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Sec. Code 4716

August 4, 2020

To Our Shareholders

Yoshiaki Fujimori  
Director, Chairperson  
**Oracle Corporation Japan**  
Kita-Aoyama 2-5-8, Minato-ku, Tokyo

## **NOTICE OF THE 35<sup>th</sup> ANNUAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 35<sup>th</sup> Annual Meeting of Shareholders.

If you are unable to attend the meeting, you may vote on the proposals in advance by mail or via the Internet. To do so, please exercise your voting right after examination with reference materials. Please refer to the “Procedure for exercising voting rights via the Internet” on pages if you plan to vote on the proposals via the Internet.

1. **Date:** Friday, August 21, 2020, at 10:00 a.m.
2. **Place:** Seminar Room, 13<sup>th</sup> floor, Oracle Aoyama Center,  
2-5-8 Kita-Aoyama, Minato-ku, Tokyo, Japan 107-0061

### **3. Meeting Objectives:**

#### **Reporting:**

Presentation of the Business Report, Balance Sheet and Statement of Income for the 35<sup>th</sup> business Period (from June 1, 2019 to May 31, 2020)

#### **Agenda:**

- |                   |  |
|-------------------|--|
| <b>Proposal 1</b> | Partial amendment of the Articles of Incorporation |
| <b>Proposal 2</b> | Election of 8 Directors                            |

#### 4. Guidance for the exercise of voting rights:

[Vote on the proposals by mail]

Please indicate your approval or disapproval of each proposal on the enclosed document for the exercise of voting rights, and then mail it to arrive by 5:00 p.m. on Thursday, August 20, 2020.

[Vote on the proposals via the Internet]

Please vote on the proposals from the e-vote website (<https://www.evoting.tr.mufg.jp/>) by 5:00 p.m. on Thursday, August 20, 2020. Please refer to the “Procedure for exercising voting rights via the Internet” on pages 3-4 if you plan to vote on the proposals via the Internet. Please refer to the “Procedure for exercising voting rights via the Internet” on next page.

End of proposals

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If you plan on attending the meeting, please submit the enclosed document for the exercise of voting rights to the receptionist at the meeting.

If the entries of the business report, statements of account or reference material for the meeting of shareholders need to be amended, we post all revised subjects on our website (<http://www.oracle.com/jp/corporate/investor-relations/index.html>).

#### © Other requests

Please note that in the event of unforeseeable circumstances, the proceedings may need to be changed. Please see information on evacuation routes at the end of this notice or at the site and at the place.

We will have turned down the air conditioning, and our officers and staffs are wearing light clothing. We ask for your understanding and cooperation.

## **[Procedure for Exercising Voting Rights via the Internet]**

When exercising your voting rights by using the Internet, keep the following in mind:

Notes:

### **1. E-vote website**

- (1) You may exercise your right to vote at our specified site ( <https://www.evoting.tr.mufg.jp/>) from a personal computer, Smartphone, or cellular phone.
- (2) Votes by personal computer or Smartphone will depend on your environment for the usage of Internet services. When you use Internet firewalls or antivirus software or proxy servers, votes by the Internet may not be possible.
- (3) Votes by cellular phone will depend on model of your cellular phones. For security, cellular phone models of which TLS communication and cellular phone information transmission are available are only applicable.
- (4) Votes by the Internet will be accepted until up to 5:00 p.m. of the day prior to the day of the Annual Meeting of Shareholders (Thursday, August 20, 2020). However, for consideration of totaling the results of exercising voting rights, please exercise your voting rights as early as possible. If you have questions, please contact our help desk.

### **2. Procedure for exercising voting rights by the Internet**

- (1) At our e-vote website ( <https://www.evoting.tr.mufg.jp/>), please exercise your voting rights following the guidance on the screen, using the voting rights code and temporary password given on the voting form (or your registered password).
- (2) To avoid incorrect access by person who is not our shareholder and falsification of your exercise, we will request the change of your temporary password and the acquisition of our specified electronic certificate.
- (3) Concerning the voting rights code, new one will be given every Notice of Annual Meeting of Shareholders.

3. Treatment when the exercise of voting rights is conducted several times

- (1) If you exercise your right to vote by using the Internet, to vote by document is unnecessary. When you exercise your right to vote both by document and by using the Internet, the vote submitted by using the Internet will be accepted.
- (2) The last exercise of voting rights will be assumed to be valid when the exercise of voting rights is conducted more than once via the Internet. The last exercise of voting rights will be assumed to be valid when you exercise your right to vote both by personal computer, Smartphone, and cellar phone.

