integrated operations Sales facility | 10,343 | 26,057 (6,449) | 602 | 1 | 37,005 | 1,350 |
| Akasaka office (Minato-ku, Tokyo) | Sales facility | 17 | — | 96 | 0 | 114 | 987 |

(Note) 1 The above amounts do not include consumption tax or other taxes.

2 The land size indicated is the total site area. The share of this site area owned by our company is 1,984,560/ 2,902,571 for a lot size of 4,410 square meters.

3 An office building is being rented for the Akasaka office; the rental fee for the subjected business year is 474 million yen.

4 Listings by segment have been omitted as key facilities are shared by each segment.

3. 【Plans for Development of New Facilities, Removals, etc.】

(1) New developments, etc. of important facilities

There are no pertaining items.

(2) Removal of Important Facilities/ Equipment

There are no plans for the removal, etc. of important facilities with the exception of removals, etc. for the updating of routine facilities.

(Translation purposes only)

IV 【Status of Submitting Company】

1. 【Status of stocks, 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 at end of fiscal year (shares) (May 31, 2020) | Number of outstanding shares on reporting date (shares) (Note) 1 (August 20, 2020) | Name of financial instruments exchange or name of registered authorized financial instruments firms association | Details |
|--------------|---|---|--|----------|
| Common Stock | 128,184,271 | 128,194,671 | Tokyo Stock Exchange First Section | (Note) 2 |
| Total | 128,184,271 | 128,194,671 | - | - |

(Note) 1 “Number of outstanding shares on reporting date” does not include the number of shares issued by the exercise of share warrants from August 1, 2020 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.

(Translation purposes only)

(2) 【Status of share warrants, etc.】

(i) Details of Stock Option System

Share warrants : Share warrants issued based on the Corporate Law are as follows.

(a) Issue of share warrants to employees based on the resolution of the August 26, 2010 General Meeting of Shareholders (resolution of September 22, 2010 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|---|---|--|
| Number of share warrants (Note)1 | 273 share warrants | 214 share warrants |
| Classification and number of grantees | 460 of Employees, 2 of Outside Directors, 2 of Executive Officers | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 27,300 | Same as left 21,400 |
| Payment amount when exercising share warrants (Note) 2 | 4,338 yen | Same as left |
| Exercise period of share warrants | From October 15, 2012 to September 22, 2020 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 4,872 yen Capitalization amount 2,436 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 22, 2010 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}} \times 1$$

4,338 yen was set as a result of comparing the average (4,338 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2010) prior to the month to which the date of issue (October 15, 2010) belongs, with the closing price (3,665 yen) on the date of issue.

3 (1) Those who allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 15, 2012.
- (ii) Recipients may exercise all of the allocated rights after October 15, 2014.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (4,338 yen) and fair evaluation unit price (534 yen) in the issue of share warrants.

(Translation purposes only)

(b) Issue of share warrants to employees based on the resolution of the August 25, 2011 General Meeting of Shareholders
(resolution of September 13, 2011 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|--|---|--|
| Number of share warrants (Note)1 | 209 share warrants | 204 share warrants |
| Classification and number of grantees | 255 of Employees, 2 of Outside Directors, 2 of Executive Officers | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 20,900 | Same as left 20,400 |
| Payment amount when exercising share warrants (Note) 2 | 2,698 yen | Same as left |
| Exercise period of share warrants | From September 28, 2013 to September 13, 2021 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 3,222 yen Capitalization amount 1,611 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 13, 2011 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{1} \times \text{Ratio of stock split or reverse stock split}$$

2,698 yen was set as a result of comparing the closing price (2,698 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2011) of the average price prior to the month to which the date of issue (September 28, 2011) belongs, with the average price (2,489 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 28, 2013.
- (ii) Recipients may exercise all of the allocated rights after September 28, 2015.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (2,698 yen) and fair evaluation unit price (524 yen) in the issue of share warrants.

(Translation purposes only)

(c) Issue of share warrants to employees based on the resolution of the August 24, 2012 General Meeting of Shareholders
(resolution of September 12, 2012 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|--|---|--|
| Number of share warrants (Note)1 | 387 share warrants | 363 share warrants |
| Classification and number of grantees | 201 of Employees, 2 of Outside Directors, 2 of Executive Officers | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 38,700 | Same as left 36,300 |
| Payment amount when exercising share warrants (Note) 2 | 4,025 yen | Same as left |
| Exercise period of share warrants | From September 28, 2014 to September 12, 2022 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 4,853 yen Capitalization amount 2,426 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 12, 2012 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

4,025 yen was set as a result of comparing the average (3,698 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2012) prior to the month to which the date of issue (September 28, 2012) belongs, with the closing price (4,025 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 28, 2014.
- (ii) Recipients may exercise all of the allocated rights after September 28, 2016.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (4,025 yen) and fair evaluation unit price (828 yen) in the issue of share warrants.

(Translation purposes only)

(d) Issue of share warrants to employees based on the resolution of the August 23, 2013 General Meeting of Shareholders
(resolution of September 13, 2013 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|--|---|--|
| Number of share warrants (Note)1 | 442 share warrants | 434 share warrants |
| Classification and number of grantees | 202 of Employees, 2 of Outside Directors, 3 of Executive Officers | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 44,200 | Same as left 43,400 |
| Payment amount when exercising share warrants (Note) 2 | 3,942 yen | Same as left |
| Exercise period of share warrants | From September 30, 2015 to September 13, 2023 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 4,590 yen Capitalization amount 2,295 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 13, 2013 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}}$$

3,942 yen was set as a result of comparing the average (3,942 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2013) prior to the month to which the date of issue (September 30 2013) belongs, with the closing price (3,660 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 30, 2015.
- (ii) Recipients may exercise all of the allocated rights after September 30, 2017.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (3,942 yen) and fair evaluation unit price (648 yen) in the issue of share warrants.

(Translation purposes only)

(e) Issue of share warrants to employees based on the resolution of the August 21, 2014 General Meeting of Shareholders (resolution of September 16, 2014 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|---|---|--|
| Number of share warrants (Note)1 | 54 share warrants | 52 share warrants |
| Classification and number of grantees | 268 of Employees, 2 of Outside Directors, 2 of Executive Officers | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 5,400 | Same as left 5,200 |
| Payment amount when exercising share warrants (Note) 2 | 4,280 yen | Same as left |
| Exercise period of share warrants | From September 30, 2016 to September 16, 2024 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 5,156 yen Capitalization amount 2,578 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 16, 2014 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{1} \times \text{Ratio of stock split or reverse stock split}$$

4,280 yen was set as a result of comparing the closing price (4,280 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2014) of the average price prior to the month to which the date of issue (September 30, 2014) belongs, with the average price (4,275 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 30, 2016.
- (ii) Recipients may exercise all of the allocated rights after September 30, 2018.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (4,280 yen) and fair evaluation unit price (876 yen) in the issue of share warrants.

(Translation purposes only)

(f) Issue of share warrants to employees based on the resolution of the August 21, 2014 General Meeting of Shareholders
(resolution of July 17, 2015 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|--|--|--|
| Number of share warrants (Note)1 | 9 share warrants | 6 share warrants |
| Classification and number of grantees | 1 of Employees | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 900 | Same as left 600 |
| Payment amount when exercising share warrants (Note) 2 | 5,335 yen | Same as left |
| Exercise period of share warrants | From July 31, 2017 to September 16, 2024 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 6,224 yen Capitalization amount 3,112 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

- (Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the July 17, 2015 Meeting of Board of Directors from which those whose rights have been lost are deducted.
- 2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.
- $$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}}$$
- 5,335 yen was set as a result of comparing the average (5,335 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (June 2015) prior to the month to which the date of issue (July 31, 2015) belongs, with the closing price (5,220 yen) on the date of issue.
- 3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.
- (2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:
- (i) Recipients may exercise half of the allocated rights after July 31, 2017.
- (ii) Recipients may exercise all of the allocated rights after July 31, 2019.
- (3) If the person allocated rights dies, the heir can exercise the rights.
- 4 Assignment of rights, attachment or other disposal methods are not allowed.
- 5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (5,335 yen) and fair evaluation unit price (889 yen) in the issue of share warrants.

(Translation purposes only)

(g) Issue of share warrants to employees based on the resolution of the August 21, 2015 General Meeting of Shareholders
(resolution of September 16, 2015 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|--|--|--|
| Number of share warrants (Note)1 | 201 share warrants | 200 share warrants |
| Classification and number of grantees | 47 of Employees, 1 of Outside Directors | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 20,100 | Same as left 20,000 |
| Payment amount when exercising share warrants (Note) 2 | 5,200 yen | Same as left |
| Exercise period of share warrants | From September 30, 2017 to September 16, 2025 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 6,047 yen Capitalization amount 3,024 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 16, 2015 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{1} \times \text{Ratio of stock split or reverse stock split}$$

5,200 yen was set as a result of comparing the closing price (5,040 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (August 2015) of the average price prior to the month to which the date of issue (September 30, 2015) belongs, with the average price (5,200 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after September 30, 2017.
- (ii) Recipients may exercise all of the allocated rights after September 30, 2019.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (5,200 yen) and fair evaluation unit price (847 yen) in the issue of share warrants.

(Translation purposes only)

(h) Issue of share warrants to employees based on the resolution of the August 24, 2016 General Meeting of Shareholders
(resolution of September 21, 2016 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|--|--|--|
| Number of share warrants (Note)1 | 108 share warrants | 108 share warrants |
| Classification and number of grantees | 24 of Employees | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 10,800 | Same as left 10,800 |
| Payment amount when exercising share warrants (Note) 2 | 5,962 yen | Same as left |
| Exercise period of share warrants | From October 5, 2018 to September 21, 2026 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 6,934 yen Capitalization amount 3,467 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 21, 2016 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}}$$

5,962 yen was set as a result of comparing the closing price (5,680 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2016) of the average price prior to the month to which the date of issue (October 5, 2016) belongs, with the average price (5,962 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 5, 2018.
- (ii) Recipients may exercise all of the allocated rights after October 5, 2020.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (5,962 yen) and fair evaluation unit price (972 yen) in the issue of share warrants.

(Translation purposes only)

(i) Issue of share warrants to employees based on the resolution of the August 23, 2017 General Meeting of Shareholders
(resolution of September 21, 2017 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|--|---|--|
| Number of share warrants (Note)1 | 220 share warrants | 218 share warrants |
| Classification and number of grantees | 27 of Employees | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 22,000 | Same as left 21,800 |
| Payment amount when exercising share warrants (Note) 2 | 8,940 yen | Same as left |
| Exercise period of share warrants | From October 12, 2019 to September 21, 2027 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 10,585 yen Capitalization amount 5,293 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 21, 2017 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

8,940 yen was set as a result of comparing the closing price (8,940 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2017) of the average price prior to the month to which the date of issue (October 12, 2017) belongs, with the average price (8,227 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 12, 2019.
- (ii) Recipients may exercise all of the allocated rights after October 12, 2021.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (8,940 yen) and fair evaluation unit price (1,645 yen) in the issue of share warrants.

(Translation purposes only)

(j) Issue of share warrants to employees based on the resolution of the August 22, 2018 General Meeting of Shareholders
(resolution of September 21, 2018 Meeting of Board of Directors)

| | As of end of fiscal year (May 31, 2020) | As of end of prior month of reporting date (July 31, 2020) |
|--|---|--|
| Number of share warrants (Note)1 | 216 share warrants | 216 share warrants |
| Classification and number of grantees | 17 of Employees | |
| Type of shares subject to share warrants and Number of shares subject to share warrants | Common stock Share unit is 100 shares 21,600 | Same as left 21,600 |
| Payment amount when exercising share warrants (Note) 2 | 9,185 yen | Same as left |
| Exercise period of share warrants | From October 12, 2020 to September 21, 2028 | Same as left |
| Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5 | Issue price 10,497 yen Capitalization amount 5,249 yen | Same as left |
| Conditions for exercising share warrants | (Note) 3 | Same as left |
| Items related to assignment of share warrants | (Note) 4 | Same as left |
| Items related to substitute payment | - | - |
| Items related to distribution of share warrants following reorganization acts | - | - |

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the September 21, 2018 Meeting of Board of Directors from which those whose rights have been lost are deducted.

2 The payment amount shall be the average of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs. However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue. If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \frac{\text{Payment amount before adjustment}}{\text{Ratio of stock split or reverse stock split}}$$

9,185 yen was set as a result of comparing the closing price (8,260 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2018) of the average price prior to the month to which the date of issue (October 12, 2018) belongs, with the average price (9,185 yen) on the date of issue.

3 (1) Those allocated the share warrants are required to be a director or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of employee, director or Corporate Executive Officer.

(2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:

- (i) Recipients may exercise half of the allocated rights after October 12, 2020.
- (ii) Recipients may exercise all of the allocated rights after October 12, 2022.

(3) If the person allocated rights dies, the heir can exercise the rights.

4 Assignment of rights, attachment or other disposal methods are not allowed.

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (9,185 yen) and fair evaluation unit price (1,312 yen) in the issue of share warrants.

(ii) **【Details of rights plan】**

Not applicable.

(Translation purposes only)

(iii) 【Other status of Stock Option.】

Not applicable.

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

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 June 1, 2015 to May 31, 2016 (Note) 1 | 203,000 | 127,511,971 | 466 | 23,209 | 466 | 6,560 |
| From June 1, 2016 to May 31, 2017 (Note) 1 | 216,700 | 127,728,671 | 545 | 23,755 | 545 | 7,106 |
| From June 1, 2017 to May 31, 2018 (Note) 1 | 290,700 | 128,019,371 | 725 | 24,480 | 725 | 7,831 |
| From June 1, 2018 to May 31, 2019 (Note) 1 | 79,400 | 128,098,771 | 198 | 24,679 | 198 | 8,030 |
| From June 1, 2019 to May 31, 2020 (Note) 1 | 85,500 | 128,184,271 | 204 | 24,884 | 205 | 8,235 |

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

2 The number of issued shares increased by 10,400 shares, capital and capital reserve increased by 25 million yen each due to the exercise of stock acquisition rights between June 1, 2020 and July 31, 2020. The number of shares issued by the exercise of stock acquisition rights from August 1, 2020 to the date of submission of this securities report, is not included.

(5) 【Status by owner】

As of May 31, 2020

| Item | Status of stock (Share unit is 100 shares) | | | | | | | | Status of share less than one unit (shares) |
|-------------------------------|--|------------------------|--|--------------------|----------------------------|------------|-------------------|-----------|---|
| | Government and local public bodies | Financial institutions | Financial instruments business operators | Other corporations | Foreign corporations, etc. | | Individuals, etc. | Total | |
| | | | | | Other than individuals | Individual | | | |
| No. of shareholders (people) | 0 | 43 | 25 | 223 | 576 | 14 | 15,554 | 16,435 | - |
| No. of shares held (Units) | 0 | 89,380 | 7,524 | 1,915 | 1,131,059 | 41 | 49,350 | 1,279,269 | 257,371 |
| Percentage of shares held (%) | 0.0 | 7.0 | 0.6 | 0.2 | 88.4 | 0.0 | 3.9 | 100.0 | - |

(Note) 1 The 11,875 shares of the treasury stock includes 118 units in “Individuals, etc.” and 75 shares in “Status of share less than one unit”.

2 Stocks in the name of Japan Securities Depository Center includes 20 units in “Other corporations” and 50 shares in “Status of share less than one unit”.

3 The Company’s stocks held by The Master Trust Bank of Japan as the trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust indicated include 109 units and 934 units respectively in “Financial institutions”. The Company is processing these stocks as treasury stocks.

(Translation purposes only)

(6) 【Status of major shareholders】

As of May 31, 2020

| Name | Address | No. of shares held (1000 shares) | Percentage of shares held versus total number of outstanding shares (excluding treasury stocks) |
|--|--|-------------------------------------|--|
| ORACLE JAPAN HOLDING,INC. Standing proxy SMBC NIKKO SECURITIES INC. The Master Trust Bank of Japan, Ltd. (Trust account) | 500 Oracle Parkway, Redwood Shores, California, U.S.A (1-5-55 Kiba, Koto-ku, Tokyo) | 94,967 | 74.1 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 2-11-3 Hamamatsucho, Minato-ku, Tokyo | 2,756 | 2.2 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 1-8-11 Harumi, Chuo-ku, Tokyo | 1,822 | 1.4 |
| STATE STREET BANK AND TRUST COMPANY 505001 | P.O.BOX351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo) | 1,337 | 1.0 |
| SSBTC CLIENT OMNIBUS ACCOUNT | ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo) | 1,328 | 1.0 |
| Japan Trustee Services Bank, Ltd. (Trust account #5) | 1-8-11 Harumi, Chuo-ku, Tokyo | 813 | 0.6 |
| NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS | 50 BANK STREET CANARY WHARFLONDON E14 5NT,UK | 805 | 0.6 |
| THE CHASE MANHATTAN BANK 385036 | 360 N. CRECENT DRIVE BEVERLY HILLS, CA 90210 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo) | 796 | 0.6 |
| Japan Trustee Services Bank, Ltd. (Trust account #7) | 1-8-11 Harumi, Chuo-ku, Tokyo | 793 | 0.6 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | 1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo) | 724 | 0.6 |
| Total | | 106,144 | 82.8 |

(Note) Of the above no. of shares owned, shares related to trust business are as follows.

| | |
|--------------------------------------|-----------------------|
| Japan Trustee Services Bank, Ltd. | 3,379 thousand shares |
| The Master Trust Bank of Japan, Ltd. | 2,657 thousand shares |

(Translation purposes only)

(7) 【Status of voting rights】

(i) 【Number of outstanding shares】

As of May 31, 2019

| Item | No. of shares(shares) | No. of voting rights (no.) | 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 11,800 | - | - |
| Stocks with full voting rights (Others) | Common stock 127,915,100 | 1,279,151 | - |
| Share less than one unit | Common stock 257,371 | - | - |
| Number of outstanding shares | 128,184,271 | - | - |
| Voting rights of shareholders | - | 1,279,151 | - |

(Note) "Stocks with full voting rights (Others)" include 2,000 stocks in the name of Japan Securities Depository Center (20 stocks with voting rights), 10,900 company stocks held by the BIP Trust and 93,400 stocks held by the ESOP Trust.

(ii) 【Treasury stock, etc. 】

As of May 31, 2020

| 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 | 11,800 | - | 11,800 | 0.0 |
| Total | - | 11,800 | - | 11,800 | 0.0 |

(Note) The trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust, which are the 10,900 stocks and 93,400 stocks held respectively by The Master Trust Bank of Japan (2-11-3, Hamamatsucho, Minato-ku, Tokyo) are not included in the above treasury stock, etc.