4. Expenses for the access to the site for exercising voting rights

When you access a site to exercise your voting rights, connection fees for internet access and telephone fees payable to communication carriers will be charged, and you bear those expenses. When you use cellar phone, packet communication fees and other fees will be charged, and you bear those expenses.

5. Receiving a Notice of the Annual Meeting

From next general shareholders meeting, you can receive a Notice of the Annual Meeting by E-mail. If you are interested, take the necessary procedure at the site at which you exercise your right to vote through personal computer or Smartphone. (You neither take procedure by cellar phone nor designate mail-address of cellar phone.)

<p>Contact related to the system</p> <p>Mitsubishi UFJ Trust Bank Custody service (help desk)</p> <p>TEL:0120-173-027 (9:00-21:00 free dial)</p>
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\*Note: This service is available in Japanese language only.

Reference Material for the Meeting of Shareholders

**Proposal 1: Partial amendment of the Article of Incorporation**

We propose that the current Articles of Incorporation be partially amended as follows:

1. Reasons for the proposal

(1) In the purpose of expediting of convocation operation, including communication, convocation notice, notification, Corporate Executive Officer (in charge) shall execute the operation of the convocation of general meetings of shareholders which shall be resolved by the Board of Directors. As the same before, Director (the Board of Directors) shall convene the general meetings of shareholders

2. The details of the amendments are as follows.

(The changed portions are underlined.)

Current Articles of Incorporation	Proposed revisions
(Person Entitled to Convene and Preside Over Meeting of Shareholders)  <b>Article 14</b>  The meetings of shareholders shall be convened <u>by the Director</u> who is appointed by the Board of Directors in advance of the proposed meeting, and shall be presided over by the Director and/or Corporate Executive Officer who is appointed by the Board of Directors in advance of the proposed meeting, except as otherwise stipulated by law.	(Person Entitled to Convene and Preside Over Meeting of Shareholders)  <b>Article 14</b>  The meetings of shareholders shall be convened <u>and noticed, as the execution of the resolution for convocation by the Board of Directors, by Corporate Executive Officer</u> who is appointed by the Board of Directors in advance of the proposed meeting, and shall be presided over by the Director and/or Corporate Executive Officer who is appointed by the Board of Directors in advance of the proposed meeting, except as otherwise stipulated by law.

**Proposal: Election of 8 Directors**

The term of office of all directors (8) expires at the close of this Annual Meeting of Shareholders. In accordance with the re decision of the Nomination Committee, it is proposed to elect 8 directors (3 of outside directors), including 1 new candidate.

1. The candidates for directors are listed below. (\* indicates new candidate.)

(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(1)  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, Corporate Executive Officer, Executive Deputy President, Chief Operating Officer (Current Position)	
(2)  Krishna Sivaraman (Mar. 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, Corporate Executive Officer	
	Aug. 2018    Director, Corporate Executive Officer, Chief Financial Officer (Current position)	
	Jun. 2019    Oracle Corporation, Vice President of Finance, JAPAC & Japan CFO (Current position)	

(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(3)*  Garrett Ilg (July 9, 1961)	May. 1984    Joined Mitsubishi Electric	-
	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 and Chief Executive Officer	
	Sep. 2016    Adobe, President Europe, MiddleEast & Africa	
	Dec. 2018    Adobe, Senior Vice President, World Wide Field Operations	
	Apr. 2020    Oracle Corporation, Executive Vice President, Head of Asia Pacific & Japan (Current Position)	
(4)  Edward Paterson (Oct. 7, 1963)	Jun. 1988    Joined Federal Reserve Bank of St. Louis	
	May. 1994    Joined Anheuser-Busch Companies (Currently, Anheuser-Busch InBev)	
	Apr. 1999    Director, Anheuser-Busch Japan (An Anheuser-Busch and Kirin Holdings Company Joint Venture)	
	Jun. 2000    Vice President Foreign Exchange and Interest Rate Derivatives, U.S. Bancorp	
	Nov. 2001    Director of Treasury, Oracle Corporation	
	Jul. 2005    Senior Director of Treasury, Oracle Corporation	
	Jun. 2008    Joined International Game Technology	
	Sep. 2009    Senior Director of Treasury, Oracle Corporation	
	Mar. 2010    Assistant Treasurer, Oracle Corporation	
	Sep. 2012    Vice President and Assistant Treasurer, Oracle Corporation (Current Position)	
	Aug. 2016    Director of Oracle Corporation Japan (Current position)	