(Translation purposes only)

(8) 【Details of Directors and Executive Officers, and Employee Stock Ownership Plan】

(BIP Trust)

(i) Outline of this plan

The Company has established a trust by contributing funds to acquire the Company's shares, with the directors and executive officers who have met certain requirements as beneficiaries, among those who have elected to use the BIP Trust. The trust will acquire a certain number of the Company's shares that are expected to be delivered to the relevant directors and executive officers from the stock market during the predetermined acquisition period based on the pre-established Regulations for Share Regulations for Shares Distribution of the Company. Then, the trust will deliver the number of the Company's shares to the directors and executive officers as compensation every year according to the business performance, etc. of the Company during the trust period pursuant to the provisions of the Regulations for Share Regulations for Shares Distribution.

(ii) Total amount of shares to be acquired by BIP Trust

The BIP Trust (The Master Trust Bank of Japan) acquired 13,200 shares, 63 million yen in the 30th business term, and 38,400 shares, 228 million yen in the 32nd business term, and 5,000 shares, 33 million yen in the 34th business term. Plans for future acquisitions are undecided.

(iii) Scope in which beneficiary rights and other rights can be received under the BIP Trust

Limited to the Company's directors and executive officers who have met certain requirements.

(ESOP Trust)

(i) Outline of this plan

The Company has established a trust by contributing funds to acquire the Company's shares, with the employees who have met certain requirements as beneficiaries, among those who have elected to use the ESOP Trust. The trust will acquire a certain number of the Company's shares that are expected to be delivered to the relevant employees from the stock market during the predetermined acquisition period based on the pre-established Regulations for Share Regulations for Shares Distribution of the Company. The trust will then deliver the number of the Company's shares to the employees on a certain day every year according to the degree of their contribution to the business performance, etc. of the Company pursuant to the provisions of the Regulations for Share Regulations for Shares Distribution.

(ii) Total amount of shares to be acquired by ESOP Trust

The ESOP Trust (The Master Trust Bank of Japan) acquired 40,800 shares, 195 million yen in the 30th business term, 100,700 shares, 598 million yen in the 32nd business term, and 132,200 shares, 908 million yen in the 34th business term. Plans for future acquisitions are undecided.

(iii) Scope in which beneficiary rights and other rights can be received under the ESOP Trust

Limited to the Company's employees who have met certain requirements.

(Translation purposes only)

2. 【Status of acquisition of self-owned stocks, etc.】

【Types of shares, etc.】

Purchase of common stocks in accordance with Corporate Law Article 155-7.

(1) 【Status of purchase based on resolution of General Meeting of Shareholders】

Not applicable.

(2) 【Status of purchase based on resolution of Meeting of Board of Directors】

Not applicable.

Does not include the Company's own stock purchased by the ESOP Trust account and BIP Trust account, following the introduction of the ESOP Trust and BIP Trust.

(3) 【Details of purchase based on resolutions of General Meeting of Shareholders and Meeting of Board of Directors】

| Category | No. of shares(shares) | Total amount (yen) |
|---|-----------------------|--------------------|
| Treasury stock purchased in current fiscal year | 650 | 6,156,750 |
| Treasury stock purchased in current term | 100 | 1,269,500 |

(Note) 1 The treasury stocks purchased in the current term do not include those purchased by the share purchase demands of shares less than one unit between August 1, 2020 and the date of submission of this Securities Report.

2 The number of treasury stocks purchased does not include the number of shares purchased by the BIP Trust and ESOP Trust.

(4) 【Status of handling and ownership of purchased treasury stocks】

| Category | Current fiscal year | | Current term | |
|---|---------------------|----------------------------|------------------|----------------------------|
| | Number of shares | Total disposal price (yen) | Number of shares | Total disposal price (yen) |
| Purchased treasury stocks for which subscribers will solicited | - | - | - | - |
| Purchased treasury stocks that were disposed | - | - | - | - |
| Purchased treasury stocks transferred in relation with merger, share exchange, or company split | - | - | - | - |
| Others | 100 | 888,500 | - | - |
| Number of owned treasury stocks | 11,875 | - | 11,975 | - |

(Note) 1 The number of shares and total disposal price of the current term do not include the shares that were disposed between August 1, 2020 and the date of submission of this Securities Report, and their price.

2 The number of owned treasury stocks in the current month does not include those purchased by the purchase of shares less than one unit between August 1, 2020 and the date of submission of this Securities Report.

3 The number of owned treasury stocks does not include that owned by the BIP Trust (10,983 shares at the end of the current fiscal year) and that owned by the ESOP Trust (93,445 shares at the end of the current fiscal year).

(Translation purposes only)

3. 【Policy on Dividends】

The Company recognizes that one of its most important business missions is to enhance corporate value and distribute profits to shareholders.

The basic policy for the distribution of surplus is to provide a return to shareholders through dividends, while ensuring management flexibility by comprehensively taking into account the balance between the cash required for the Company's business plan, business results, and cash flows.

For dividends for the fiscal year under review, an annual dividend of 149 yen per share was paid.

The Company prescribes the following in the Articles of Incorporation; “interim dividends can be paid with the November 30 of each year as the reference date based on the resolution of the Meeting of Board of Directors” and “surpluses can be distributed, etc. based on the resolution of the Meeting of Board of Directors in accordance with the provisions of Corporate Law Article 459-1”.

The distribution of surpluses related to this current term is as follows.

| Date of resolution | Total amount of dividend (million yen) | Dividend per share (yen) |
|---|--|--------------------------|
| July 22, 2020 Meeting of Board of Directors | 19,097 | 149 |

(Translation purposes only)

4. 【Status and Other Items Pertaining to Corporate Governance】

(1) 【Status of corporate governance】

The following describes the corporate governance system of the Company as of the date of date of submission of this Securities Report.

(Basic concept related to corporate governance)

The Company sees the establishment of corporate governance as an important challenge in the continuous enhancement of corporate value. To fulfill our business responsibilities to all stakeholders, we will continue our efforts to build a corporate governance system based on the corporate governance policies of our parent company Oracle Corporation, while meeting the legal systems of Japan, etc.,

In addition, we are committed to the thorough dissemination and understanding of the global “Oracle Code of Ethics and Business Conduct” (Oracle Code in short) to all our employees, and adopt this code as the basic principle in the implementation of corporate activities.

(i) Status of business management organizations related to business decision-makings, execution, and supervision of the Company, and other corporate governance systems.

The Company installs a Nomination Committee, etc. The aim is to establish higher corporate governance by separating the business decision-making/supervision function and business execution function.

(1) Details of corporate organizations

(a) Board of Directors

The Board of Directors is comprised of eight directors (of whom three are outside directors), who carry out decision-making of basic business policies, establishment of internal control systems, segregation of duties of executive officers, other important business decisions, and monitoring of the execution of work by executive officers, etc. Each member of the Board of Directors is as indicated in “(2) Status of Directors, (a) Status of Directors”.

(b) Audit Committee

The Audit Committee carries out the preparation of basic audit policies and implementation plans, preparation of audit reports, and decides the contents of agendas to be submitted to general meetings of shareholders regarding the appointment and revocation of accounting auditors, and matters ensuring that they are not reappointed. The committee is made up of an outside director who serves as the chairperson, one director, and two outside directors. Each member of the the Committee is as indicated in “(2) Status of Directors, (a) Status of Directors”.

(c) Compensation Committee

The Compensation Committee draws up policies on remuneration received by directors and corporate executive officers, and decides the individual remuneration. The committee is made up of an outside director who serves as the chairperson, one director, and two outside directors.

Each member of the the Committee is as indicated in “(2) Status of Directors, (a) Status of Directors”.

(d) Nomination Committee

The Nomination Committee decides the contents of agendas to be submitted to general meetings of shareholders regarding the appointment and dismissal of directors, and matters ensuring non-reappointment. The committee is made up of an outside director who serves as the chairperson, one director, and two outside directors.

Each member of the the Committee is as indicated in “(2) Status of Directors, (a) Status of Directors”.

(e) Business execution organizations, etc.

Operated by five executive officers and 21 operating officers. They review important tasks related to business such as business strategies, overall organization reforms, and financial matters. Aiming to support the prompt decision-making and flexible business operations of executive officers, the Company installs an executive board comprised of the Corporate Executive Officer (CEO) and important organization heads below the CEO as main members.

In the aim to discuss and share information on sales and marketing strategies, working environment of employees, the Company also installs a Country Leadership Team meeting made up of CEO and heads of cross-sectional departments of the whole company as the main members. Efforts are also made to secure business with high transparency by actively carrying out cross-organizational discussions, and information provision to the whole company. Furthermore, when carrying out corporate business or daily business operations, functions of conducting checks from outside are enhanced by receiving advice from lawyers and certified public accountants, etc. and by enhancing check functions from outside.

(Translation purposes only)

- (2) Status of establishment of internal control systems
- (a) System concerning the retention and management of information pertaining to the execution of duties of Corporate Executive Officers
Establish regulations on the management of such documents as the minutes of a meeting of shareholders, minutes of a meeting of the board of directors, minutes of any other important meeting concerning management, and keep a record of any important decisions made. Such regulations may not be established or amended without the approval of the board of directors. Documents that will be managed under such regulations will be retained so as to facilitate easy searching and browsing as required.
- (b) Regulations and other systems concerning the control of risk of loss
With respect to the risks pertaining to compliance, disaster, and information security, the department in charge of each risk will establish regulations/guidelines and provide related education. If a new risk arises, a Corporate Executive Officer will be promptly appointed in charge of said risk
- (c) System for securing efficient execution of duties of Corporate Executive Officers
- 1) Hold meetings to assist execution by the Chief Executive Officer, as well as to discuss and decide matters pertaining to decisions of the board of directors.
 - 2) Establish regulations on the clarification of responsibilities and authorities of Corporate Executive Officers and employees, thereby establishing the environment in which the Company's businesses can be efficiently executed within their responsibilities and authorities.
- (d) System for securing compliance of the execution of duties by employees with applicable laws and regulations, and Articles of Incorporation
- 1) Establish a basic policy on compliance by applying the corporate code of ethics of the Oracle Group.
 - 2) Establish a system through which any illegal misconduct by an employee will be reported by using the Oracle Group's internal reporting channel for compliance.
 - 3) For purposes of building, maintaining, and improving the internal control system, each department in charge will establish and implement internal regulations, and conduct training on applicable laws and regulations as well as internal regulations, etc.
 - 4) Appoint a person in charge of compliance, thereby establishing the compliance system at the Company.
 - 5) Set up an audit department, which, in accordance with the regulations on internal audits, will audit the business process of each department, and discover or prevent any fraud, and correct the business process as required.
- (e) System for securing the properness of business in the business group consisting of the Company and its parent and subsidiaries
- 1) Establish a corporate code of ethics for the Oracle Group.
 - 2) Establish a system through which any violation of laws and regulations can be reported by using the internal reporting channel for compliance. Establish a system through which any wrongful acts of Corporate Executive Officers and employee-status Operating Officers appointed by the Board of Directors can be reported to the Audit Committee, in addition to Company's Internal Reporting Channel for Compliance (Oracle Helpline).
 - 3) The Company will accept regular audits by the internal audit department of the parent, and will receive reports on the audit results.
 - 4) The Company conducts internal audit on its subsidiaries and reports the result to the Board of Directors and the Audit Committee.
- (f) Matters pertaining to the placement of employees to assist responsibilities of the Audit Committee
Set up an Administrative Office to assist responsibilities of the Audit Committee.
- (g) Matters pertaining to the independence of employees from Corporate Executive Officers under the foregoing item
When employees are placed to assist the responsibilities of the Audit Committee, the Audit Committee must be consulted regarding the appointment, transfer, and appraisal, etc. of such employees, and the Corporate Executive Officers must respect it.
- (h) Matters pertaining to securing the effectiveness of the instructions given by the Audit Committee to an employee
An Assistant who assists in the affairs of the Administrative Office and Audit Committee Members shall follow the instructions of the Audit Committee.
- (i) System for the Corporate Executive Officers and employees to report to the Audit Committee, and other systems pertaining to reporting to the Audit Committee
Corporate Executive Officers and employees must promptly report on matters pertaining to business execution whenever requested to do so by an Audit Committee Member. The Audit Committee will have the opportunity to hold, if necessary, hearings with the Corporate Executive Officers and employees.
- (j) System for securing that any person who has made a report set forth in the preceding item shall not be treated disadvantageously by reason of his/her making said report
Prohibit any disadvantageous treatment of a person who has made a report to the Audit Committee by reason of his/her making said report.

(Translation purposes only)

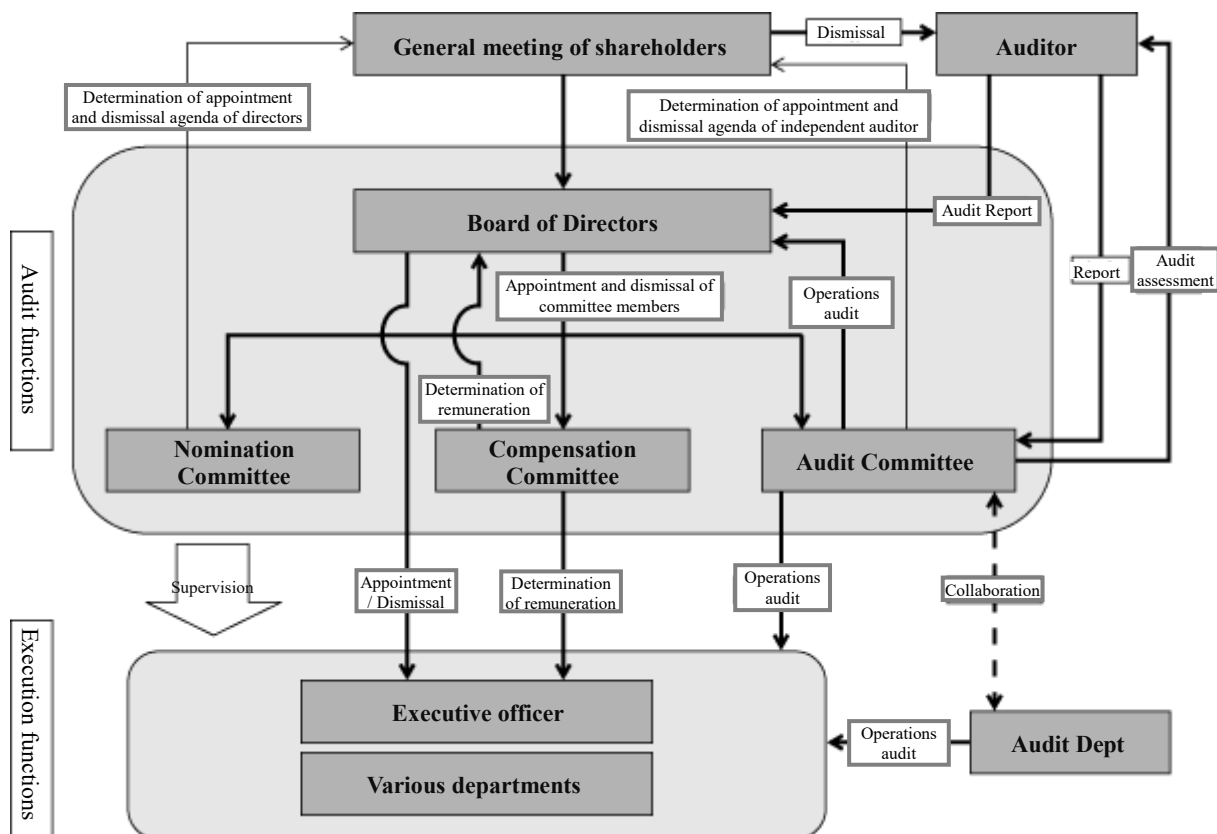
(k) Procedures to prepay or reimburse the expenses with respect to the execution of the Audit Committee Members' duties and other matters concerning the policy pertaining to the disposition of the expenses or debt with respect to the execution of said duties

If the Audit Committee Members make a request for the expenses that are necessary for the execution of their duties, such request shall be treated pursuant to the Article 404, Paragraph 4 of the Companies Act. Also, the Audit Committee Members may, as necessary, appoint one or more external advisors at the Company's expense without obtaining a prior approval of the Board of the Directors Meeting or Corporate Executive Officers.

(l) Other systems for securing effective audits by the Audit Committee

- 1) The annual plan for internal audits implemented by the internal audit department will be explained beforehand to the Audit Committee, who may request amendment thereto. The Audit Committee may also occasionally receive reports on the implementation of an internal audit and, if necessary, request the implementation of an additional audit and measures to improve business.
- 2) The Chief Executive Officer and accounting auditor(s) will arbitrarily meet with the Audit Committee Members, and exchange views on issues that the Company should address, progress on establishing the environment for an audit of the Audit Committee, and material issues relating to audits, so that the Chief Executive Officer accounting auditors, and the Audit Committee Members can increase common awareness.
- 3) The Audit Committee Members may attend important meetings concerning management, and may access to the minutes and/or materials of the meetings on an as-needed basis, for the purpose of auditing execution of the duties by the Corporate Executive Officers and employees.

The following illustrates the corporate governance system of the Company.



(ii) Outline of contracts for limitation of liability

Based on the respective Company Law Article 427-1, the Company and the outside directors enter into an agreement limiting the liability prescribed in Article 423-1 of the law. Under this agreement, the limitation on liability for damages to be paid is the higher between the predetermined amounts no less than 20 million yen and the minimum amount stipulated by the Law.

(iii) Limit capacity of directors

The Articles of Incorporation prescribes that the number of directors of the Company is limited to 10 persons.

(Translation purposes only)

(iv) Requirements for appointment of directors

The Articles of Incorporation prescribes that the appointment requirements of directors include the participation of more than one third of shareholders with voting rights who are exercise their voting rights at the general meeting of shareholders, and appointment is carried out with the majority of their voting rights.

(v) Organization determining distribution of surplus, etc.

Regarding the clauses prescribed on the distribution of surplus in the Company Law Article 459-1, the Articles of Incorporation prescribes that unless other provisions are set forth in laws and regulations, the distribution of surplus shall be decided by the Board of Directors and not according to the regulation of the general meeting of shareholders. By letting the Board of Directors assume rights over the distribution of surplus, the flexible execution of capital policies and dividend policies can be promoted.

(vi) Release of liability of Directors and Executive Officers

The Articles of Incorporation prescribes that based on the provisions of Company Law Article 426-1, the Company may base on the resolution of the Board of Directors exempt the Directors and Executive Officers (including those who were formerly Directors or Executive Officers) prescribed in Article 423-1 of the Law from liabilities to the extent permitted by laws and regulations. The aim is to enable the establishment of an environment for Directors and Executive Officers to demonstrate their capacities fully in the execution of their roles.

(vii) Release of liability of Directors and Executive Officers

Based on the fundamental recognition that the increase in corporate value creates the defensive power as a consequence, the Company is focusing on increasing corporate value and does not adopt any specific antitakeover measures. In the case that an acquisition offer is made to the Company, the Board of Directors takes appropriate action based on the recognition that the determination of the location of control of the Company resides in shareholders.