(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(5)  Kimberly Woolley (April 4, 1972)	Oct. 1998 Associate at law firm Sullivan & Cromwell	-
	Sept. 2000 Associate at law firm Gibson, Dunn & Crutcher	
	Jan. 2008 Corporate Counsel for Franklin Templeton Investments	
	May 2009 Senior Corporate Counsel of Oracle Corporation	
	Oct. 2009 Managing Counsel and Assistant Secretary of Oracle Corporation	
	July 2012 Director, Associate General Counsel of Williams-Sonoma, Inc.	
	Oct. 2014 Member, Board of Trustees of Ripon College (Current Position)	
	Dec. 2014 Assistant General Counsel and Assistant Secretary of Oracle Corporation	
	Oct. 2015 Vice Chair of Audit Committee, Board of Trustees of Ripon College	
	Mar. 2017 Director of Oracle Financial Services Software Limited (Current Position)	
	Aug. 2017 Director of Oracle Corporation Japan (Current position)	
	Oct. 2017 Chair of the Infrastructure Committee of Ripon College	
	Nov. 2019 Vice President, Assistant General Counsel and Assistant Secretary of Oracle Corporation (Current Position)	



(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(6)  Yoshiaki Fujimori (July 3, 1951)	Apr. 1975    Nissho Iwai Corporation (Currently, Sojitz Corporation)	-
	Oct. 1986    GE Japan Inc.	
	May. 2001    General Electric Company, Senior Vice President	
	Oct. 2008    GE Japan Inc. Representative Director, Chairperson, President & CEO	
	Mar. 2011    GE Japan Inc. (Currently SMFL Capital Co., Ltd.) Representative Director, Chairperson	
	Jun. 2011    LIXIL Corporation Director LIXIL GROUP CORPORATION Director	
	Aug. 2011    LIXIL Corporation Director Representative Director, President & CEO LIXIL GROUP CORPORATION Director, Representative Executive Officer, President and CEO	
	Jun. 2012    Tokyo Electric Power Co.,Inc. (Currently Tokyo Electric Power Company Holdings, Inc.) Outside Director	
	Jan. 2016    LIXIL Corporation Director Representative Director, Chairperson & CEO	
	Jun. 2016    LIXIL GROUP CORPORATION Advisor Takeda Pharmaceutical Company Limited Director (Current Position)	
	Jul. 2016    Boston Scientific Corporation Outside Director (Current Position)	
	Feb. 2017    CVC Asia Pacific Ltd. Supreme Advisor (Current Position)	
	Aug. 2018    Oracle Corporation Japan, Outside Director, Chairperson (Current Position)	
	Jun. 2019    TOSHIBA CORPORATION, Outside Director (Current Position)	
	Mar. 2020    Shiseido Company, Limited, Outside Director (Current Position)	

(Candidate number) Name (Date of birth)	Profile, position and assignment in our company (Representative position for other company)	Number of Oracle Corporation Japan shares owned
(7)  John L. Hall Oct. 30, 1954)	Jan. 1977     Joined IBM Corporation	-
	Sep. 1992     Director of Open Systems Sales and Marketing of Unisys Corporation	
	Oct. 1994     Corporate Global Alliance Manager of Oracle Corporation	
	Jun. 1996     Vice President, Oracle Asia Pacific Alliances	
	Mar. 1997     Managing Director, Oracle Thailand	
	Sep. 1997     Senior Vice President, Oracle Worldwide Alliances	
	Apr. 1999     Senior Vice President of Oracle University	
	Aug. 2003     Director of Oracle Corporation Japan (Current position)	
	Jun. 2015     Retired from Oracle Corporation	
(8)  Takeshi Natsuno (Mar. 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, Mulch 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 USEN-NEXT HOLDINGS Co., Ltd. (Current Position)	
	Aug. 2016     Director of Oracle Corporation Japan (Current position)	
	Jun. 2017     Outside Director of Ubicom 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 1. Special interests between the candidates and the Company

Mr. Krishna Sivaraman is Vice President of Finance, JAPAC & Japan CFO of Oracle Corporation and Mr. Garrett Ilg is Executive Vice President, Head of Asia Pacific & Japan of Oracle Corporation. Mr. Edward Paterson is Vice President and Assistant Treasurer of Oracle Corporation and Ms. Kimberly Woolley is Vice President Assistant General Counsel and Assistant Secretary of Oracle Corporation. Oracle Corporation is special related entities to the Company. For information on the relationship of the Company with Oracle Corporation, please refer to Relationship with the parent company of (5) Parent company and consolidated subsidiaries in 1. OVERVIEW OF THE COMPANY” of attached document.