(viii) Transactions causing conflict of interests between the Company and specific shareholders

Not applicable.

(Translation purposes only)

5. 【Status of Directors】

(1) Status of Directors (Board of Directors and Executive Officers) as of August 21, 2020 (the filing date of this report)

Male directors 9 and Female director 1 (Female directors make up 10.0%)

(a) Status of directors

| Director title name | Position name | Name | Date of birth | Career history | Term of office | No. of shares held (1000 shares) |
|---------------------|---------------|-------------------------|----------------|---|----------------|----------------------------------|
| Director | - | Koji Minato | May 21, 1970 | Apr. 1994 Joined Nippon Telegraph and Telephone Corporation (NTT) Apr. 2004 Joined NTT COMWARE CORPORATION Jul. 2008 Sun Microsystems Support Service Dept. General Manager of Operation Jun. 2010 Joined Oracle Information Systems (Japan) G.K. Customer Support, System Support Dept. General Manager of Account Management of Oracle Corporation Japan Jun. 2014 Director of Corporate Planning Office Jun. 2015 Operating Officer, Director of CEO Office Aug. 2016 Senior Operating Officer, Director of Operations and CEO Office Oct. 2017 Senior Managing Operating Officer, Director of Strategy & Operations Aug. 2018 Executive Officer, Executive Deputy President, Chief Operating Officer Aug. 2019 Director, Executive Officer, Executive Deputy President, Chief Operating Officer (Current Position) | (Note) | - |
| Director | - | Krishna Kumar Sivaraman | March 21, 1968 | May. 1996 Oracle India Private Limited Feb. 2014 Vice President Finance, Oracle Corporation Japan and GFIC (Current position) Aug. 2014 Corporate Executive Officer of Oracle Corporation Japan Aug. 2017 Director of Oracle Corporation Japan Aug. 2018 Director, Executive Officer, Chief Financial Officer of Oracle Corporation Japan (Current position) Jun. 2019 Oracle Corporation Vice President of Finance JAPAC & Japan CFO (Current Position) | (Note)2 | - |

(Translation purposes only)

| Director title name | Position name | Name | Date of birth | Career history | Term of office | No. of shares held (1000 shares) |
|---------------------|---------------|-------------|---------------|--|----------------|----------------------------------|
| Director | - | Garrett Ilg | July 9, 1961 | May. 1984 Joined Mitsubishi Electric Corporation Mar. 1988 V Band Corporation, Japan Country Manager Apr. 1994 Reuters, Sales Manager Foreign Accounts Sep. 1997 Reuters, Senior Vice President Global Accounts Aug. 2002 BEA Systems, Senior Vice President Head of Asia Pacific Jan. 2006 Adobe Systems, Japan President Sep. 2008 SAP Japan, President & CEO Sep. 2016 Adobe, President Europe, Middle East & Africa Dec. 2018 Adobe, Senior Vice President Worldwide Field Operations Apr. 2020 Joined Oracle Corporation, Executive Vice President Head of Asia Pacific & Japan Aug. 2020 Director of Oracle Corporation Japan (Current Position) | (Note)2 | - |

(Translation purposes only)

| Director title name | Position name | Name | Date of birth | Career history | Term of office | No. of shares held (1000 shares) |
|---------------------|---|------------------|-----------------|--|----------------|----------------------------------|
| Director | Audit Committee Member Compensation Committee Member | Edward Paterson | October 7, 1963 | <p>Jun. 1988 Joined Federal Reserve Bank of St. Louis</p> <p>May. 1994 Joined Anheuser-Busch Companies (Currently, Anheuser-Busch InBev)</p> <p>Apr. 1999 Director, Anheuser-Busch Japan (An Anheuser-Busch and Kirin Holdings Company Joint Venture)</p> <p>Jun. 2000 Vice President Foreign Exchange and Interest Rate Derivatives, U.S. Bancorp</p> <p>Nov. 2001 Director of Treasury, Oracle Corporation</p> <p>Jul. 2005 Senior Director of Treasury, Oracle Corporation</p> <p>Jun. 2008 Joined International Game Technology</p> <p>Sep. 2009 Senior Director of Treasury, Oracle Corporation</p> <p>Mar. 2010 Assistant Treasurer, Oracle Corporation</p> <p>Sep. 2012 Vice President and Assistant Treasurer, Oracle Corporation (Current position)</p> <p>Aug. 2016 Director of Oracle Corporation Japan (Current position)</p> | (Note)2 | - |
| Director | Nomination Committee Member | Kimberly Woolley | April 4, 1972 | <p>Oct. 1998 Associate at law firm Sullivan & Cromwell</p> <p>Sep. 2000 Associate at law firms Gibson, Dunn & Crutcher</p> <p>Jan. 2008 Corporate Counsel for Franklin Templeton Investments</p> <p>May 2009 Senior Corporate Counsel of Oracle Corporation</p> <p>Oct. 2009 Managing Counsel and Assistant Secretary of Oracle Corporation</p> <p>July 2012 Director, Associate General Counsel of Williams-Sonoma, Inc.</p> <p>Oct. 2014 Member, Board of Trustees of Ripon College (Current position)</p> <p>Dec. 2014 Assistant General Counsel and Assistant Secretary of Oracle Corporation (Current position)</p> <p>Oct. 2015 Vice Chair of Audit Committee, Board of Trustees of Ripon College</p> <p>Mar 2017 Director of Oracle Financial Services Software (Current position)</p> <p>Aug 2017 Director of Oracle Corporation Japan (Current position)</p> <p>Oct. 2017 Chair of Infrastructure Committee of Ripon College</p> <p>Nov. 2019 Vice President Assistant General Counsel and Secretary of Oracle Corporation (Current position)</p> | (Note)2 | - |

(Translation purposes only)

| Director title name | Position name | Name | Date of birth | Career history | Term of office | No. of shares held (1000 shares) |
|---------------------|--|-------------------|------------------|--|----------------|----------------------------------|
| Director | Audit Committee Member Compensation Committee Member | Yoshiaki Fujimori | July 3, 1951 | <p>Apr. 1975 Nissho Iwai Corporation (Currently, Sojitz Corporation)</p> <p>Oct. 1986 GE Japan Inc.</p> <p>May. 2001 General Electric Company, Senior Vice President</p> <p>Oct. 2008 GE Japan Inc. Representative Director, Chairperson, President & CEO</p> <p>Mar. 2011 GE Japan Inc. (Currently SMFL Capital Co., Ltd.) Representative Director, Chairperson</p> <p>Jun. 2011 LIXIL Corporation Director LIXIL GROUP CORPORATION Director</p> <p>Aug. 2011 LIXIL Corporation Director Representative Director, President & CEO LIXIL GROUP CORPORATION Director, Representative Executive Officer, President and CEO</p> <p>Jun. 2012 Tokyo Electric Power Co., Inc. (Currently Tokyo Electric Power Company Holdings, Inc.) Outside Director</p> <p>Jan. 2016 LIXIL Corporation Director Representative Director, Chairperson & CEO</p> <p>Jun. 2016 LIXIL GROUP CORPORATION Advisor (Current Position) Takeda Pharmaceutical Company Limited Outside Director (Current Position)</p> <p>Jul. 2016 Boston Scientific Corporation Outside Director (Current Position)</p> <p>Feb. 2017 CVC Asia Pacific Ltd. Supreme Advisor (Current Position)</p> <p>Aug. 2018 Outside Director, Chairperson of the Board of Directors of Oracle Corporation Japan (Current Position)</p> <p>Jun. 2019 TOSHIBA CORPORATION, Outside Director, Chairperson (Current Position)</p> <p>Mar. 2020 SHISEIDO, Outside Director, Chairperson (Current Position)</p> | (Note)2 | - |
| Director | Chairperson of the Audit Committee Chairperson of the Nominating Committee Chairperson of the Compensation Committee | John L. Hall | October 30, 1954 | <p>Jan. 1977 Joined IBM Corporation</p> <p>Sep. 1992 Director of Open Systems Sales and Marketing of Unisys Corporation</p> <p>Oct. 1994 Corporate Global Alliance Manager of Oracle Corporation</p> <p>Jun. 1996 Vice President, Oracle Asia Pacific Alliances</p> <p>Mar. 1997 Managing Director, Oracle Thailand</p> <p>Sep. 1997 Senior Vice President, Oracle Worldwide Alliances</p> <p>Apr. 1999 Senior Vice President of Oracle University</p> <p>Aug. 2003 Director of Oracle Corporation Japan (Current position)</p> <p>Jun. 2015 Retired from Oracle Corporation</p> | (Note)2 | - |

(Translation purposes only)

| Director title name | Position name | Name | Date of birth | Career history | Term of office | No. of shares held (1000 shares) |
|---------------------|-----------------------------|-----------------|----------------|--|----------------|----------------------------------|
| Director | Nomination Committee Member | Takeshi Natsuno | March 17, 1965 | Apr. 1988 Joined TOKYO GAS Co., Ltd Jun. 1996 Director, Director, Executive Officer Deputy President of Hyper Net Sep. 1997 Joined NTT DOCOMO, INC. Jun. 2005 Operating Officer, Multi Media Service Director of NTT DOCOMO May. 2008 Professor of Graduate School of Media and Governance, Keio University (Current position) Jun. 2008 Outside Director of SEGA SAMMY HOLDINGS INC. (Current position) Outside Director of transcosmos inc. (Current position) Director of NTT Resonant Incorporated Dec. 2008 Director of DWANGO Co., Ltd. Jun. 2009 Outside Director of DLE Inc. Sep. 2009 Outside Director of GREE, Inc. (Current position) Dec. 2010 Outside Director of USN-NEXT HOLDINGS Co., Ltd. (Current position) Aug. 2016 Director of Oracle Corporation Japan (Current position) Jun. 2017 Outside Director of Uicom Holdings, Inc. Director of GENETEC CORPORATION Outside Director of Cool Japan Fund Inc. Jun. 2018 Representative Director & Chairperson, MOVIE WALKER Co., Ltd. (Current position) Oct. 2018 Director, BOOK WALKER Co.,Ltd. (Current position) Nov. 2018 Director, KADOKAWA CORPORATION (Current position) Feb. 2019 Representative Director, President, DOWANGO CORPORATION (Current position) | (Note)2 | - |
| Total | | | | | | - |

(Note) 1 Directors Yoshiaki Fujimori, John Hall and Takeshi Natsuno are outside directors.

2 Term of office shall continue until the conclusion of the annual shareholders meeting for the last business year which ends within one year from the time of election.

(Translation purposes only)

3. The Company is managed under an Operating officer system. None of the 21 Operating Officers serve as directors.

| Title name | Name |
|-----------------------------------|--------------------|
| Senior Managing Operating Officer | Masaki Shiraishi |
| Senior Managing Operating Officer | Tsuyoshi Sekiya |
| Senior Managing Operating Officer | Masahiro Ogushi |
| Senior Managing Operating Officer | Peter Fleischman |
| Senior Operating Officer | Ko Takahashi |
| Senior Operating Officer | Kazuhiro Shinoda |
| Senior Operating Officer | Atsushi Maekawa |
| Senior Operating Officer | Yoshiaki Nagashii |
| Senior Operating Officer | Shinji Taketsume |
| Senior Operating Officer | Allen Mathew |
| Operating Officer | Hisanori Kimura |
| Operating Officer | Makoto Honda |
| Operating Officer | Masatoshi Komori |
| Operating Officer | Minoru Ishizawa |
| Operating Officer | Hiroyuki Yoshinami |
| Operating Officer | Ken Uchiyama |
| Operating Officer | Tetsuya Akiyama |
| Operating Officer | Yasuhiro Inoue |
| Operating Officer | Takashi Miyanojara |
| Operating Officer | Chiharu Saito |
| Operating Officer | Saeko Ishihara |

(Translation purposes only)

(b) Status of directors

| Director title name | Position name | Name | Date of birth | Career history | Term of office | No. of shares held (1000 shares) |
|----------------------------------|----------------------|-------------------------|-----------------------------|---|----------------|----------------------------------|
| Representative Executive Officer | Chief Legal Officer | Tadahiro Kaneko | Jun. 28, 1960 | <p>Apr. 1986 Joined Kanematsu Goshō (Present Kanematsu Corporation)</p> <p>Jan. 1996 Joined NTT DOCOMO, INC. General Affairs, Dept. Legal Dept. Manager</p> <p>Jan. 1997 Legal Dept. General Manager of NTT DOCOMO</p> <p>Jan. 2001 Joined Motorola Japan Legal Dept. General Manager</p> <p>Jun. 2006 Joined Universal Music Legal Dept. Manager</p> <p>Oct. 2006 Joined Oracle Corporation Japan Chief Legal Officer</p> <p>Jun. 2007 Operating Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Aug. 2013 Representative Executive Corporate Officer of Oracle Corporation Japan</p> <p>Apr. 2014 Operating Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Apr. 2014 Oracle Information Systems (Japan) G.K.Chief Executive Officer (Current position)</p> <p>Jan. 2016 Corporate Executive Officer of Oracle Corporation Japan Chief Legal Officer</p> <p>Jun. 2017 Representative Corporate Executive Officer of Oracle Corporation Japan Chief Legal Officer (Current position)</p> | (Note) | 2 |
| Executive Officer | CEO | Kenneth Johansen | March 2, 1972 | <p>Jul. 1996 TDC Account Manager</p> <p>Oct. 2000 Ericsson Account Manager</p> <p>Mar. 2001 Computer Associates International, Inc. (currently CA Technologies) Account Manager</p> <p>Dec. 2002 NetIQ Sales Manager</p> <p>Apr. 2004 BEA Systems Sales Manager</p> <p>Sep. 2009 Oracle Denmark Sales Director</p> <p>Aug. 2010 Oracle Denmark Country Leader</p> <p>Jun. 2017 Oracle Germany Country Leader</p> <p>Sep. 2019 Oracle Corporation Japan Corporate Executive Officer, CEO (current position)</p> | (Note) | - |
| Executive Officer Director | Deputy President COO | Koji Minato | (1) See Status of directors | Same as left | (Note) | - |
| Executive Officer Director | CFO | Krishna Kumar Sivaraman | (1) See Status of directors | Same as left | (Note) | - |
| Total | | | | | | 2 |

(Translation purposes only)

(Note) Term of office shall continue until the conclusion of the first Meeting of Board of Directors held after the conclusion of the annual shareholders meeting for the last business year which ends within one year from the time of election.

(c) Outline of human relations, capital relations, business relations, and other interests between the Company, company's outside directors, and outside auditors

(1) Selection of outside auditors and views on independency

The company's Nomination Committee prescribes the following "Basic items" and "Independency standards" referring to the "1. Director Qualifications" of the CORPORATE GOVERNANCE GUIDELINES (April 15, 2010) prescribed by ORACLE CORPORATION.

[Basic items]

1. The Nomination Committee bears the responsibility of conducting general evaluation and review of the personalities and skills required in new outside directors to be appointed and the overall structure of the Board of Directors.
2. In the evaluation, the individual skills, experience, and insights of candidates for outside directors (hereafter called candidates) comprising a suitable, outstanding, and effective Board of Directors to represent the interests of shareholders are reviewed. In the selection, importance is also given to the will and ability as a director to contribute sufficient time required, as well as individual and professional logic and grace of the candidates.
3. Candidates are selected by the Nomination Committee in accordance with the process and policies set forth in this standards.

[Independency standards]

1. In the selection of candidates, the Nomination Committee evaluates the independency, personality, and insight of candidates.
2. Should a candidate corresponding to any one of the following, it is taken that the candidate does not meet the independency required of directors. Here, "family" means the spouse, parent, child, or sibling of the candidates regardless of whether the relation is based on blood relations, relation by marriage, or cohabitation with the candidate.
 - (a) Candidate who at present is or who at any point in the past was a representative director, corporate executive officer, executive officer, manager, or other employee of the Company or its subsidiaries (Company Law Article 2-15-b). Candidate who is the representative director, corporate executive officer, executive officer, manager, or other employee of the parent company of the Company, or the director (excluding outside director) of sister companies (Company Law Article 2-15-c/d).
 - (b) Candidate whose family member is at present or was at any point in the past three years employed by the Company or was an executive of the Company.
 - (c) Candidate or family member who is at present or was at any point in the past three years involved as a partner of an independent auditor in the auditing of the Company.
 - (d) Candidate or family member who at present or was at any point in the past three years a partner of the external auditor in charge of auditing the Company.

(2) Status of selection, functions, and roles of outside directors

Based on the above "(a) Selection of outside directors and views on independency", the Company appoints three outside directors who strive to establish a more transparent business supervision system by receiving reports on the activities of the independent auditor and internal control departments from the Board of Directors and Audit Committee. The present 3-person system is recognized as sufficiently handling the functions and roles expected of the outside directors.

Yoshiaki Fujimori has advanced insights based on his rich experiences in a globally operating company as well as having had various important roles in one of the world leading global corporations. Also, we expect he has been showing strong presence in the Company's Board of Directors by proactively expressing his opinions, contributing to secure sound management of the Company.

John L. Hall provided helpful advice about the Company's management and made other necessary statements, from an expert perspective as a specialist in the business field and in the Company's products and services.

Takeshi Natsuno provided helpful and appropriate advice about the Company's management and made other necessary statements, as well as supervised business operations from an independent standpoint and expert perspective as a business management through his extensive experience as a business executive involved extensively in the IT area, to strengthen the functions of the Board of Directors.

(Translation purposes only)

(3) Relation between outside director and the Company

There exists no interests in the capital, human, technology, and business relations, etc. between the Company which Yoshiaki Fujimori and Takeshi Natsuno represents or belongs to. Both parties are independent executives posing no risks of conflict of interests with general shareholders. They are registered with the Tokyo Stock Exchange as independent executives in accordance with the securities listing regulations of the Tokyo Stock Exchange.

(4) Supervision or auditing by outside directors, and mutual cooperation with internal audits, audit committees and accounting audits, and relation with internal control department

The three outside directors receive reports on the status of activities of the accounting auditor and internal control departments through the Board of Directors and Audit Committee, and are committed to establishing a more transparent management oversight system.

(Translation purposes only)

(3) 【Status of Audit】

1) Status of audit by Audit Committee

Regarding the audit by the Audit Committee, in accordance with the annual audit policy and audit plan established by the Audit Committee, the legality and validity will be audited by attending the Board of Directors and other important meetings and listening to the status of execution of duties from directors, etc. Representative Executive Officers and Accounting Auditors hold meetings with Audit Committee members as appropriate to exchange opinions on issues to be addressed by the Company, the status of the audit environment by the Audit Committee, important issues for auditing, etc., and have established a system to deepen mutual understanding among the officers, accounting auditors, and audit committee members.