2. Candidates for outside directors

(1) Messrs. Yoshiaki Fujimori, John L. Hall and Takeshi Natsuno are candidates for outside directors.

(2) Reason

Director Yoshiaki Fujimori, John L. Hall and Takeshi Natsuno are outside directors in accordance with Article 2, Section 15 and Article 400, section 3 of the Corporate Law.

(3) Tenure of outside director (outside statutory auditor) of the Company (at the end of this shareholders meeting)

Yoshiaki Fujimori	Outside Director	2 years
John L. Hall	Outside Director	17 years
Takeshi Natsuno	Outside Director	4 years

(4) Agreements limiting liability for outside directors

The company stipulates its articles of incorporation for entering into agreement with outside directors and for limiting their liabilities so that directors may perform properly the roles expected of them in carrying out the duties of directors, and valuable human resources may be invited as outside directors. Please refer to “Notes of (1) Directors and Corporate Executive Officers in 4. DIRECTORS” of attached document for the summary of the agreements. The Company has concluded agreements limiting the liability with current outside directors. If the current outside directors are appointed, the Company renews the current agreements with each of them.

(5) Regarding violations of laws and regulations by other company at which currently running Outside Director candidates is appointed as director.

DLE Inc., a stock company at which Outside Director candidate Mr. Takeshi Natsuno is appointed as a director, was found to have improperly accounted and reported its financial results for the previous fiscal year.

After DLE Inc. filed a securities corrections report on December 3rd, 2018, the Tokyo Stock Exchange issued a Special Market Warning Notice regarding DLE Inc.’s securities on December 28th, 2018 and subsequently was charged with a monetary fine by the Financial Services Agency on April 18th, 2019.

While Mr. Natsuno was not privy to the violation until its discovery, he gave appropriate advice from a legal compliance perspective when called upon. Once Mr. Natsuno became aware of the issue at hand, he has made and continues to make all necessary efforts to prevent the recurrence of the incident, including giving his opinion on DLE Inc.’s undertakings regarding the same.

3. Notifications of Directors, Yoshiaki Fujimori, John L. Hall and Takeshi Natsuno satisfy the requirements of Independent Director stipulated in Rule of the Securities Listing Regulations of the Tokyo Stock Exchange. If they are appointed, the Company will apply them to Tokyo Stock Exchange as Independent Director.

Reason for selecting the candidates:

The nomination committee decided that each candidate as mentioned above is supposed to be a director who can decide important business judgments and supervise of the business operation of the company properly based on their expertise.

## **Business Report**

(From June 1, 2019 to May 31, 2020)

### **1. OVERVIEW OF THE COMPANY**

#### **(1) Progress and Results of Business**

During the third quarter under review (from June 1, 2019 to May 31, 2020, hereinafter “this quarter”), the Japanese information services industry in which the Company operates enjoyed firm system renewal demand and solid Cloud and IT investment aimed at corporate growth and boosting competitiveness, including investing in mobile solutions, improving efficiency through the use of IoT and other digital data, 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.

#### **(2) 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)**

- Cloud service: Providing software and hardware resources which are used for IT system infrastructure at companies and other organizations as services under agreements for certain periods through the networks such as Internets.
- On-premises: A form of IT system developed and operated as the company’s possession.

#### **[Cloud & License(\*)]**

Revenue in the Cloud & license segment was 172,573million yen, up 6.0 % 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 to the overall of the demand trends, there is a seasonality in every year, 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 this year is successfully increasing continuously across all of segment significantly with expansion its datacenter.

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

### [Hardware systems]

Revenue in the Hardware systems segment was 17,362 million yen, down 5.3 % 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 “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, gaining 0.9 % from the corresponding period of the previous fiscal year. This segment consists of Consulting Services, which support the introduction of products of the Company; Advanced Customer Support Services, which provide a preventive maintenance service and a comprehensive operation management service for customers' IT environments; and Education services, which provide training for engineers and users, and also encompasses a technology qualification business. As for Consulting Services, the number of composite projects taking advantage of the Company's comprehensive product and service portfolio has increased steadily. They include projects for platform transition from the on-premise environment to the IaaS and PaaS environment and those for linkage with SaaS solutions such as the ERP cloud.

### <Revenue breakdown by business segments>

Item		May 2019		May 2020		
		Amount	Comp.	Amount	Comp.	Variance
		Million Yen	%	Million Yen	%	%
	Cloud license & 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 & License	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 (% of change YoY) are rounded off.

### (3) Capital investment

The total amount of the company's capital investment in this period was 716 million yen. This was attributable primarily to purchase of computers.

Capital investment includes the payment for guarantee deposit

#### (4) Issues to address

##### ①Our 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.

##### ②Targeted business indices

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

##### ③The 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.

(5) Parent company and consolidated subsidiaries

① Status of Parent Company

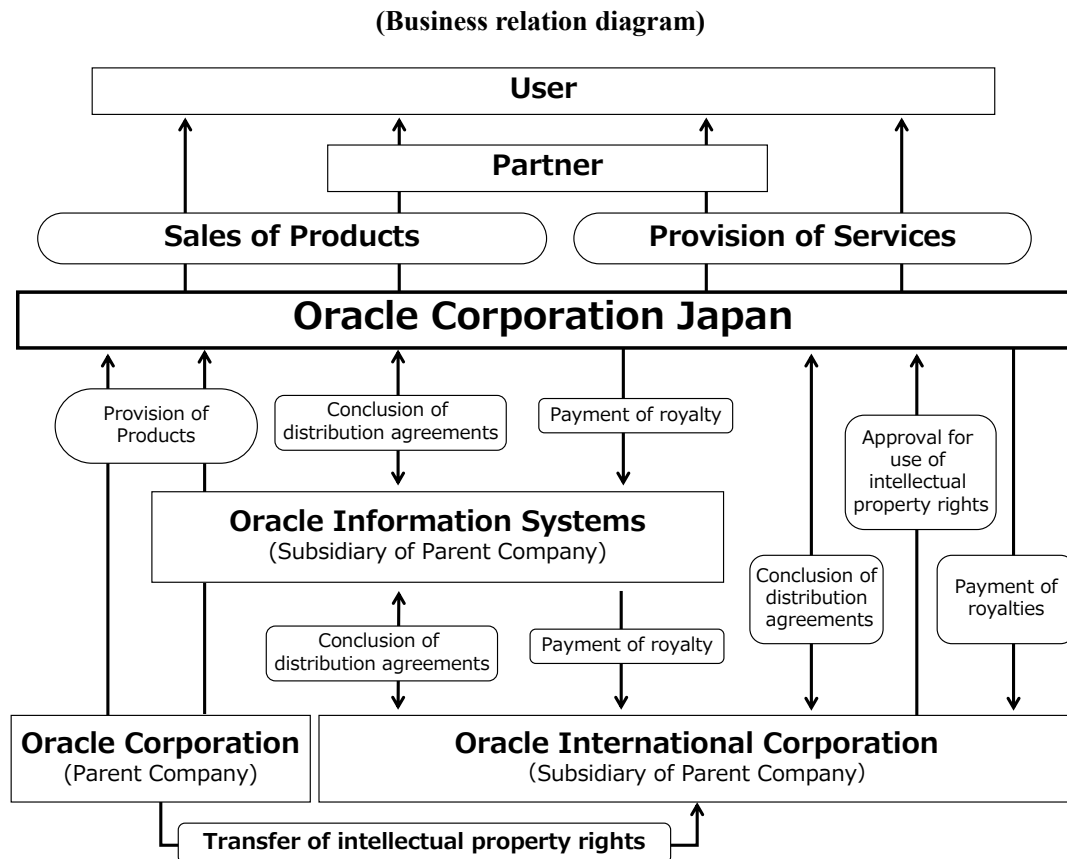
(a) Relationship with the parent company

Oracle Corporation Japan's parent company is Oracle Japan Holding, Inc. (California, U.S.A), which owns 74.2% of voting rights (94,967 thousand shares) of the company's stock. This company is a subsidiary of Oracle Corporation (California, U.S.A)

(b) Matters related to transactions with the parent company

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 mutual 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.

Although the research and development of products are carried out mainly by Oracle Corporation, products suitable for the Japanese market are developed with the participation of the Company in the development of new products from an early stage based on its close cooperation with Oracle Corporation.

From the standpoint of securing independence from the parent company, the Company's Board of Directors makes the final decisions regarding the business development of the Company, and the directors make their decisions in such a manner that their decisions are in the best interests of the Company and all of its shareholders.

- ② Major consolidated subsidiaries  
Not applicable.