The Company holds five audit committee meetings during the current fiscal year. The attendance status of each Audit Committee member is as follows.

| Name | Number of times held | Number of attendance |
|-------------------------|----------------------|----------------------|
| John L. Hall (Chairman) | 5 | 5(100%) |
| Yoshiaki Fujimori | 5 | 5(100%) |
| Edward Paterson | 5 | 4(80%) |

2) Status of internal audit

The internal audit department audits the business process of each department in accordance with the Oracle Group Internal Audit Charter to discover or prevent frauds, and correct the business process as required. The department reviews and evaluates the legality, suitability, and efficiency of operations from a fair and objective perspective, and reports the audit results. Based on this, it provides advice and suggestions on improvements and rationalization, and checks the actions taken as required. Auditors not only receive prior briefing of annual plans related to the internal audit to be implemented by the department and are able to seek revisions, but also receive updates on the implementation state of internal audit, and if deemed necessary, it is also able to seek additional audits and drawing up of business improvement measures.

3) Status of Accounting Audit

a. Name of audit corporation

Ernst & Young ShinNihon LLC

b. The number of continuous years of carrying out audits

19 years

c. Names of certified public accountants who executed the operation

Certified Public Accountant Designated and Engagement Partner Hisafumi Nomoto

Certified Public Accountant Designated and Engagement Partner Atsuko Tanabe

d. Composition of those assisting with auditing work

12 certified public accountants

24 others

e. Reasons for selecting the audit corporation

The reasons for selecting Ernst & Young ShinNihon LLC are that the audit corporation provides the independence and professionalism, appropriateness of audit work, and quality management structure required of accounting auditors. These aspects were comprehensively considered. As a result, Ernst & Young ShinNihon LLC was found to be qualified as having the structure to audit the Company's business activities in an integrated manner.

The Audit Committee of the Company determines the details of a proposal concerning the dismissal or non-reappointment of the accounting auditor to be submitted to the general meeting of shareholders if the Company considers that it is difficult for the accounting auditor to appropriately carry out the duties. In addition, the Audit Committee of the Company shall dismiss or shall not reappoint the accounting auditor if the Company considers that the certified

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public accountants fall under any of the items in Articles 340-1 of the Companies Act.

f. Evaluation of the accounting auditor by the Audit Committee

In evaluating Ernst & Young ShinNihon LLC, the Company's Audit Committee receives reports on the operations and outcomes of auditing by the relevant internal departments and makes an evaluation based on "practical guidelines for audit & supervisory board members relating to creating evaluation and selection standards for accounting auditors" announced by the Japan Audit & Supervisory Board Members Association. As a result, continuous auditing services provided by the audit corporation are considered to be appropriate going forward.

4) Audit fees

a. Details of fees paid to certified public accountants

| Previous term end | | Current term end | |
|---|--|---|--|
| Payment based on audit attestation duties (million yen) | Fee based on non-audit service (million yen) | Payment based on audit attestation duties (million yen) | Fee based on non-audit service (million yen) |
| 65 | — | 62 | — |

There is no applicable information on details of non-audit service at the Company.

b. Details of fees paid to the same network of certified public accountants

| Previous term end | | Current term end | |
|---|--|---|--|
| Payment based on audit attestation duties (million yen) | Fee based on non-audit service (million yen) | Payment based on audit attestation duties (million yen) | Fee based on non-audit service (million yen) |
| — | — | 2 | — |

There is no applicable information on details of non-audit service at the Company.

c. Details of fees based on other important audit attestation service

Not applicable

d. Policies for determining audit fees

The Company determines the amounts of the audit fees paid to certified public accountants by reviewing suitability based on the audit services provided and the number of days, etc., and upon obtaining the consent of the Audit Committee in advance.

e. Reasons why the Audit Committee consents to the audit fees

The Audit Committee receives the necessary materials and reports from the accounting auditors and internal relevant departments and confirms the details of the auditing plan of the accounting auditors, the status of the execution of duties including previous years and the calculation basis for an estimate of the audit fees. The Audit Committee deems the audit fees to be at an appropriate level and consents to them.

(4) 【Remuneration, etc. of Directors and Executive Officers】

1) Information about the policy on determining the amount and calculation method of remuneration, etc. of directors and executive officers

The Compensation Committee consists of non-executive directors only, and the compensation of directors and executive officers is determined after comprehensive discussions at a Compensation Committee meeting. Transparency and objectivity are thus ensured. The compensation of directors who concurrently serve as executive officers and executive officers is comprised of three elements: i. fixed remuneration, ii. performance-based bonus, and iii. share incentive plan. These are determined based on the following policies. The compensation of outside directors is the basic compensation portion that is determined through the same process because the main duty of the outside directors is to oversee the business management.

i . Fixed remuneration: The level of compensation is based on roles and duties in view of the payment level of compensation in comparison with companies in the same industry.

ii . Performance-based bonus: Depending on the responsible roles, the indicators relating to the performance-linked bonus portion are respectively determined on an individual basis within the Company. As for compensation for executive officers

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responsible for sales, the items (sales/profits, etc.) on which the Company should focus for the term are set as the main indicators and paid in accordance with the level of target achievement set at the beginning of the term. A system for clearly reflecting the responsibilities and results as a business manager is applied by linking closely with the Company's business results based on multiple indicators including the level of achievement of the operating income target and the sales growth of the Company's products/services.

Whether to pay compensation to executive officers who are not responsible for sales is determined mainly in reference to the policies of the Oracle Corporation Group.

iii. Share incentive plan: The Company has adopted the Board Incentive Plan (BIP) Trust as an incentive plan to strongly motivate the execution of duties by executive officers to ensure that the interests of directors who concurrently serve as executive officers and executive officers are consistent with shareholders' profits resulting from higher share prices and in hope that they make continuous contributions.

a. Activities of the Compensation Committee of a submitting company in a process for determining the compensation of officers of a submitting company for the most recent business terms

Compensation Committee meetings were held for the current term, and discussions and resolutions were made as follows.

- June 2019: Resolution of change in compensation of one executive officer
- August 2019: Resolution of change in compensation of one director
- August 2019: Resolution of revision of share delivery policy (for directors, etc.)
- August 2019: Resolution of BIP Trust allocation to one executive officer

b. Outline of procedures of Compensation Committee involved in policy determination

In determining and changing the officer compensation policy, etc., the Compensation Committee (comprised of non-executive directors only) discusses the payment details, payment method, and payment timing in reference to the compensation policies of the Oracle Corporation Group as to i. compensation of directors who concurrently serve as sales executive officers and sales executive officers, ii. compensation of directors who concurrently serve as non-sales executive officers and non-sales executive officers, and iii. non-executive directors and outside directors.

c. Authorities and scope of discretion of Compensation Committee

The compensation of executive officers and directors at the Company is determined based on the laws and regulations, the articles of incorporation and related regulations of the Company.

The number of Compensation Committee members is at least three (3), and the majority of the members shall be outside directors.

d. Target and results of indicators related to performance-linked compensation for the current term

As for compensation for executive officers in charge of sales, that items that the Company should focus on in the current term are set as the main indicators. An amount calculated based on the predetermined target was determined as a performance-linked bonus.

2) Aggregate amount of remuneration, etc., paid to each classification of Directors and Officers of the Company, aggregate amount of remuneration, etc., by type thereof, as well as the number of Directors and Officers of the Company

| Classification | Total Amount Paid (Millions of yen) | Breakdown (Millions of yen) | | Number of Persons Paid (Persons) |
|---|-------------------------------------|-----------------------------|--------------------------------|----------------------------------|
| | | Fixed Remuneration | Performance Based Remuneration | |
| Directors (excluding Outside Directors) | 4 | 4 | - | 1 |
| Executive Officers | 114 | 50 | 63 | 2 |
| Outside Directors | 67 | 67 | 0 | 3 |

(Note) 1 The above numbers include one Director who retired during the fiscal year under review.

2 The above table includes expenses for the fiscal year under review on the granting of share warrants to one Outside Directors: 0 million yen.

3 The payment amount above includes the expenses of the BIP Trust for director and executive officers, which is a stock compensation plan that posts expenses for multiple years, posted according to their service period in the fiscal year under review. The amount of expenses posted in the fiscal year under review is 50 million yen for two Executive officers.

4 The company has no retirement allowance plan for directors.

5 The payment amount above includes a provision for one executive officers' bonuses for the fiscal year under review totaling 6 million yen. A bonus of 6 million yen paid to one executive officer in the fiscal year under review is also included.

(Translation purposes only)

6 In addition to the above, the company covers the rent for one director and one executive officer. The burden amount for the current fiscal year is 12 million yen.

7 The Executive Officers working concurrently as Directors of the Company haven't received payments as Executive Officers.

3) Total of remuneration paid to each executive of the submitting company

Total of remuneration paid to each executive of the submitting company is not indicated as there is no person whose total remuneration, etc. is over 100 million yen.

(5) 【Status of shares held】

1) Standard and concept of classification of Investment shares

In the Company, shares which aim to gain profits solely from fluctuations in the value of the shares or dividends on shares are classified into share held for pure investment, and shares which increase the corporate value of the Company due to business expansion and synergies are classified shares held for purpose other than pure investment.

2) Investment shares held for purpose other than pure investment

a. Method of examining holding policy and rationality and details of examination in the Board of Directors concerning the propriety of holding individual shares

Omitted as only unlisted shares have been held.

b. Number of share names and total amount on the balance sheet

| | Number of shares | Total amount on the balance sheet (Million yen) |
|-----------------------------------|------------------|---|
| Unlisted Shares | 2 | 36 |
| Stocks other than unlisted shares | - | - |

(Shares increased for the current fiscal year)

Not applicable

(Shares decreased for the current fiscal year)

Not applicable

c. Information about number of shares, amount on the balance sheet for each share name of Specified investment shares and deemed share holdings

Not applicable

3) Investment shares held for purposes of pure investment

Not applicable

(Translation purposes only)

V 【Financial Status】

1 Method of preparing Financial Statements

The Company's Financial Statements are prepared based on the "Rules on Terminology, Format, and Preparation Method of Financial Statements" (1963 Ministry of Finance Ordinance 59).

2 Audit Certification

Based on the provisions in Article 193-2-1 of the Financial Instruments and Exchange Act, the Financial Statements of the Company between June 1, 2019 and May 31, 2020 are audited by Ernst and Young ShinNihon.

3 Consolidated financial statements

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

4 Specific efforts for ensuring appropriateness of Financial Statements, etc.

The Company carries out specific efforts to ensure the appropriateness of Financial Statements, etc. Specifically, we have joined the Financial Accounting Standards Foundation, attend seminars held by FASF, audit firms and etc. to appropriately comprehend the contents of accounting standards, etc.

We also prepared internal regulations and manuals as required.

(Translation purposes only)

1. **【Consolidated Financial Documents】**

(1) **【Consolidated Financial Statement】**

Not applicable.

(2) **【Others】**

Not applicable.

(Translation purposes only)

2. 【Financial Documents】

(1) 【Financial Statements】

(i) 【Balance Sheet】

| | (Unit: Million yen) | |
|--|---|--|
| | Previous term end (as of May 31, 2019) | Current term end (as of May 31, 2020) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 65,505 | 60,091 |
| Accounts receivable-trade | 20,283 | 26,539 |
| Short-term loans receivable from subsidiaries and associates | — | 160,000 |
| Prepaid expenses | 208 | 95 |
| Other | 7,020 | 3,118 |
| Allowance for doubtful accounts | -12 | -13 |
| Total current assets | 93,005 | 249,832 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 19,446 | 19,566 |
| Accumulated depreciation | -8,357 | -9,199 |
| Buildings, net | 11,088 | 10,367 |
| Tools, furniture and fixtures | 8,425 | 7,919 |
| Accumulated depreciation | -4,682 | -5,448 |
| Tools, furniture and fixtures, net | 3,743 | 2,471 |
| Land | 26,057 | 26,057 |
| Total property, plant and equipment | 40,889 | 38,895 |
| Intangible assets | | |
| Software | 2 | 1 |
| Total intangible assets | 2 | 1 |
| Investments and other assets | | |
| Investment securities | 36 | 36 |
| Deferred tax assets | 3,474 | 3,184 |
| Guarantee deposits | 328 | 301 |
| Bankruptcy and reorganization claim | 34 | — |
| Long-term loans receivable from subsidiaries and associates | 130,000 | — |
| Other | 1,781 | 1,887 |
| Allowance for doubtful accounts | -34 | -0 |
| Total investments and other assets | 135,620 | 5,409 |
| Total noncurrent assets | 176,512 | 44,306 |
| Total assets | 269,518 | 294,139 |

(Translation purposes only)

| | Previous term end (as of May 31, 2019) | (Unit: Million yen) Current term end (as of May 31, 2020) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 15,910 | 10,501 |
| Accounts payable-other | 5,313 | 4,242 |
| Income taxes payable | 10,969 | 11,875 |
| Advanced received | 70,772 | 67,730 |
| Deposits received | 160 | 343 |
| Provision for bonuses | 2,581 | 2,341 |
| Provision for director's bonuses | 11 | 6 |
| Provision for product warranties | 119 | 54 |
| Provision for stock benefits | 311 | 364 |
| Other | 3,072 | 5,308 |
| Total current liabilities | 109,222 | 102,768 |
| Noncurrent liabilities | | |
| Other | 7 | 7 |
| Total noncurrent liabilities | 7 | 7 |
| Total liabilities | 109,230 | 102,776 |
| Net assets | | |
| Shareholder's equity | | |
| Capital stock | 24,679 | 24,884 |
| Capital surplus | | |
| Legal capital surplus | 8,030 | 8,235 |
| Total capital surplus | 8,030 | 8,235 |
| Retained earnings | | |
| Other retained earnings | | |
| Retained earnings brought forward | 128,580 | 158,846 |
| Total retained earnings | 128,580 | 158,846 |
| Treasury stock | -1,211 | -759 |
| Total shareholder's equity | 160,078 | 191,206 |
| Subscription rights to shares | 209 | 156 |
| Total net assets | 160,288 | 191,362 |
| Total liabilities and net assets | 269,518 | 294,139 |

(Translation purposes only)

(ii) 【Statement of Income】

| | Previous term end (From June 1, 2018 to May 31, 2019) | (Unit: Million yen) Current term end (From June 1, 2019 to May 31, 2020) |
|--|---|---|
| Net sales | | |
| Cloud & License net sales | 162,813 | 172,573 |
| Hardware systems net sales | 18,340 | 17,362 |
| Service net sales | 21,234 | 21,420 |
| Total net sales | 202,389 | 211,357 |
| Cost of sales | | |
| Cloud & License cost of sales | 76,562 | 79,117 |
| Hardware systems cost of sales | 15,672 | 14,838 |
| Services cost of sales | 14,500 | 15,155 |
| Total cost of sales | 106,735 | 109,110 |
| Gross profit | 95,653 | 102,246 |
| Selling, general and administrative expenses | | |
| Advertising expense | 831 | 1,117 |
| Business consignment expenses | 4,639 | 4,322 |
| Provision of allowance for doubtful accounts | — | 1 |
| Provision for directors' bonuses | 11 | 6 |
| Directors' compensations | 134 | 123 |
| Directors' bonuses | 2 | 6 |
| Salaries for employees | 13,307 | 13,483 |
| Provision for bonuses | 1,470 | 1,202 |
| Bonuses for employees | 2,737 | 2,912 |
| Stock-based compensation expense | 19 | 15 |
| Stock benefit expenses | 345 | 422 |
| Retirement benefit expenses | 303 | 359 |
| Welfare expenses | 2,715 | 2,658 |
| Rent | 568 | 523 |
| Depreciation expenses | 895 | 980 |
| Other | 5,331 | 5,245 |
| Total selling, general and administrative expenses | 33,316 | 33,380 |
| Operating income | 62,337 | 68,865 |
| Non-operating income | | |
| Interest income | * 14 | * 30 |
| Other | 28 | 32 |
| Total non-operating income | 43 | 62 |
| Non-operating expenses | | |
| Foreign exchange losses | 32 | 67 |
| Other | 64 | 2 |
| Total non-operating expenses | 96 | 70 |
| Ordinary income | 62,284 | 68,857 |
| Extraordinary income | | |
| Gain on reversal of subscription rights to shares | 20 | 14 |
| Total extraordinary income | 20 | 14 |
| Income before income taxes | 62,305 | 68,872 |
| Income taxes-current | 18,942 | 20,895 |
| Income taxes-deferred | 2 | 290 |
| Total income taxes | 18,944 | 21,186 |
| Net income | 43,360 | 47,686 |

(Translation purposes only)

【Cost of Sales Statements】

A. Cloud & License cost of sales

| Category | Note No. | Previous term end (From June 1, 2018 to May 31, 2019) | | Current term end (From June 1, 2019 to May 31, 2020) | |
|-------------------------------|----------|---|------------------------|--|------------------------|
| | | Amount (million yen) | Composit ion (%) | Amount (million yen) | Composit ion (%) |
| I Labor costs | 1 | 2,366 | 3.1 | 1,844 | 2.3 |
| II Outsourcing expenses | | 5,467 | 7.1 | 4,249 | 5.4 |
| III Expenses | | 1,504 | 2.0 | 1,664 | 2.1 |
| IV Royalty fees | | 67,224 | 87.8 | 71,358 | 90.2 |
| Cloud & License cost of sales | | 76,562 | 100.0 | 79,177 | 100.0 |

(Note) 1 The main breakdown is as follows.

| Item | Previous term end(million yen) | Current term end(million yen) |
|-----------------------|--------------------------------|-------------------------------|
| Depreciation expenses | 912 | 1,098 |

B. Hardware systems cost of sales

| Category | Note No. | Previous term end (From June 1, 2018 to May 31, 2019) | | Current term end (From June 1, 2019 to May 31, 2020) | |
|--------------------------------|----------|---|------------------------|--|------------------------|
| | | Amount (million yen) | Composit ion (%) | Amount (million yen) | Composit ion (%) |
| I Current term purchase | | 14,836 | 94.7 | 14,280 | 96.2 |
| II Labor costs | | 808 | 5.1 | 498 | 3.4 |
| III Expenses | | 28 | 0.2 | 59 | 0.4 |
| Hardware systems cost of sales | | 15,672 | 100.0 | 14,838 | 100.0 |

(Translation purposes only)

C. Services cost of sales

| | | Previous term end (From June 1, 2018 to May 31, 2019) | | Current term end (From June 1, 2019 to May 31, 2020) | |
|------------------------------------|-------------|---|------------------------|--|------------------------|
| Category | Note No. | Amount (million yen) | Composit ion (%) | Category | Composit ion (%) |
| I Labor costs | 1 | 7,786 | 53.2 | 8,436 | 55.3 |
| II Outsourcing expenses | | 5,863 | 40.1 | 5,862 | 38.5 |
| III Expenses | | 985 | 6.7 | 952 | 6.2 |
| Current term total generated costs | | 14,634 | 100.0 | 15,250 | 100.0 |
| Transfer to other accounts | | 134 | | 95 | |
| Services cost of sales | | 14,500 | | 15,155 | |

(Note) 1 The main breakdown is as follows.

| Item | Previous term end (million yen) | Current term end (million yen) |
|-----------------------|---------------------------------|--------------------------------|
| Supplies expenses | 181 | 195 |
| Depreciation expenses | 170 | 209 |

(Translation purposes only)

(iii) 【Statement of changes in shareholders' equity】

Previous term end (From June 1, 2018 to May 31, 2019)

(Unit: Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|
| | Capital stock | Capital surplus | | Retained earnings | |
| | | Legal capital surplus | Total Capital surplus | Other retained earnings | Total retained earnings |
| | | | | Retained earnings brought forward | |
| Balance at the beginning of current period | 24,480 | 7,831 | 7,831 | 99,450 | 99,450 |
| Cumulative effects of changes in accounting policies | | | | 1,258 | 1,258 |
| Restated balance | 24,480 | 7,831 | 7,831 | 100,708 | 100,708 |
| Changes of items during the period | | | | | |
| Issuance of new shares-exercise of share warrants | 198 | 198 | 198 | | |
| Dividends from surplus | | | | -15,489 | -15,489 |
| Net income | | | | 43,360 | 43,360 |
| Purchase of treasury stock | | | | | |
| Sale of treasury stock | | | | | |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during the period | 198 | 198 | 198 | 27,871 | 27,871 |
| Balances at end of current period | 24,679 | 8,030 | 8,030 | 128,580 | 128,580 |

| | Shareholders' equity | | Share warrants | Net assets |
|--|----------------------|----------------------------|----------------|------------|
| | Treasury stock | Total shareholders' equity | | |
| Balance at the beginning of current period | -599 | 131,162 | 262 | 131,425 |
| Cumulative effects of changes in accounting policies | | 1,258 | | 1,258 |
| Restated balance | -599 | 132,420 | 262 | 132,683 |
| Changes of items during the period | | | | |
| Issuance of new shares-exercise of share warrants | | 397 | | 397 |
| Dividends from surplus | | -15,489 | | -15,489 |
| Net income | | 43,360 | | 43,360 |
| Purchase of treasury stock | -943 | -943 | | -943 |
| Sale of treasury stock | 332 | 332 | | 332 |
| Net changes of items other than shareholders' equity | | | -53 | -53 |
| Total changes of items during the period | -611 | 27,658 | -53 | 27,604 |
| Balances at end of current period | -1,211 | 160,078 | 209 | 160,288 |

(Translation purposes only)

Current term end (From June 1, 2019 to May 31, 2020)

(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 | 24,679 | 8,030 | 8,030 | 128,580 | 128,580 |
| Changes of items during the period | | | | | |
| Issuance of new shares-exercise of share warrants | 204 | 204 | 204 | | |
| Dividends from surplus | | | | -17,419 | -17,419 |
| Net income | | | | 47,686 | 47,686 |
| 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 | 204 | 205 | 205 | 30,266 | 30,266 |
| Balances at end of current period | 24,884 | 8,235 | 8,235 | 158,846 | 158,846 |

| | Shareholders' equity | | Share warrants | Net assets |
|--|----------------------|----------------------------|----------------|------------|
| | Treasury stock | Total shareholders' equity | | |
| Balance at the beginning of current period | -1,211 | 160,078 | 209 | 160,288 |
| Changes of items during the period | | | | |
| Issuance of new shares-exercise of share warrants | | 409 | | 409 |
| Dividends from surplus | | -17,419 | | -17,419 |
| Net income | | 47,686 | | 47,686 |
| Purchase of treasury stock | -6 | -6 | | -6 |
| Sale of treasury stock | 457 | 457 | | 457 |
| Net changes of items other than shareholders' equity | | | -52 | -52 |
| Total changes of items during the period | 451 | 31,127 | -52 | 31,074 |
| Balances at end of current period | -759 | 191,206 | 156 | 191,362 |

(Translation purposes only)

(iv) 【Statement of Cash Flows】

| | Previous term end (From June 1, 2018 to May 31, 2019) | (Unit: Million yen) Current term end (From June 1, 2019 to May 31, 2020) |
|---|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 62,305 | 68,872 |
| Depreciation expenses and amortization | 2,002 | 2,308 |
| Share-based compensation expenses | 23 | 19 |
| Increase (decrease) in allowance for doubtful accounts | — | -33 |
| Increase(decrease) in provision for bonuses | 300 | -240 |
| Increase(decrease) in provision for director's bonuses | 3 | -4 |
| Increase(decrease) in provision for product warranties | -27 | -64 |
| Increase(decrease) in provision for stock benefits | 76 | 53 |
| Foreign exchange losses (gains) | 3 | 41 |
| Interest and dividend income | -37 | -58 |
| Loss (gain) on sales and retirement of noncurrent assets | 60 | 2 |
| Decrease (increase) in notes and accounts receivable-trade | -375 | -6,255 |
| Decrease (increase) in accounts receivable-other | -3,305 | 4,084 |
| Decrease (increase) in other current assets | -287 | 243 |
| Increase (decrease) in notes and accounts payable-trade | 2,515 | -5,409 |
| Increase (decrease) in accounts payable-other | -112 | -1,035 |
| Increase (decrease) in accrued consumption taxes | 512 | 2,273 |
| Increase (decrease) in advances received | 1,593 | -3,041 |
| Increase (decrease) in other current liabilities | -221 | 208 |
| Other, net | -92 | 370 |
| Subtotal | 64,937 | 62,334 |
| Interest and dividends income received | 33 | 29 |
| Income taxes paid | -19,518 | -20,054 |
| Net cash provided by (used in) operating activities | 45,453 | 42,309 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | -3,184 | -708 |
| Proceeds from sales of property, plant and equipment | 2 | 97 |
| Payments of loans receivable from subsidiaries and associates | -130,000 | -30,000 |
| Payments into time deposits | -52,000 | — |
| Proceeds from withdrawal of time deposits | 103,000 | — |
| Payments for guarantee deposits | -4 | -19 |
| Proceeds from collection of guarantee deposits | 7 | 45 |
| Net cash provided by (used in) investing activities | -82,178 | -30,584 |
| Net cash provided by (used in) financing activities | | |
| Proceeds from issuance of common stock | 341 | 351 |
| Purchase of treasury stock | -943 | -6 |
| Proceeds from sales of treasury shares | — | 0 |
| Cash dividends paid | -15,490 | -17,443 |
| Net cash provided by (used in) financing activities | -16,093 | -17,097 |
| Effect of exchange rate change on cash and cash equivalents | -3 | -41 |
| Net Increase/(Decrease) in cash and cash equivalents | -52,821 | -5,413 |
| Cash and cash equivalents at beginning of period | 118,326 | 65,505 |
| Cash and cash equivalents at end of period | * 65,505 | * 60,091 |

(Translation purposes only)

[Notes to Financial Statements]
(Significant Accounting Policies)

1. Valuation standard and method applied to negotiable securities
Other securities
 - (i) Securities with fair market value: Market value method based on market prices as of the last day of the fiscal period.
(All valuation gains and losses are treated as a component of net assets, with the cost of securities sold calculated according to the moving-average method.
 - (ii) Securities without fair market value: Cost method based on moving-average method
Debt securities without fair market value: Amortized cost method

2. Valuation standard and method applied to inventories
Inventories owned for normal sales.
Valuation standards are based on the cost method (method of writing down the book value based on decrease in profitability)
Products and goods
Weighted average method by month

3. Depreciation method applied to fixed assets
 - (1) Tangible fixed assets
 - (i) Buildings: At straight-line method
 - (ii) Appliances and equipment
 - a. Computer hardware
Straight-line method
 - b. Others
Straight-line method
The useful life of major items are as follows:
 - (i) Buildings: 5 to 38 years
 - (ii) Appliances and equipment
 - a. Personal computers: 2 years
 - b. Computer servers: 3 years
 - c. Computer storages: 4 years
 - d. Others: 5 to 15 years
 - (2) Intangible fixed assets: At straight-line method
Based on an in-house estimated available period (5 years) for software for in-house use.

4. Accounting standard for allowances
 - (1) Allowance for doubtful accounts
To reserve for loss on doubtful accounts, general allowances are provided using a rate determined by past experience with bad debts. For specific claims such as claims suspected of being irrecoverable, allowances are provided according to the estimates of amounts considered uncollectible after reviewing the possibility of collection on an individual claim basis.
 - (2) Provision for bonuses
To provide for the payment of bonuses to employees, the estimated liabilities in the current period is recorded based on the estimated amount of bonus payment.
 - (3) Provision for directors' bonuses
To provide for the payment of bonuses to directors, the estimated liabilities in the current period is recorded based on the estimated amount of bonus payment.
 - (4) Provision for product warranties
To provide for the expenditure of after-sales service, warranty accrual is established based on estimated future cost of repair and replacement within the warranty period principally using historical experience of warranty claims.
 - (5) Provision for stock benefits
Provision for stock benefits is recorded based on the estimated amount of stock delivery obligations at the end of the fiscal year under review in order to prepare to provide the directors, executive officers and employees with the Company's shares based on the stock delivery regulations.

(Translation purposes only)

5. Revenue recognition policy

The Company applies ASBJ Statement No. 29 Accounting Standard for Revenue Recognition (March 30, 2018) and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition (March 30, 2018), and revenues are recognized based on the following 5 steps approach for contracts with customers.

Step1: Identification of the contract, or contracts, with a customer;

Step2: identification of the performance obligations in the contract;

Step3: Determination of the transaction price;

Step4: Allocation of the transaction price to the performance obligations in the contract; and

Step5: Recognition of revenues when, or as, the contractual performance obligations are satisfied.

In addition, in the incremental costs associated with the acquisition of contracts, bonuses of sales departments arising from acquisition of contracts are subject to the capitalization bonus for acquisition of cloud and support contracts, and its 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.

The incremental costs associated with the acquisition of contracts mean the costs incurred to acquire a contract with a customer that would have not been incurred if the contract was not acquired.

6. Scope of funds in statements of cash flow (cash and cash equivalents) consist of cash on hand and cash in trust, deposits and deposits in trust that can be withdrawn at any time, and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash, and bear only an insignificant risk of price fluctuation.

7. Other important matters which provide basis for preparing financial statements,
Consumption tax and others Consumption taxes are accounted for using the tax-excluded method.

(Unapplied Accounting Policies, etc.)

“Accounting Standard for Disclosure of Accounting Policies, Accounting Changes and Correction of Errors” (Corporate Accounting Standard No. 24, March 31, 2020)

(1) Overview

In response to the proposal to consider the enhancement of the notes information related to "Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear", required amendments were made by the Corporate Accounting Standards Committee, and published as an accounting standard for disclosure of accounting policies, accounting changes and correction of errors.

In addition, on the occasion of attempting to enhance the note information pertaining to “Principles and procedures of accounting treatment adopted when the provisions of related accounting standards, etc. are not clear”, if the provisions of related accounting standards, etc. are clear, the provisions of the Note on Corporate Accounting Principles (Note 1-2) will be taken over in order not to affect the practice.

(2) Expected date of application

It will be applied from the end of the fiscal year ending May 2021.

(Translation purposes only)

(Additional information)

(Transactions related to BIP Trust)

The Company employs the BIP Trust as an incentive plan to strongly motivate the directors and executive officers of the Company to execute their duties. Accounting processes related to the concerned investment trust agreement conform to “Handling of transactions for distributing company shares through the trust to employees, etc.” (Practical Issues Task Force No. 30 March 26, 2015).

(1) Outline of transactions

Based on the “Share Delivery Rules” established when the Plan was introduced, the Company's directors and executive officers who meet certain requirements are paid a share of the Company after a resolution by the Compensation Committee. In order to acquire the shares to be paid in the future in advance, the Company will trust the trust bank with money as the trust property of the “Executive Compensation BIP Trust”, and the trust bank will acquire the Company's shares with the money held in trust.

(2) Shares that remain in the trust

Shares that remain in the trust are reported as treasury stock in the net assets portion of the balance sheet. The book value and number of shares of the concerned treasury stock is 122 million yen, 20,043 shares at the end of the previous term, and 67 million yen, 10,983 shares at the end of the current term.

(Transactions related to ESOP Trust)

The Company employs the ESOP Trust as an incentive plan aimed at the further promotion of business activities aimed at improving business and at the mid and long term enhancement of corporate values by enhancing employee awareness of the Company's performance and stock prices. Accounting processes related to the concerned investment trust agreement conform to “Handling of transactions for distributing company shares through trust to employees, etc.” (Practical Issues Task Force No. 30 March 26, 2015).

(1) Outline of transactions

Based on the “Share Delivery Regulations” established when this Plan was introduced, the Company's shares are paid to employees of the Company who meet certain requirements.

In order to acquire the shares to be paid in the future in advance, the Company will entrust the money to the trust bank as the trust property of the “Stock-granting ESOP Trust”, and the trust bank will acquire the Company's shares with the money entrusted.

(2) Shares that remain in the trust

Shares that remain in the trust are reported as treasury stock in the net assets portion of the balance sheet. The book value and number of shares of the concerned treasury stock is 1,029 million yen, 153,062 shares at the end of the previous term, and 628 million yen, 93,445 shares at the end of the current term.

(Accounting estimates associated with the COVID-19 pandemic)

Although it is not possible to reasonably estimate the timing of the convergence of the COVID-19 infection, the Company makes accounting estimates (evaluation of recoverability of deferred tax assets, consideration of impairment accounting for fixed assets, etc.) based on the assumption that the business impact will continue to a certain extent within 2020. The impact of this change on our business performance and financial position is immaterial at this time.

(Balance Sheet related)

Not applicable.

(Translation purposes only)

(Statement of Income related)

*Non-operating income for affiliated companies included in each subject is as follows.

| | Previous term end (From June 1, 2018 to May 31, 2019) (million yen) | Current term end (From June 1, 2019 to May 31, 2020) (million yen) |
|-----------------|--|---|
| Interest income | 6 | 29 |

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

Previous term (from June 1, 2018 to May 31, 2019)

1 Type and number of issued shares and treasury stock

| | Number of shares as of May 31, 2018 (Thousand shares) | Number of shares increased in the current term (Thousand shares) | Number of shares decreased in the current term (Thousand shares) | Number of shares as of May 31, 2019 (Thousand shares) |
|---|---|---|---|---|
| Issued shares Common stock (Note) | 128,019 | 79 | - | 128,098 |
| Treasury stocks Common stock | 103 | 137 | 56 | 184 |

(Note) 1. Increase of 79 thousand outstanding shares was due to exercise of share warrants.

2. The increase in treasury stock by 137 thousand shares was due to purchasing the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (5 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (132 thousand), and the purchase of odd lots shares (0 thousand).

3. The decrease in the number of shares of treasury stock (56 thousand) was due to delivering the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (7 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (48 thousand).

4. The balance of treasury stocks includes 173 thousand treasury stocks owned by the BIP trust (20 thousand) and ESOP trust (153 thousand).

2 Stock acquisition right

| Item | Breakdown of stock acquisition right | Type of shares converted by stock acquisition right | Number of shares converted by stock acquisition right (shares) | | | | Term-end balance (million yen) |
|-----------------------|--|---|---|----------|----------|----------------------------|--------------------------------------|
| | | | Balance of previous term | Increase | Decrease | Balance of current term | |
| Submission company | Stock acquisition right as stock option | - | - | - | - | - | 209 |
| Total | | - | - | - | - | - | 209 |

3 Dividend

(1) Amount of paid dividends

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

(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 Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (8 million yen).

(2) Dividend that effective date is in the next term though its reference date was in current term

| Resolution | Type of share | Resource of dividend | Total amount of dividend (Million yen) | Dividend per share (Yen) | Reference date | Effective date |
|---|-----------------|-------------------------|--|-----------------------------|----------------|----------------|
| Board of director held on July 22, 2019 | Common Stock | Earned surplus | 17,419 | 136 | May 31, 2019 | August 5, 2019 |

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 22, 2019 includes the 23 million yen dividend for the Company's stock held by Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (20 million yen).

(Translation purposes only)

Current term (from June 1, 2019 to May 31, 2020)

1 Type and number of issued shares and treasury stock

| | Number of shares as of May 31, 2019 (Thousand shares) | Number of shares increased in the current term (Thousand shares) | Number of shares decreased in the current term (Thousand shares) | Number of shares as of May 31, 2020 (Thousand shares) |
|---|---|---|---|---|
| Issued shares Common stock (Note) | 128,098 | 85 | - | 128,184 |
| Treasury stocks Common stock | 184 | 0 | 68 | 116 |

(Note) 1. Increase of 85 thousand outstanding shares was due to exercise of share warrants.

2. The increase in treasury stock by 0 thousand shares was due to the purchase of odd lots shares.

3. The decrease in the number of shares of treasury stock (68 thousand) was due to delivering the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (9 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (59 thousand), and the sale of odd-lot shares (0 thousand).

4. The balance of treasury stocks includes 104 thousand treasury stocks owned by the BIP trust (10 thousand) and ESOP trust (93 thousand).

2 Stock acquisition right

| Item | Breakdown of stock acquisition right | Type of shares converted by stock acquisition right | Number of shares converted by stock acquisition right (shares) | | | | Term-end balance (million yen) |
|-----------------------|--|---|---|----------|----------|----------------------------|--------------------------------------|
| | | | Balance of previous term | Increase | Decrease | Balance of current term | |
| Submission company | Stock acquisition right as stock option | - | - | - | - | - | 156 |
| Total | | - | - | - | - | - | 156 |

3 Dividend

(1) Amount of paid dividends

| Resolution | Type of share | Total amount of dividend (Million yen) | Dividend per share (Yen) | Reference date | Effective date |
|--|---------------|--|-----------------------------|----------------|----------------|
| Board of director held on July 22, 2019 | Common stock | 17,419 | 136 | May 31, 2019 | August 5, 2019 |

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 22, 2019 includes the 23 million yen dividend for the Company's stock held by Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (20 million yen).

(2) Dividend that effective date is in the next term though its reference date was in current term

| Resolution | Type of share | Resource of dividend | Total amount of dividend (Million yen) | Dividend per share (Yen) | Reference date | Effective date |
|--|---------------|-------------------------|--|-----------------------------|----------------|----------------|
| Board of director held on July 22, 2020 | Common Stock | Earned surplus | 19,097 | 149 | May 31, 2020 | August 5, 2020 |

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 22, 2020 includes the 15 million yen dividend for the Company's stock held by Board Incentive Plan Trust (1 million yen) and Employee Stock Ownership Plan Trust (13 million yen).