#### (6) Performance and Assets

Category	32nd fiscal year ending May 2017 (Note)	33rd fiscal year ending May 2018 (Note)	34th fiscal year ending May 2019 (Note)	35th fiscal year ending May 2020 (Note)
Revenue (M Yen)	173,190	185,481	202,389	211,357
Ordinary income (M Yen)	52,502	55,978	62,284	68,857
Net income (M Yen)	36,360	38,751	43,360	47,686
Earnings per share (Yen)	285.11	303.25	338.92	372.52
Total assets (M Yen)	198,731	236,509	269,518	294,139
Net assets (M Yen)	105,783	131,425	160,288	191,362
Net assets per share (Yen)	824.79	1,025.38	1,251.45	1,493.01

(Note) As the Company treats its own shares owned by the Board Incentive Plan (BIP) Trust for its directors and executive officers and the Employee Stock Ownership Plan (ESOP) Trust as treasury stock, the Company subtracts the number of shares of the treasury stock from the average number of shares during the period in the calculation of net income per share. In the calculation of net assets per share, the Company also subtracts the number of shares of the treasury stock from the number of outstanding shares at the fiscal year end.

(7) Major Offices

As of May 31, 2020

Headquarter: Kita- Aoyama 2-5-8, Minato-ku, Tokyo  
Regional Offices: Kita-Nihon  
Hokkaido (Chuo-ku, Sapporo City)  
Tohoku (Aoba-ku, Sendai City)  
Naka-Nihon  
Tokai (Naka-ku, Nagoya City),  
Hokuriku (Kanazawa City, Ishikawa Prefecture)  
Nishi-Nihon  
Kansai (Kita-ku, Osaka City)  
Chugoku/Shikoku (Naka-ku, Hiroshima City)  
Kyushu (Chuo-ku, Fukuoka City)  
Okinawa (Naha City, Okinawa Prefecture)  
Offices: Akasaka Office (Minato-ku, Tokyo),  
Toyota Office (Toyota City, Aichi Prefecture)  
Training Centers: Training Campus Osaka (Kita-ku, Osaka City),  
Training Campus Akasaka (Minato-ku, Tokyo)

(8) Employees

As of May 31, 2020

Number of employees	Difference from end of last fiscal year	Average age	Average service years of employment
2,504	-118	43.2	9.2

(Note) “Number of employees” includes employees on loan from the other companies (243 persons) and temporary employees (1 person). The employees on loan from the other companies and temporary employees are excluded from the calculation of average age and average service years of employment.

## 2. SHARES

As of May 31, 2020

- (1) Number of shares authorized to issue 511,584,909 shares  
 (2) Number of shares issued 128,184,271 shares (including 11,875 own shares)  
 (3) Number of shareholders 17,950  
 (4) Major shareholder

Name of shareholder	Number of shares held (1,000 shares)	Composition %
Oracle Japan Holding, Inc	94,967	74.1
The Master Trust Bank of Japan, Ltd.	2,756	2.2
Japan Trustee Services Bank, Ltd.	1,822	1.4
STATE STREET BANK AND TRUST COMPANY 505001	1,337	1.0
SSBTC CLIENT OMNIBUS ACCOUNT	1,328	1.0
Japan Trustee Services Bank, Ltd. (Account #5)	813	0.6
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	805	0.6
THE CHASE MANHATTAN BANK 385036	796	0.6
Japan Trustee Services Bank, Ltd. (Account #7)	793	0.6
STATE STREET BANK WEST CLIENT - TREATY 505234	724	0.6

Note: 1. The composition is calculated without treasury stock (11,875 shares) from total shares issued.

2. The number of shares of the treasury stock held by The Master Trust Bank of Japan, Ltd (ESOP trust: 93,445 shares, BIP trust 10,983 shares) are included in the calculation of "Composition %".

(5) Other important matters related to shares

The Company has introduced the BIP Trust, an incentive plan for its directors and executive officers, and the ESOP Trust, an incentive plan for its employees.

(i) BIP Trust for directors and officers

At the Compensation Committee meeting held on October 24, 2014, the Company resolved to introduce the Board Incentive Plan (BIP) Trust (hereinafter the “BIP Trust”) as a new incentive plan to change the compensation plan to one that would more strongly motivate the directors and executive officers of the Company to execute their duties.

The Company will first establish 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.

The number of the Company’s shares owned by the BIP Trust as of the end of the fiscal year under review (May 31, 2020) is 10,983.

(ii) ESOP Trust

At the Board of Directors meeting held on October 24, 2014, the Company resolved to introduce the Employee Stock Ownership Plan (ESOP) Trust (hereinafter the “ESOP Trust”), an incentive plan for its employees, for the purpose of increasing the corporate value of the Company in the medium and long term.

The Company will first establish 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.

The number of the Company’s shares owned by the ESOP Trust as of the end of the fiscal year under review (May 31, 2020) is 93,445.