(Related to the statement of cash flows)

*Relationship between the term end balance of cash and cash equivalents and the amount of items indicated in the balance sheet

| | Previous term end (From June 1, 2018 to May 31, 2019) (million yen) | Current term end (From June 1, 2019 to May 31, 2020) (million yen) |
|---------------------------|--|---|
| Cash and deposits | 65,505 | 60,091 |
| Cash and cash equivalents | 65,505 | 60,091 |

(Lease transactions related)

Not applicable.

(Translation purposes only)

(Financial instruments)

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

With respect to fund management, the Company ensures a very high level of safety and appropriate liquidity, being limited to investing in highly rated securities and depositing funds at highly rated financial institutions under the Company's fund management regulations (which conform to the global policy of Oracle Corporation).

In addition, we will not conduct derivative transactions.

(2) Details of financial instruments used and the exposure to risk and how it arises

Notes receivable, accounts receivable-trade, accounts receivable-other, and loans are exposed to the credit risks of counterparties. The Company seeks to mitigate these risks through due date control and balance management for each counterparty, while determining the credit standing of each counterparty regularly under the Company's credit management regulations (which conform to the global policy of Oracle Corporation).

Securities and investment securities are exposed to the market price fluctuation risk and credit risk. The Company seeks to mitigate these risks by limiting investments to investments in highly rated securities in yen and by regularly monitoring the market values of securities and the financial situations of the issuers.

Accounts payable-trade, which are trade payables, are settled in the short term.

(3) Supplementary information on fair values

The fair value of financial instruments is calculated based on quoted market price or, in cases where there is no market price, by making a reasonable estimation. Because the preconditions applied include fluctuation factors, estimations of fair value may vary.

(Translation purposes only)

2. Market value of financial instruments

Amounts recognized in the balance sheet, market values, and the differences between them on May 31, 2019 are as shown below. Moreover, items for which it is extremely difficult to determine market values are not included in the following table (see (Note2)).

| Previous term end (as of May 31, 2019) | | (Unit: Million yen) | |
|---|------------|---------------------|------------|
| | Book value | Market value | Difference |
| (1) Cash and deposits | 65,505 | 65,505 | - |
| (2) Accounts receivable-trade | 20,283 | | |
| Allowance for doubtful accounts (*) | -12 | | |
| Net | 20,271 | 20,271 | |
| (3) Long-term loans receivable from subsidiaries and associates | 130,000 | 130,000 | - |
| Total assets | 215,777 | 215,777 | - |
| (1) Accounts payable-trade | 15,910 | 15,910 | - |
| (2) Accounts payable-other | 5,313 | 5,313 | - |
| (3) Income taxes payable | 10,969 | 10,969 | - |
| Total liabilities | 32,193 | 32,193 | - |

(*) Allowance for doubtful accounts recognized in accounts receivable-trade.

| Current term end (as of May 31, 2020) | | (Unit: Million yen) | |
|--|------------|---------------------|------------|
| | Book value | Market value | Difference |
| (1) Cash and deposits | 60,091 | 60,091 | - |
| (2) Accounts receivable-trade | 26,539 | | |
| Allowance for doubtful accounts (*) | -12 | | |
| Net | 26,526 | 26,526 | |
| (3) Short-term loans receivable from subsidiaries and associates | 160,000 | 160,000 | - |
| Total assets | 246,618 | 246,618 | - |
| (1) Accounts payable-trade | 10,501 | 10,501 | - |
| (2) Accounts payable-other | 4,242 | 4,242 | - |
| (3) Income taxes payable | 11,875 | 11,875 | - |
| Total liabilities | 26,618 | 26,618 | - |

(*) Allowance for doubtful accounts recognized in accounts receivable-trade.

(Note) 1 Calculation of the market value of financial instruments

Assets

(1) Cash and deposits (2) Accounts receivable-trade

Because, the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

(3) Short-term loans receivable from subsidiaries and associates

Because, the market value is almost the same as its book values, the relevant book values are used.

(Translation purposes only)

Liabilities

(1) Accounts payable-trade (2) Accounts payable-other (3) Income taxes payable

Because the settlement periods of the above items are short and their market values are almost the same as their book values, the relevant book values are used.

(Note) 2 Financial instruments for which it is extremely difficult to determine market value

(Unit : Million yen)

| Category | May 31, 2019 | May 31, 2020 |
|----------------------------|--------------|--------------|
| Unlisted equity securities | 36 | 36 |

Because it is recognized that this does not have market values and the fair market values are extremely difficult to determine, unlisted equity securities don't include in the schedule above.

(Note) 3 Redemption amount after settlement date of monetary claims

Previous term end (as of May 31, 2019)

| | Within 1 year (million yen) | Over 1 year but within 5 years (million yen) | Over 2 years but within 3 years (million yen) | Over 3 years but within 4 years (million yen) | Over 4 years but within 5 years (million yen) | Over 5 years (million yen) |
|---|--------------------------------|---|--|--|--|-------------------------------|
| Cash and deposits | 65,505 | - | - | - | - | - |
| Accounts receivable-trade | 20,283 | - | - | - | - | - |
| Long-term loans receivable from subsidiaries and associates | - | 130,000 | - | - | - | - |
| Total | 85,789 | 130,000 | - | - | - | - |

Current term end (as of May 31, 2020)

| | Within 1 year (million yen) | Over 1 year but within 5 years (million yen) | Over 2 years but within 3 years (million yen) | Over 3 years but within 4 years (million yen) | Over 4 years but within 5 years (million yen) | Over 5 years (million yen) |
|--|--------------------------------|---|--|--|--|-------------------------------|
| Cash and deposits | 60,091 | - | - | - | - | - |
| Accounts receivable-trade | 26,539 | - | - | - | - | - |
| Short-term loans receivable from subsidiaries and associates | 160,000 | - | - | - | - | - |
| Total | 246,631 | - | - | - | - | - |

(Securities)

1 Other securities

Previous term end (As of May 31, 2019)

Not applicable.

Current term end (As of May 31, 2020)

Not applicable.

2 Other securities sold during the fiscal year

Previous term end (From June 1, 2018 to May 31, 2019)

Not applicable.

Current term end (From June 1, 2019 to May 31, 2020)

Not applicable.

(Derivative transactions)

As the Company does not use derivative transactions at all, this is not applicable.

(Translation purposes only)

(Retirement benefits related)

Previous term end (From June 1, 2018 to May 31, 2019)

1 Outline of retirement benefits system used

The Company has been adopting the defined contribution pension system since January 2002 with the enforcement of the Defined Contribution Pension Law.

2 Defined contribution plans

The amount paid to the defined contribution plans is 484 million yen.

Current term end (From June 1, 2019 to May 31, 2020)

1 Outline of adopted retirement benefits system

The Company has been adopting the defined contribution pension system since January 2002 with the enforcement of the Defined Contribution Pension Law.

2 Defined contribution plans

The amount paid to the defined contribution plans is 573 million yen.

(Stock options related)

1 Expenses recorded and account name

| | Previous term end (million yen) | Current term end (million yen) |
|--|------------------------------------|-----------------------------------|
| Cost of sales | 4 | 4 |
| Selling, general and administrative expenses (Stock compensation expenses) | 19 | 15 |

2 Amount reported as profits due to expiry from non-exercise of rights

| | Previous term end (million yen) | Current term end (million yen) |
|--|------------------------------------|-----------------------------------|
| Gain on reversal of subscription rights to shares | 20 | 14 |

(Translation purposes only)

3 Stock option details, scale, and fluctuation status

(1) Stock option details

| | 2009 1 st stock option | 2010 1 st stock option |
|--|---|--|
| Category and number of granted persons | Company director (Note) 1 4 persons Company employees 478 persons | Company director (Note) 1 4 persons Company employees 460 persons |
| Number of stock options(Note) 2 | Common stock 306,300 shares | Common stock 306,200 shares |
| Date granted | October 15, 2009 | October 15, 2010 |
| Rights allotment condition | As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 15, 2009) to date of rights allotment (October 15, 2011). (2) Must be working continuously from the date of grant (October 15, 2009) to date of rights allotment (October 15, 2013). | As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 15, 2010) to date of rights allotment (October 15, 2012). (2) Must be working continuously from the date of grant (October 15, 2010) to date of rights allotment (October 15, 2014). |
| Applicable working period | As follows for every 1/2 of allotted rights. (1) From October 15, 2009 to October 15, 2011 (2) From October 15, 2009 to October 15, 2013 | As follows for every 1/2 of allotted rights. (1) From October 15, 2010 to October 15, 2012 (2) From October 15, 2010 to October 15, 2014 |
| Rights exercise period | From October 15, 2011 to September 25, 2019 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions. | From October 15, 2012 to September 22, 2020 Same as left |

(Note) 1 Includes two persons working concurrently as executive officers.

2 Indicated converted to number of shares.

(Translation purposes only)

| | 2011 1 st stock option | 2012 1 st stock option |
|--|---|--|
| Category and number of granted persons | Company director (Note) 1 4 persons Company employees 255 persons | Company director (Note) 1 4 persons Company employees 201 persons |
| Number of stock options(Note)2 | Common stock 313,700 shares | Common stock 322,700 shares |
| Date granted | September 28, 2011 | September 28, 2012 |
| Rights allotment condition | As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 28, 2011) to date of rights allotment (September 28, 2013). (2) Must be working continuously from the date of grant September 28, 2011) to date of rights allotment (September 28, 2015). | As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 28, 2012) to date of rights allotment (September 28, 2014). (2) Must be working continuously from the date of grant (September 28, 2012) to date of rights allotment (September 28, 2016). |
| Applicable working period | As follows for every 1/2 of allotted rights. (1) From September 28, 2011 to September 28, 2013 (2) From September 28, 2011 to September 28, 2015 | As follows for every 1/2 of allotted rights. (1) From September 28, 2012 to September 28, 2014 (2) From September 28, 2012 to September 28, 2016 |
| Rights exercise period | From September 28, 2013 to September 13, 2021 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions. | From September 28, 2014 to September 12, 2022 Same as left |

(Note) 1 Includes two persons working concurrently as executive officers.

2 Indicated converted to number of shares.

(Translation purposes only)

| | 2013 1 st stock option | 2014 1 st stock option |
|--|---|--|
| Category and number of granted persons | Company director (Note) 1 4 persons Company executive officer 1 person Company employees 202 persons | Company director (Note) 1 4 persons Company employees 268 persons |
| Number of stock options(Note)2 | Common stock 289,700 shares | Common stock 315,800 shares |
| Date granted | September 30, 2013 | September 30, 2014 |
| Rights allotment condition | As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2013) to date of rights allotment (September 30, 2015). (2) Must be working continuously from the date of grant (September 30, 2013) to date of rights allotment (September 30, 2017). | As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2014) to date of rights allotment (September 30, 2016). (2) Must be working continuously from the date of grant (September 30, 2014) to date of rights allotment (September 30, 2018). |
| Applicable working period | As follows for every 1/2 of allotted rights. (1) From September 30, 2013 to September 30, 2015 (2) From September 30, 2013 to September 30, 2017 | As follows for every 1/2 of allotted rights. (1) From September 30, 2014 to September 30, 2016 (2) From September 30, 2014 to September 30, 2018 |
| Rights exercise period | From September 30, 2015 to September 13, 2023 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions. | From September 30, 2016 to September 16, 2024 Same as left |

(Note) 1 Includes two persons working concurrently as executive officers.

2 Indicated converted to number of shares.

(Translation purposes only)

| | 2014 2 nd stock option | 2015 1 st stock option |
|--|--|--|
| Category and number of granted persons | Company employee 1 person | Company directors 1 person Company employees 47 persons |
| Number of stock options (Note) | Common stock 2,800 shares | Common stock 52,900 shares |
| Date granted | July 31, 2015 | September 30, 2015 |
| Rights allotment condition | As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (July 31, 2015) to date of rights allotment (July 31, 2017). (2) Must be working continuously from the date of grant (July 31, 2015) to date of rights allotment (July 31, 2019). | As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2015) to date of rights allotment (September 30, 2017). (2) Must be working continuously from the date of grant (September 30, 2015) to date of rights allotment (September 30, 2019). |
| Applicable working period | As follows for every 1/2 of allotted rights. (1) From July 31, 2015 to July 31, 2017 (2) From July 31, 2015 to July 31, 2019 | As follows for every 1/2 of allotted rights. (1) From September 30, 2015 to September 30, 2017 (2) From September 30, 2015 to September 30, 2019 |
| Rights exercise period | From July 31, 2017 to September 16, 2024 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions. | From September 30, 2017 to September 16, 2025 Same as left |

(Note) Indicated converted to number of shares.

(Translation purposes only)

| | 2016 1 st stock option | 2017 1 st stock option |
|--|---|---|
| Category and number of granted persons | Company employee 24 persons | Company employees 27 persons |
| Number of stock options(Note) | Common stock 30,900 shares | Common stock 27,800 shares |
| Date granted | October 5, 2016 | October 12, 2017 |
| Rights allotment condition | <p>As follows for every 1/2 of allotted rights.</p> <p>(1) Must be working continuously from the date of grant (October 5, 2016) to date of rights allotment (October 5, 2018).</p> <p>(2) Must be working continuously from the date of grant (October 5, 2016) to date of rights allotment (October 5, 2020).</p> | <p>As follows for every 1/2 of allotted rights.</p> <p>(1) Must be working continuously from the date of grant (October 12, 2017) to date of rights allotment (October 12, 2019).</p> <p>(2) Must be working continuously from the date of grant (October 12, 2017) to date of rights allotment (October 12, 2021).</p> |
| Applicable working period | <p>As follows for every 1/2 of allotted rights.</p> <p>(1) From October 5, 2016 to October 5, 2018</p> <p>(2) From October 5, 2016 to October 5, 2020</p> | <p>As follows for every 1/2 of allotted rights.</p> <p>(1) From October 12, 2017 to October 12, 2019</p> <p>(2) From October 12, 2017 to October 12, 2021</p> |
| Rights exercise period | <p>From October 5, 2018 to September 21, 2026</p> <p>1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised.</p> <p>Must be a director, executive officer, or employee of the Company to exercise share warrants.</p> <p>However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.</p> | <p>From October 12, 2019 to September 21, 2027</p> <p>Same as left</p> |

(Note) Indicated converted to number of shares.

(Translation purposes only)

| | 2018 1 st stock option |
|--|--|
| Category and number of granted persons | Company employees 17 persons |
| Number of stock options (Note) | Common stock 21,600 shares |
| Date granted | October 12, 2018 |
| Rights allotment condition | <p>As follows for every 1/2 of allotted rights.</p> <p>(1) Must be working continuously from the date of grant (October 12, 2018) to date of rights allotment (October 12, 2020).</p> <p>(2) Must be working continuously from the date of grant (October 12, 2018) to date of rights allotment (October 12, 2022).</p> |
| Applicable working period | <p>As follows for every 1/2 of allotted rights.</p> <p>(1) From October 12, 2018 to October 12, 2020</p> <p>(2) From October 12, 2018 to October 12, 2022</p> |
| Rights exercise period | <p>From October 12, 2020 to September 21, 2028</p> <p>1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised.</p> <p>Must be a director, executive officer, or employee of the Company to exercise share warrants.</p> <p>However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.</p> |

(Note) Indicated converted to number of shares.

(Translation purposes only)

(2) Stock options scale, and fluctuation status

The number of stock options existing in the current term is converted to number of shares.

(i) Number of stock options

| | 2009 1 st stock option | 2010 1 st stock option | 2011 1 st stock option | 2012 1 st stock option |
|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Before rights allotment (shares) | | | | |
| End of previous term | - | - | - | - |
| Granted | - | - | - | - |
| Expired | - | - | - | - |
| Allotment of rights | - | - | - | - |
| Undetermined remainder | - | - | - | - |
| After rights allotment (shares) | | | | |
| End of previous term | 23,500 | 52,100 | 27,900 | 55,800 |
| Allotment of rights | - | - | - | - |
| Exercise of rights | 8,800 | 23,900 | 6,500 | 16,900 |
| Expired | 14,700 | 900 | 500 | 200 |
| Non-exercised remainder | - | 27,300 | 20,900 | 38,700 |
| | 2013 1 st stock option | 2014 1 st stock option | 2014 2 nd stock option | 2015 1 st stock option |
| Before rights allotment (shares) | | | | |
| End of previous term | - | - | 1,400 | 12,300 |
| Granted | - | - | - | - |
| Expired | - | - | - | - |
| Allotment of rights | - | - | 1,400 | 12,300 |
| Undetermined remainder | - | - | - | - |
| After rights allotment (shares) | | | | |
| End of previous term | 63,500 | 10,700 | - | 12,900 |
| Allotment of rights | - | - | 1,400 | 12,300 |
| Exercise of rights | 17,200 | 4,900 | 500 | 5,100 |
| Expired | 2,100 | 400 | - | - |
| Non-exercised remainder | 44,200 | 5,400 | 900 | 20,100 |

(Translation purposes only)

| | 2016 1 st stock option | 2017 1 st stock option | 2018 1 st stock option |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Before rights allotment (shares) | | | |
| End of previous term | 6,700 | 23,800 | 21,600 |
| Granted | - | - | - |
| Expired | 200 | 1,800 | - |
| Allotment of rights | - | 11,600 | - |
| Undetermined remainder | 6,500 | 10,400 | 21,600 |
| After rights allotment (shares) | | | |
| End of previous term | 6,000 | - | - |
| Allotment of rights | - | 11,600 | - |
| Exercise of rights | 1,700 | - | - |
| Expired | - | - | - |
| Non-exercised remainder | 4,300 | 11,600 | - |

(Translation purposes only)

(2) Unit cost

| | | 2009 1 st stock option | 2010 1 st stock option |
|---|-------|-----------------------------------|-----------------------------------|
| Exercise price | (yen) | 3,930 | 4,338 |
| Ave. stock price in exercise | (yen) | 9,038 | 9,312 |
| Fair valuation unit price (Date of grant) | (yen) | 649 | 534 |

| | | 2011 1 st stock option | 2012 1 st stock option |
|---|-------|-----------------------------------|-----------------------------------|
| Exercise price | (yen) | 2,698 | 4,025 |
| Ave. stock price in exercise | (yen) | 9,675 | 9,480 |
| Fair valuation unit price (Date of grant) | (yen) | 524 | 828 |

| | | 2013 1 st stock option | 2014 1 st stock option |
|---|-------|-----------------------------------|-----------------------------------|
| Exercise price | (yen) | 3,942 | 4,280 |
| Ave. stock price in exercise | (yen) | 9,567 | 8,941 |
| Fair valuation unit price (Date of grant) | (yen) | 648 | 876 |

| | | 2014 2 nd stock option | 2015 1 st stock option |
|---|-------|-----------------------------------|-----------------------------------|
| Exercise price | (yen) | 5,335 | 5,200 |
| Ave. stock price in exercise | (yen) | 10,592 | 8,894 |
| Fair valuation unit price (Date of grant) | (yen) | 889 | 847 |

| | | 2016 1 st stock option | 2017 1 st stock option |
|---|-------|-----------------------------------|-----------------------------------|
| Exercise price | (yen) | 5,962 | 8,940 |
| Ave. stock price in exercise | (yen) | 10,290 | - |
| Fair valuation unit price (Date of grant) | (yen) | 972 | 1,645 |

| | | 2018 1 st stock option |
|---|-------|-----------------------------------|
| Exercise price | (yen) | 9,185 |
| Ave. stock price in exercise | (yen) | - |
| Fair valuation unit price (Date of grant) | (yen) | 1,312 |

(Translation purposes only)

4 Method of estimating number of stock option rights allotted

Basically, as it is difficult to reasonable estimate the number expired in the future, a method which reflects only the number which have expired is used.