### 3. SHARE WARRANTS

#### (1) Share warrants held by company directors

As of May 31, 2020

##### ① Share warrants held by directors (exclude outside directors and include executive officer)

Date that rights were granted	Number of remaining share warrants to be issued (Note) 1	Type and number of remaining shares to be issued	Number of directors that rights were granted	Exercise value (Yen)	Period in which the rights can be exercised (Note) 2,3
October 15, 2010 (Note) 5	30	Common stock 3000 shares	1	4,338	From October 15, 2012 to September 22, 2020
September 28, 2012 (Note) 5	21	Common stock 2,100 shares	1	4,025	From September 28, 2014 to September 12, 2022
September 30, 2013 (Note) 5	50	Common stock 5,000 shares	1	3,942	From September 30, 2015 to September 13, 2023

##### ② Share warrants held by outside directors

Date that rights were granted	Number of remaining share warrants to be issued (Note) 1	Type and number of remaining shares to be issued	Number of directors that rights were granted	Exercise value (Yen)	Period in which the rights can be exercised (Note) 2,3
September 30, 2015	25	Common stock 2,500 shares	1	5,200	From September 30, 2017 to September 16, 2025

- (Note)
1. 100 common stock per share warrant
  2. Those who are allocated the share warrants may exercise a part of or all of the rights in accordance with the following classifications:
    - ① Recipients may exercise half of the allocated rights after the period in which the rights can be exercised starts.
    - ② Recipients may exercise all of the allocated rights after 2 years from (a).
  3. (1) Those allocated the share warrants are required to be a director, Corporate Executive Officer, or an employee of Oracle Corporation Japan at the time of exercising the stock purchase warrant. 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 the share warrants may not dispose of part or all of the share warrants through assignment, attachment or other methods.  
 (3) Other conditions set out in the share warrants allocation agreement must be followed.
  4. The conversion ratio of the number of shares delivered in the BIP Trust to the number of shares granted by share warrants at the time of selecting the share warrant plan and the stock compensation plan is 4:1.
  5. Including Share warrants granted during employed on the Company.

(2) Share warrants issued to employees in this fiscal year as a consideration for the execution of the duties

Not Applicable.

#### 4. DIRECTORS

##### (1) Directors and Corporate Executive Officers

As of May 31, 2020

Name	Position	Assignment or major contents of work
Frank Obermeier	Director Corporate Executive Officer President	Oracle Corporation, Senior Vice President Japan & ANZ for Technology
Koji Minato	Director Corporate Executive Officer Deputy President Chief Operating Officer	-
Krishna Sivaraman	Director Corporate Executive Officer Chief Financial Officer	Oracle Corporation, Vice President of Finance, JAPAC & Japan CFO
Edward Paterson	Director Compensation Committee Member Audit Committee Member	Oracle Corporation, Vice President and Assistant Treasurer
Kimberly Woolley	Director Nominating Committee Member	Oracle Corporation, Assistant General Counsel and Assistant Secretary Member, Board of Trustees of Ripon College
Yoshiaki Fujimori	Director Chairperson Compensation Committee Member Audit Committee Member	Outside Director, Takeda Pharmaceutical Company Limited Outside Director, Boston Scientific Corporation Outside Supreme Advisor, CVC Asia Pacific Ltd. Outside Director, Toshiba Corporation Outside Director, Shiseido Company, Limited
John L. Hall	Director Chairperson of the Nominating Committee Chairperson of the Compensation Committee Chairperson of the Audit Committee	-

Name	Position	Assignment or major contents of work
Takeshi Natsuno	Director Nominating Committee Member	Professor of Graduate School of Media and Governance, Keio University Outside Director, SEGA SAMMY Holdings Inc. Outside Director, Transcosmos, Inc Director, NTT Resonant Incorporated Representative Director & President, DWANGO Co., Ltd Outside Director, GREE, Inc Outside Director, USEN-NEXT HOLDINGS Co.,Ltd. Representative Director & Chairperson, MOVIE WALKER Co., Ltd. Director, BOOK WALKER Co.,Ltd. Director, KADOKAWA CORPORATION
Tadahiro Kaneko	Representative Corporate Executive Officer Chief Legal Officer	Chief Executive Officer, Oracle Information Systems (Japan) G.K.
Kenneth Johansen	Corporate Executive Officer Chief Executive Officer	-
Hisayuki Ishizumi	Corporate Executive Officer Deputy President	-