(Tax effect accounting related)

1 Main reasons for the generation of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

(Unit: Million yen)

| | Previous term end (as of May 31, 2019) | Current term end (as of May 31, 2020) |
|--------------------------------------|---|--|
| Accounts payable-other | 432 | 365 |
| Enterprise tax payable | 579 | 606 |
| Advanced received | 1,465 | 1,164 |
| Provision for bonuses | 551 | 540 |
| Depreciation expenses excess | 176 | 202 |
| Investment securities valuation loss | 18 | 18 |
| Other | 251 | 287 |
| Total | 3,474 | 3,184 |

2 Due to the important difference between the effective statutory tax rate and burden rate of the corporate tax, etc. after tax effect accounting is imposed, the details of the main reasons for the difference are indicated.

As the difference in the previous term end and in current term end are below 5/100 of the effective statutory tax rate, it has been omitted here.

(Asset retirement obligations)

Omitted as not important.

(Real estate related such as rent)

Not applicable.

(Revenue recognition related)

As regards the sales contract for products to customers, at the time of delivery of products to customers, control over products is transferred to customers, and revenue is recognized at that point because performance obligations are satisfied.

As regards the provision of services, the Company mainly recognizes revenue over a certain period of time in accordance with the fulfillment of performance obligations in contracts with customers is fulfilled.

· Cloud & License

Revenue from sales of software licenses is recognized when software becomes available to customers, and revenues from licensing support and cloud services, which are services provided, are recognized over a certain period of time in accordance with fulfillment of performance obligations in contracts with customers.

· Hardware systems

Revenue from sales of hardware systems products is recognized upon delivery of products to customers, and revenue from provision of hardware systems support are recognized over a certain period of time in accordance with fulfillment of performance obligations in contracts with customers.

· Services

Revenues from the provision of consulting services, advanced customer support services and education services are mainly recognized over a certain period of time in accordance with fulfillment of performance obligations in contracts with customers.

(Translation purposes only)

(Segment Information, etc.)

【Segment Information】

1. Overview of Reportable Segments

The reportable segments of the Company are segments for which separate financial statements are available and which the supreme decision-making body examines regularly to determine the distribution of management resources and to evaluate performance. Based on organizational structures and the characteristics of products and services, the Company has classified business segments into three reportable segments: Cloud and license, Hardware systems, and Services.

Cloud and license segment sells variety of licenses and software services via the Internet of database management software, middleware, and application software that are used in corporate activities. This business segment also provides software license update rights and technical support.

The Software license updates & product support segment provides software license update rights and technical support.

The Hardware systems segment sells hardware including servers and storage products, and provides technical support for hardware products and the maintenance and repair of hardware.

The Services segment offers Consulting services, Advanced customer support services, and Education services.

2. Accounting methods used to calculate segment income (loss), segment assets and other items for reportable segments

Accounts for reportable segments are for the most part calculated in line with Significant Accounting Policies. Segment income (loss) for reportable segments is based on operating income (loss).

3. Segment income (loss), segment assets and other items for reportable segments

Previous term (from June1, 2018 to May 31, 2019)

(Unit: Million Yen)

| | Reportable operating segments | | | | Adjustment (Note) 1 | Amount on Statement of Income (Note) 2 |
|---------------------------------------|-------------------------------|---------------------|----------|---------|------------------------|--|
| | Cloud & License | Hardware systems | Services | Total | | |
| Sales | | | | | | |
| External customers | 162,813 | 18,340 | 21,234 | 202,389 | - | 202,389 |
| Intersegment net sales or transfer | - | - | - | - | - | - |
| Total | 162,813 | 18,340 | 21,234 | 202,389 | - | 202,389 |
| Operating income (loss) | 61,917 | 822 | 3,943 | 66,682 | -4,345 | 62,337 |
| Other item | | | | | | |
| Depreciation (Note) 3 | 1,495 | 97 | 205 | 1,797 | 204 | 2,002 |

(Notes): 1A segment profit adjustment of minus 4,345 million yen is a Company-wide expense, which primarily relates to administrative 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.

(Translation purposes only)

Current term (from June 1, 2019 to May 31, 2020)

(Unit: Million Yen)

| | Reportable operating segments | | | | Adjustment (Note) 1 | Amount on Statement of Income (Note) 2 |
|---------------------------------------|-------------------------------|---------------------|---------------|----------------|------------------------|--|
| | Cloud & License | Hardware systems | Services | Total | | |
| Sales | | | | | | |
| External customers | 172,573 | 17,362 | 21,420 | 211,357 | - | 211,357 |
| Intersegment net sales or transfer | - | - | - | - | - | - |
| Total | 172,573 | 17,362 | 21,420 | 211,357 | - | 211,357 |
| Operating income (loss) | 69,431 | 758 | 3,372 | 73,563 | -4,697 | 68,865 |
| Other item | | | | | | |
| Depreciation (Note) 3 | 1,729 | 93 | 249 | 2,072 | 235 | 2,308 |

(Notes): 1 A segment profit adjustment of minus 4,697 million yen is a Company-wide expense, which primarily relates to administrative 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.

【Related information】

Previous term end (From June 1, 2018 to May 31, 2019)

1 Information by product and service

As the same information as segment information is disclosed, this has been omitted here.

2 Information by region

(1) Net sales

As net sales for outside customers in Japan exceed 90% of the net sales in the Statement of Income, this has been omitted here.

(2) Property, plant and equipment

As there are no properties, plants, and equipment located outside Japan, this has been omitted here.

3 Information by main customer

(Unit: Million yen)

| Customer name | Net sales | Related segment name |
|-----------------|-----------|--|
| NEC Corporation | 25,930 | Cloud & license, Hardware systems and Services |

(Translation purposes only)

Current term end (From June 1, 2019 to May 31, 2020)

1 Information by product and service

As the same information as segment information is disclosed, this has been omitted here.

2 Information by region

(1) Net sales

As net sales for outside customers in Japan exceed 90% of the net sales in the Statement of Income, this has been omitted here.

(2) Property, plant and equipment

As there are no properties, plants, and equipment located outside Japan, this has been omitted here.

3 Information by main customer

(Unit: Million yen)

| Customer name | Net sales | Related segment name |
|-----------------|-----------|--|
| NEC Corporation | 23,583 | Cloud & license, Hardware systems and Services |

【Information on impairment loss of noncurrent assets for each reported segment】

Not applicable.

【Information on amortization of goodwill and undepreciated balance for each reported segment】

Not applicable.

【Information on gain on negative goodwill for each reported segment】

Not applicable.

(Equity in earnings, etc.)

Not applicable.

(Translation purposes only)

【Notes to transactions with related parties】

1 Transactions with related parties

(1) Parent company and major shareholders, etc. of company submitting financial statement (limited to companies, etc.)

Previous term end (From June 1, 2018 to May 31, 2019)

| Attribute | Corporate name | Location | Capital stock or capital amount | Business details or profession | Ratio of voting and other rights in possession (or being possessed) (%) | Relationship | Transactions | Transaction amount (million yen) | Item | Term-end balance (million yen) |
|----------------|----------------------------|-----------------|---------------------------------|--------------------------------|---|-------------------------------------|--|----------------------------------|---|--------------------------------|
| Parent company | Oracle JAPAN HOLDING, Inc. | U.S. California | - | Holding company | (Being possessed) Direct 74.3 | Direct parent company Making a loan | Payments of loans receivable from subsidiaries and associates (Note) | 130,000 | Long-term loans receivable from subsidiaries and associates | 130,000 |

(Note) Terms and conditions of transactions and decision of terms and conditions of transactions

The interest rate on loans is determined rationally after the market interest rate is taken into account. Interest income 6 million yen has been booked in FY19 (accumulated interest income is 6 million yen).

Current term end (From June 1, 2019 to May 31, 2020)

| Attribute | Corporate name | Location | Capital stock or capital amount | Business details or profession | Ratio of voting and other rights in possession (or being possessed) (%) | Relationship | Transactions | Transaction amount (million yen) | Item | Term-end balance (million yen) |
|----------------|----------------------------|-----------------|---------------------------------|--------------------------------|---|-------------------------------------|--|----------------------------------|--|--------------------------------|
| Parent company | Oracle JAPAN HOLDING, Inc. | U.S. California | - | Holding company | (Being possessed) Direct 74.2 | Direct parent company Making a loan | Payments of loans receivable from subsidiaries and associates (Note) | 30,000 | Short-term loans receivable from subsidiaries and associates | 160,000 |

(Note) Terms and conditions of transactions and decision of terms and conditions of transactions

The interest rate on loans is determined rationally after the market interest rate is taken into account. Interest income 29 million yen has been booked in this fiscal year (accumulated interest income is 36 million yen).

(2) Companies with the same parent company as that submitting financial statements, etc. and subsidiaries of other related companies of companies submitting financial statements

Previous term end (From June 1, 2018 to May 31, 2019)

| Attribute | Corporate name | Location | Capital stock or capital amount | Business details or profession | Ratio of voting and other rights in possession (or being possessed) (%) | Relationship | Transactions | Transaction amount (million yen) | Item | Term-end balance (million yen) |
|------------------------------|----------------------------------|-----------------|---------------------------------|---|---|--|--|----------------------------------|---------------------------|--------------------------------|
| Subsidiary of parent company | Oracle America, Inc. | U.S. California | 0 000 US dollars | Development/sales of software and hardware, and provision of related services | — | Settlement of funds for transactions among Oracle Group companies and making a short-term loan | Settlement of funds for transactions among Oracle Group companies (Note) 1 | 43,696 | Accounts payable | 9,927 |
| | | | | | | | | 15,298 | Accounts payable-other | 3,461 |
| | | | | | | | | 7,211 | Accounts receivable-other | 4,930 |
| Subsidiary of parent company | Oracle International Corporation | U.S. California | 0 000 US dollars | Possess/ manage intellectual assets | — | Conclusion of sales agency agreements | Payment of royalties (Note) 2 | 49,801 | Accounts payable | 3,771 |

(Note) Terms and conditions of transactions and decision of terms and conditions of transactions

1 The settlement of funds for transactions among Group companies of Oracle Corporation (not including transactions with Oracle International Corporation) is processed through the account of Oracle America, Inc.

2 The settlement of funds for transactions among Group companies of Oracle Corporation (not including transactions with Oracle International Corporation and transactions with some Group companies) is processed through the account of Oracle America, Inc. The above transaction amounts in accounts payable and accounts payable-other are settlements, the majority of which are the payments of royalties (15,858 million yen in FY19) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products and services (14,806 million yen in FY19) relating to the Hardware Systems segment. In addition, royalties and prices for products and services purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards.

(Translation purposes only)

Current term end (From June 1, 2019 to May 31, 2020)

| Attribute | Corporate name | Location | Capital stock or capital amount | Business details or profession | Ratio of voting and other rights in possession (or being possessed) (%) | Relationship | Transactions | Transaction amount (million yen) | Item | Term-end balance (million yen) |
|------------------------------|----------------------------------|-----------------|---------------------------------|---|---|--|--|----------------------------------|---------------------------|--------------------------------|
| Subsidiary of parent company | Oracle America, Inc. | U.S. California | 0 000 US dollars | Development/sales of software and hardware, and provision of related services | — | Settlement of funds for transactions among Oracle Group companies and making a short-term loan | Settlement of funds for transactions among Oracle Group companies (Note) 1 | 47,215 | Accounts payable | 6,451 |
| | | | | | | | | 14,889 | Accounts payable-other | 2,015 |
| | | | | | | | | 9,902 | Accounts receivable-other | 1,057 |
| | | | | | | | | 3,436 | Accounts receivable | 695 |
| Subsidiary of parent company | Oracle International Corporation | U.S. California | 0 000 US dollars | Possess/ manage intellectual assets | — | Conclusion of sales agency agreements | Payment of royalties (Note) 2 | 49,848 | Accounts payable | 1,795 |

(Note) Terms and conditions of transactions and decision of terms and conditions of transactions

1 The settlement of funds for transactions among Group companies of Oracle Corporation (not including transactions with Oracle International Corporation and transactions with some Group companies) is processed through the account of Oracle America, Inc. The above transaction amounts in accounts payable, accounts payable-other, accounts receivable-other and account receivable are settlements, the majority of which are the payments of royalties (20,413 million yen in FY20) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products and services (14,380 million yen in FY20) relating to the Hardware Systems segment. In addition, royalties and prices for products and services purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards.

2 Royalties are set at certain ratios of sales of Oracle products, with the ratios agreed between Oracle Corporation and Group companies that handle Oracle products, including our Company, using reasonable standards.

(3) Officers and major shareholders of companies submitting financial statements (Limited to individuals)

Previous term end (From June 1, 2018 to May 31, 2019)

| Related party | Name | Location | Capital stock or capital amount (million yen) | Business details or profession | Ratio of voting and other rights in possession (or being possessed) (%) | Relationship | Transactions | Transaction amount (million yen) | Item | Term-end balance (million yen) |
|---------------|-------------------|----------|---|---------------------------------|---|--------------|---|----------------------------------|------|--------------------------------|
| Officer | Ishizumi Hisayuki | - | - | The company's Executive Officer | (being possessed) direct 0.00 | - | Execution of right of stock option (Note) | 17 | - | - |
| Officer | Tadahiro Kaneko | - | - | The company's Executive Officer | (being possessed) direct 0.00 | - | Execution of right of stock option (Note) | 14 | - | - |

(Notes) The exercise of stock options granted under the resolution of the Company's shareholders meeting during the fiscal year under review is described.

Current term end (From June 1, 2019 to May 31, 2020)

| Related party | Name | Location | Capital stock or capital amount (million yen) | Business details or profession | Ratio of voting and other rights in possession (or being possessed) (%) | Relationship | Transactions | Transaction amount (million yen) | Item | Term-end balance (million yen) |
|---------------|-------------------|----------|---|---------------------------------|---|--------------|---|----------------------------------|------|--------------------------------|
| Officer | Ishizumi Hisayuki | - | - | The company's Executive Officer | (being possessed) direct 0.00 | - | Execution of right of stock option (Note) | 30 | - | - |
| Officer | Tadahiro Kaneko | - | - | The company's Executive Officer | (being possessed) direct 0.00 | - | Execution of right of stock option (Note) | 14 | - | - |

(Notes) The exercise of stock options granted under the resolution of the Company's shareholders meeting during the fiscal year under review is described.

(Translation purposes only)

2 Note on parent companies and important related companies

(1) Information on parent companies

The parent companies, etc. of Oracle Corporation Japan are Oracle Corporation, Oracle Systems Corporation, Oracle Global Holdings Inc, and Oracle Japan Holding Inc. Our actual parent company Oracle Corporation is a foreign listed company (New York Stock Exchange). Oracle Systems Corporation is a subsidiary of Oracle Corporation and parent company of Oracle Global Holdings Inc. Our direct parent company Oracle Japan Holding Inc. is a subsidiary of Oracle Global Holdings Inc.

Oracle Corporation continues to disclose financial reports of the above four companies including Oracle Corporation Japan.

(2) Condensed financial information of important related companies

Not applicable.

(Translation purposes only)

(Per Share Data)

(Unit: Yen)

| Item | Previous term (From June 1, 2018 to May 31, 2019) | Current term (From June 1, 2019 to May 31, 2020) |
|--------------------------------|---|--|
| Net assets per share | 1,251.45 | 1,493.01 |
| Net income per share | 338.92 | 372.52 |
| Net income per share (diluted) | 338.51 | 372.19 |

(Note) 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, 2018 to May 31, 2019) | Current term end (From June 1, 2019 to May 31, 2020) |
|---|---|---|
| Net income per share | | |
| Net income (millions of yen) | 43,360 | 47,686 |
| Amounts not attributable to owners of common stock (millions of yen) | — | — |
| Net income attributable to common stock (millions of yen) | 43,360 | 47,686 |
| Average number of shares during the term (shares) | 127,939,542 | 128,009,848 |
| Net income per share (diluted) | | |
| Adjustment to net income (millions of yen) | — | — |
| Increase in common stock (shares) | 152,486 | 111,986 |
| (Subscription right (shares)) | (152,486) | (111,986) |
| Details of shares not included in calculation of diluted net income per share due to non-dilative effect | Subscription right (Type: 2 Numbers:454) Details are described in “Part 4 Status of Submitting Company, 1 Status of Stocks, etc. (2) Status of share warrants, etc.” | Subscription right (Type: 2 Numbers:436) Same as left |

(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, 19,886 treasury shares owned by the BIP trust and 92,397 treasury shares owned by the ESOP trust for last year, 14,147 treasury shares owned by the BIP trust and 115,827 treasury shares owned by the ESOP trust for this year.

The Company's stock held by Board Incentive Plan Trust and Employee Stock Ownership Plan Trust deducted in the calculation of net assets per share were, specifically, 20,043 treasury shares owned by the BIP trust and 153,062 treasury shares owned by the ESOP trust for last year, 10,983 treasury shares owned by the BIP trust and 93,445 treasury shares owned by the ESOP trust for this year.

【Notes to subsequent events】

Not Applicable

(Translation purposes only)

(v) 【Supplemental schedules】

【Statement of property, plant and equipment, etc.】

| Types of asset | Balance at beginning of current term (million yen) | Increase (million yen) | Decrease (million yen) | Balance at end of current term (million yen) | Accumulated depreciation or accumulated depreciation at end of current term (million yen) | Depreciation at end of current term (million yen) | Difference (million yen) |
|-------------------------------------|--|------------------------|------------------------|--|---|---|--------------------------|
| Property, plant and equipment | | | | | | | |
| Buildings | 19,446 | 148 | 28 | 19,566 | 9,199 | 869 | 10,367 |
| Tools, furniture and fixtures | 8,425 | 549 | 1,056 | 7,919 | 5,448 | 1,437 | 2,471 |
| Land | 26,057 | - | - | 26,057 | - | - | 26,057 |
| Construction in progress | - | - | - | - | - | - | - |
| Property, plant and equipment total | 53,929 | 697 | 1,084 | 53,543 | 14,647 | 2,307 | 38,895 |
| Intangible assets | | | | | | | |
| Software | - | - | - | 104 | 102 | 1 | 1 |
| Intangible assets total | - | - | - | 104 | 102 | 1 | 1 |

(Note) As the amount of intangible assets is less than 1% of the total amount for assets, “Balance at beginning of current term”, “Increase”, and “Decrease” were omitted.

【Statement of corporate bonds】

Not applicable.

【Statement of borrowings, etc.】

Not applicable.

【Statement of provisions】

| Category | Balance at beginning of current term (million yen) | Increase (million yen) | Decrease (Target use) (million yen) | Decrease (Other) (million yen) | Balance at end of current term (million yen) |
|----------------------------------|--|------------------------|-------------------------------------|--------------------------------|--|
| Allowance for doubtful accounts | 46 | 13 | 34 | 12 | 13 |
| Provision for bonuses | 2,581 | 2,341 | 2,581 | - | 2,341 |
| Provision for director’s bonuses | 11 | 6 | 11 | - | 6 |
| Provision for product warranties | 119 | 54 | 119 | - | 54 |
| Provision for stock benefits | 311 | 364 | 311 | - | 364 |

(Note) The decrease (Other) for Allowance for doubtful accounts is due to the reversal of allowance as a result of reevaluation.

【Statement of asset retirement obligations】

Not applicable.

(Translation purposes only)

(2) 【Details of main assets and liabilities】

(i) Assets

1) Cash and deposits

| Category | Amount (million yen) |
|-------------------|----------------------|
| Cash | — |
| Deposit | |
| Current deposits | 49,596 |
| Ordinary savings | 10,148 |
| Separate deposits | 345 |
| Total | 60,091 |

2) Accounts receivable-trade

(a) Breakdown of other party

| Other party | Amount (million yen) |
|--------------------------|----------------------|
| KDDI CORPORATION | 7,488 |
| FUJITSU LIMITED | 3,136 |
| NEC Corporation | 2,708 |
| NS Solutions Corporation | 1,177 |
| Other | 12,028 |
| Total | 26,539 |

(b) Generation, collection, and frozen status of accounts receivable-trade

| Balance at beginning of current term (million yen) | Amount generated in current term (million yen) | Amount collected in current term (million yen) | Balance at end of current term (million yen) | Collection rate (%) | Days Sales Outstanding (days) |
|--|--|--|--|------------------------------------|--|
| (A) | (B) | (C) | (D) | $\frac{(C)}{(A) + (B)} \times 100$ | $\frac{(A) + (D)}{2} \div \frac{(B)}{366}$ |
| 20,283 | 230,972 | 224,716 | 26,539 | 89.4 | 37.1 |

(Note) Consumption tax, etc. is included in Amount generated in current term.

3) Short-term loans receivable from subsidiaries and associates

| Associated company | Amount (million yen) |
|---------------------------|----------------------|
| Oracle JAPAN HOLDING,INC. | 160,000 |
| Total | 160,000 |

(Translation purposes only)

(ii) Liabilities

1) Accounts payable-trade

| Other Party | Amount (million yen) |
|--|----------------------|
| Oracle America, Inc. | 6,451 |
| Oracle International Corporation | 1,795 |
| Oracle Financial Services Software Pte. Ltd. | 1,290 |
| Oracle EMEA Holdings Ltd. | 609 |
| Other | 354 |
| Total | 10,501 |

2) Corporate tax, etc. payable

| Category | Amount (million yen) |
|------------------------|----------------------|
| Corporate tax payable | 8,545 |
| Inhabitant tax payable | 1,322 |
| Enterprise tax payable | 2,006 |
| Total | 11,875 |

3) Advanced received

| Other party | Amount (million yen) |
|-------------------------------------|----------------------|
| NEC Corporation | 6,471 |
| ITOCHU Techno-Solutions Corporation | 5,689 |
| NSSLC Service Corporation | 4,391 |
| K.K. Ashisuto | 4,203 |
| FUJITSU LIMITED | 3,593 |
| Other | 43,381 |
| Total | 67,730 |

(3) 【Others】

Quarterly information, etc. in current fiscal year

| (Cumulative period) | 1 st quarter | 2 nd quarter | 3 rd quarter | Current term end |
|--|-------------------------|-------------------------|-------------------------|------------------|
| Revenue (million yen) | 47,505 | 97,485 | 148,887 | 211,357 |
| Income before income taxes (million yen) | 14,192 | 30,058 | 46,365 | 68,872 |
| Net Income (million yen) | 9,817 | 20,790 | 32,069 | 47,686 |
| Net income per share (yen) | 76.74 | 162.47 | 250.56 | 372.52 |

| (Accounting period) | 1 st quarter | 2 nd quarter | 3 rd quarter | 4 th quarter |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net income per share (diluted) (yen) | 76.74 | 85.73 | 88.09 | 121.95 |

(Translation purposes only)

VI 【Overview of Administrative Duties at Submitting Company】

| | |
|---|--|
| Fiscal year | June 1 – May 31 (the following year) |
| Annual General Meeting | By the end of August |
| Reference date | May 31 |
| Reference date for surplus distribution | November 30 May 31 |
| Number of shares per unit | 100 shares |
| Purchase of fractional shares | |
| Location | (Special account) 1-4-5 Marunouchi, Chiyoda-Ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation |
| Shareholder register manager | (Special account) 1-4-5 Marunouchi, Chiyoda-Ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation |
| Broker | - |
| Transaction fees | Free |
| Public notice method | Electronic notice. Published on Nikkei (Shihon Keizai Shimbun) in the event of accident or other unavoidable situations where electronic notice is not possible. Public notice URL http://www.oracle.com/jp/corporate/investor-relations/index.html |
| Shareholder benefits | N/A |

(Note) Owners of fractional shares are not entitled to rights other than the following:

- (1) Rights listed in Paragraph 2 of Article 189 of the Companies Act and claim rights
- (2) Rights to receive and claim allocation of new shares or share option for subscription that correspond to fractional ownership

(Translation purposes only)

VII 【Reference Information on Submitting Company】

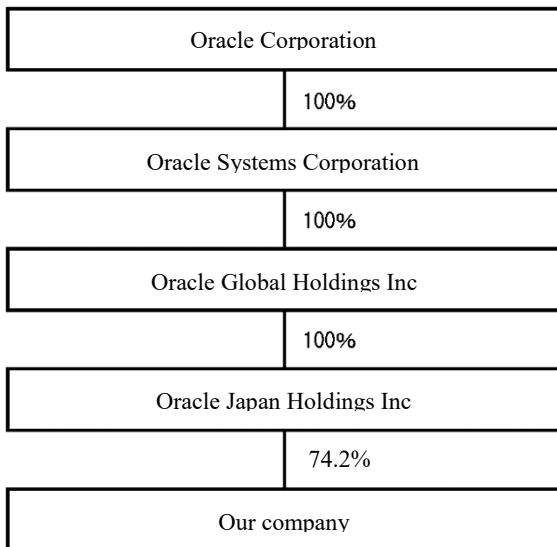
1. 【Information on Parent Companies, etc. at Submitting Company】

The four parent companies are "Oracle Corporation", "Oracle Systems Corporation", "Oracle Global Holdings Inc." and "Oracle Japan Holding Inc.". The effective parent company, "Oracle Corporation", is an overseas public company (listed on the New York Stock Exchange).

"Oracle Systems Corporation" is a subsidiary of "Oracle Corporation", and the parent company of "Oracle Global Holdings Inc.". Our direct parent company, "Oracle Japan Holding Inc.", is a subsidiary of "Oracle Global Holdings Inc."

"Oracle Corporation" provides continuous disclosure on the abovementioned four companies including our company. In addition, "Oracle Systems Corporation", "Oracle Global Holdings Inc." and "Oracle Japan Holding Inc." submit parent company status report.

(Parent and subsidiary companies diagram)



(Note) The voting right ownership percentage mentioned here includes indirect ownership.

(Translation purposes only)

2. 【Other Information for Reference】

The following documents have been submitted between the start date of the current fiscal year and the date of submission of the Securities Report.

- (1) Securities Report, its attached documents, certification of Securities Report
August 20, 2019 submitted to Kanto Local Finance Bureau
Fiscal year (34th) (From June 1, 2018 to May 31, 2019)
- (2) Internal control report
August 20, 2019 submitted to Kanto Local Finance Bureau
Fiscal year (34th) (From June 1, 2018 to May 31, 2019)
- (3) Quarterly reports, certifications of quarterly reports
35th fiscal year 1st quarterly report (From June 1, 2019 to August 31, 2019) submitted to Kanto Local Finance Bureau on October 11, 2019
35th fiscal year 2nd quarterly report (From September 1, 2019 to November 30, 2019) submitted to Kanto Local Finance Bureau on January 10, 2020
35th fiscal year 3rd quarterly report (From December 1, 2018 to February 29, 2020) submitted to Kanto Local Finance Bureau on April 13, 2020
- (4) Extraordinary reports
On August 21, 2019 submitted to Kanto Local Finance Bureau
Extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Cabinet Office Ordinance Article 19, paragraph 2, item 9-2 regarding company disclosure (Resolution at shareholders meeting)
- (5) Correction Report of Securities Report, its attached documents, certification of Correction Report
December 18, 2019 submitted to Kanto Local Finance Bureau
Fiscal year (34th) (From June 1, 2018 to May 31, 2019)

(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 Report and Internal Control Audit Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditor's Report and Internal Control Audit Report

August 21, 2020

Oracle Corporation Japan
The board of Directors

Ernst & Young ShinNihon LLC
Tokyo Office

Designated and Engagement Partner
Hisafumi Nomoto, Certified Public Accountant

Designated and Engagement Partner
Atsuko Tanabe, Certified Public Accountant

<Financial statements audit>

Audit Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Law of Japan, we have audited the financial statements of Oracle Corporation Japan included in "Financial Information" for the 35 term commencing on June 1, 2019, and ending on May 31, 2020, which comprise the balance sheets, the statements of income, changes in net assets and cash flows, the significant accounting policies, the other related notes, and the supplemental schedules.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Company as of May 31, 2020, and their financial performance and the status cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan.

Our responsibility under the auditing standards is described in "Auditor's Responsibility in Auditing Financial Statements". We are independent of the company and fulfill our other ethical responsibilities as an auditor in accordance with the provisions of professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management and Audit Committee for Financial Statements

The responsibility of the manager is to prepare and properly display financial statements in accordance with the standards of corporate accounting generally accepted in Japan. This includes maintaining and operating internal controls that the management deems necessary in order to prepare and properly display financial statements without material misstatement due to fraud or error.

In preparing financial statements, the management evaluates whether it is appropriate to prepare financial statements based on the premise of a going concern, and if it is necessary to disclose matters relating to a going concern based on corporate accounting standards generally accepted in Japan, it is the responsibility to disclose such matters.

Auditor's Responsibility in Auditing Financial Statements

The auditor's responsibility is to express an opinion for the financial statements in the audit report from an independent standpoint based on the audit conducted by the auditor with reasonable assurance as to whether the financial statements as a whole are free of material misstatement due to fraud or error. Misstatement may occur due to fraud or error, and it is judged to be significance in the case that is reasonably expected to affect the decision making of users of financial statements by individually or summary.

The auditor, in accordance with the auditing standards generally accepted in Japan, makes judgment as a professional expert throughout the auditing process, maintains professional skepticism, and carries out the following.

- Identify and assess material misstatement risks due to fraud or error. Also, plan and implement auditing procedures that address the risk of material misstatement. The selection and application of audit procedures is at the discretion of the auditor. In addition,

(Translation purposes only)

obtain sufficient and appropriate audit evidence to form the basis of the opinion.

- The purpose of financial statements audit is not to express an opinion on the effectiveness of internal control, however, the auditor should consider internal controls related to an audit in order to devise an appropriate auditing procedure according to the situation when conducting risk assessment.
- Evaluate the adequacy of the accounting policies and the method of application adopted by management, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- The management concludes whether it is appropriate to prepare financial statements on the premise of a going concern, and whether there are significant uncertainties about the events or circumstances that give rise to material doubts about the premise of a going concern based on the audit evidence obtained. If significant uncertainties regarding going concern assumptions are observed, call attention to notes such as financial statements in the audit report, or if notes such as financial statements regarding important uncertainties are not appropriate, it is required to express an opinion with exclusions for financial statements. The auditor's conclusions are based on the audit evidence obtained up to the date of the audit report, but future events and circumstances may prevent an entity from continuing as a going concern.
- Evaluate whether the presentation of financial statements and notes comply with corporate accounting standards generally accepted in Japan, along with the presentation of financial statements including the relevant notes, the composition and contents of financial statements, and financial statements properly present the underlying transaction or accounting events.

The auditor reports to the Audit Committee about the scope of the planned audit and the timing of its implementation, the important findings in the audit including important deficiencies in internal control identified in the course of conducting the audit, and the other matters requested by auditing standards.

The auditor reports to the Audit Committee on compliance with Japan's professional ethics regulations regarding independence, matters that are reasonably considered to affect the independence of the auditor, and the content of safeguards, if any, taken in order to eliminate or reduce the obstacles.

(Translation purposes only)

<Internal control audit>

In order to carry out audit certification based on the provisions of Article 193-2, paragraph 2, of the Financial Instruments and Exchange Law of Japan, we have audited the Internal Control Report as at May 31, 2020 of Oracle Corporation Japan.

In our opinion, the Internal Control Report referred to above, which represents that the internal control over financial reporting as at May 31, 2020 of Oracle Corporation Japan effective, present fairly, in all material respects, the result of management's assessment on internal control over financial reporting in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with internal control audit standards generally accepted in Japan.

Our responsibility under the internal control audit standards over financial reporting is described in "Auditor's Responsibility in Internal Control Audit". We are independent of the company, and fulfill our other ethical responsibilities as an auditor in accordance with the provisions of professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management and Audit Committee for Internal Control Reports

The responsibility of the management is to prepare and operate internal controls over financial reporting, and prepare and properly display internal control reports in accordance with the standards for evaluation of internal controls related to financial reporting generally accepted in Japan.

The responsibility of the Audit Committee is to monitor and verify the preparation and operation status of internal controls over financial reporting.

In addition, there is a possibility that the false statement in the financial report cannot be completely prevented or found by the internal control over the financial report.

Auditor's Responsibility in Internal Control Audit

The auditor's responsibility is to express an opinion on the internal control report based on the internal control audit conducted by the auditor, with reasonable assurance as to whether the internal control report is free of material misstatement and from an independent standpoint in the internal control audit report.

The auditor, in accordance with the auditing standard for internal control over financial reporting generally accepted in Japan, makes a judgment as a professional expert throughout the auditing process and maintains the professional skepticism to carry out the following.

- Conduct audit procedures to obtain audit evidence regarding the evaluation results of internal control over financial reporting in the internal control report. Audit procedures for internal control audits are selected and applied at the auditor's discretion based on the importance of their impact on the reliability of financial reporting.
- Consider the presentation of the internal control report as a whole, including the description made by the management regarding the scope of evaluation of internal control over financial reporting, the evaluation procedure, and the evaluation results.
- Obtain sufficient and appropriate audit evidence regarding the evaluation results of internal control over financial reporting in the internal control report.

The auditor reports to the Audit Committee about the scope of the planned internal control audit and the timing of its implementation, the results of the internal control audits, significant deficiencies in the identified internal controls, the results of their corrections, and the other matters required in the internal control audit standards.

The auditor reports to the Audit Committee on compliance with Japan's professional ethics regulations regarding independence, matters that are reasonably considered to affect the independence of the auditor, and the content of safeguards, if any, taken in order to eliminate or reduce the obstacles.

Interests

No relationship involving interests that must be indicated herein under the provisions of the Certified Public Accountants Act exists between Oracle Corporation Japan and us or the engagement partners.

* 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 audit 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】 | Internal Control Report |
| 【Text used as grounds for document】 | Article 24-1 of the Financial Instruments and Exchange Act |
| 【For submission to】 | Kanto Finance Bureau |
| 【Date of submission】 | August 21, 2020 |
| 【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 and title of chief financial officer】 | Krishna Sivaraman, Corporate 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 basic framework of internal control related to financial reporting】

Tadahiro Kaneko, Representative Executive Officer, Chief Legal Office, and Krishna Kumar Sivaraman, Executive Officer, CFO, are responsible for the preparation and implementation of our firm’s internal control related to financial reporting. Our company prepares and implements internal control related to financial reporting based on the internal control framework in the memorandum on “evaluation and auditing standards of internal control related to financial reporting and setting implementation criteria related to evaluation and auditing of internal control related to financial reporting”, that was published by the Business Accounting Council.

In addition, internal control achieves its goal within a reasonable range through organically connecting and integrating various basic elements of the internal control system. Therefore, it may not be possible to completely avoid or discover fail entries in financial reporting through internal control.

2 【Regarding the scope, reference date and procedure of evaluation】

Evaluation of the internal control system related to financial reporting is conducted using fiscal year end May 31, 2020 as the reference date. Evaluation is based on evaluation standards of financial reporting related internal control systems that are commonly deemed as fair and reasonable.

The process evaluates the internal control system (the entire company’s internal control system), which is critical to financial reporting. Based on results of the evaluation, business process is selected. Regarding the evolution of business process, based on analysis of selected business process, the effectiveness of the internal control system is evaluated based on identifying key points that are influential to the reliability of financial reporting are identified and evaluating the condition of preparation and implementation of key points of the internal control system.

The evaluation scope of the financial reporting internal control system is determined based on factors that are influential to the reliability of financial reporting. The importance of influence on the reliability of financial reporting is determined based on considerations for the importance of quantitative and qualitative influence. The scope of evaluation for internal control system related to business process is based on evaluation results of the entire company’s internal control system.

Regarding the evaluation scope of internal control system related to business process, it is referred to as “Key business base”. For selected Key business base, business process for accounting items related to sales and accounts receivables that have huge impact on corporate business objectives is evaluated. In addition, business process related to key accounting items of estimates and forecast that carry high probability of false entries or business transactions that have high risk and are deemed to have high impact on financial reporting are also evaluated.

3 【Evaluation results】

As a result of implementing the above evaluation procedures, it has been determined that internal control of the fiscal report as of May 31, 2020 is effective.

4 【Appendix】

Not applicable

5 【Appendix】

Not applicable

(Translation purposes only)

【Title page】

| | |
|--|--|
| 【Submitted document】 | Certification |
| 【Text used as grounds for document】 | Article 24-1 of the Financial Instruments and Exchange Act |
| 【For submission to】 | Kanto Finance Bureau |
| 【Date of submission】 | August 21, 2020 |
| 【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 and title of chief financial officer】 | Krishna Sivaraman, Corporate 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 Krishna Kumar Sivaraman, Executive Officer, CFO of the company, confirmed the adequacy of the 35th Securities Report based on Financial Instruments and Exchange Act (for the period from June 1, 2019 to May 31, 2020)

2 【Special mention】

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