- (Notes)
1. Yoshiaki Fujimori, John L. Hall and Takeshi Natsuno are outside Directors.
  2. Director Yoshiaki Fujimori and Takeshi Natsuno are assigned to serve as director or auditor of several companies. The Company has no business relationship with the concurrent companies. Tadahiro Kaneko is assigned to serve as Chief Executive Officer of Oracle Information Systems G.K. For information on the relationship of the Company with Oracle Information Systems, please refer to Relationship with the parent company of (5) Parent company and consolidated subsidiaries in 1. OVERVIEW OF THE COMPANY” of attached document.
  3. Notifications of Directors, Yoshiaki Fujimori, John L. Hall and Takeshi Natsuno have been filed as the independent directors stipulated in Rule of the Securities Listing Regulations of the Tokyo Stock Exchange.
  4. Personnel change of the position or assignment in this period

Name	Date	Position and assignment in our company (Representative position for other company)	Appointment or Resignation
Shigeru Nosaka	Aug. 20, 2019	Director Deputy Chairperson	Retired at the expiration of his term

5. The Company and each of the Outside Directors have entered into an agreement with the Company limiting their liability as prescribed in Paragraph 1, Article 427, of the Corporate Law and the limit of amount of the liability based on the agreement shall be 20 million yen or more, and shall be a pre-determined amount or an amount provided in laws and ordinances, whichever is higher.
6. The audit committee members are on a non-permanent basis in particular as they make sufficient efforts to maintain communications and coordination with the internal audit team members so as to perform their functions.

(2) Remuneration of Directors and Executive Officers

Policy on Determination of Remuneration of Directors and Executive Officers

The remuneration package of Directors and Executive Officers consists of three elements, a base salary, a performance-based bonus and Share incentive plan, and each element is determined in accordance with the following policy.

(a) Base salary

A salary level commensurate with role and responsibility is determined with reference to the salary levels of other companies in the same industry.

(b) Performance-based bonus

Bonus is determined based on the Company's target management indicator in that particular fiscal year (sales, profits, etc.) and is paid according to the degree of attainment of targets set at the beginning of the fiscal year.

The Company adopted a system that ensures bonuses clearly reflect management responsibilities and results by closely linking them to corporate performance through the inclusion of growth i.e. as an indicator in addition to degree of attainment of the operating income target and revenue growth ratio of the Company's flagship products.

(c) Share incentive plan

Share incentive plan is composed of stock option plan and share incentive plan.

Adding to stock option plan which are granted to Directors, the Company introduced the Board Incentive Plan (BIP) Trust (hereinafter the "BIP Trust") as an incentive plan to change the compensation plan to one that will more strongly motivate the directors and executive officers of the Company to execute their duties.

Also, the Company abolished to grant new stock option from FY20.



Amount of Payments of Directors and Executive Officers

Classification	Number of persons	Amount of payments (Million yen)
Directors (including Outside Directors)	4 (3)	72 (67)
Executive Officers	2	114
Total	6 (3)	187 (67)

- (Notes)
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 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.
  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 who concurrently serve as Directors of the Company haven't received payments as Executive Officers.

(3) Outside Directors

① Significant concurrent positions held and bearing on the Company

As stated in “(1) Names, etc. of Directors and Executive Officers”

② Major activities during the year under review

(a) Attendant meetings to the Board of Directors and each Committee in this Fiscal Year.

(Attendant / held, “-” is outside charge)

Name	Board of Directors	Audit Committee	Nominating Committee	Compensation Committee
Yoshiaki Fujimori	8/8	5/5	-	2/2
John L. Hall	8/8	5/5 (Chairperson)	1/1 (Chairperson)	2/2 (Chairperson)
Takeshi Natsuno	8/8	-	1/1	-

(b) Activities and advices, etc.

- Yoshiaki Fujimori provided helpful advice about the Company’s management and made other necessary statements, from 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.
- 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 advice about the Company’s management and made other necessary statements, from an expert perspective as a business management on broad industries.

## 5. INDEPENDENT AUDITOR

### (1) Name of the Independent Auditor

Earnst & Young ShinNihon LLC

### (2) Amount of Fee paid to Independent Auditor

- |      |  |                |
|------|--|----------------|
| (i)  | Total amount of fee to Independent Auditor         | 62 million yen |
| (ii) | Total amount of fee for which the company must pay | 62 million yen |

(Note) 1. In the Audit contract between the Company and the Independent auditor, the amount of the Audit fee of the Audit based on the Corporate Law and the Audit based on Securities and Exchange Law is not clearly divided, and it is not possible to divide substantially, so these amount of the total fee is described above.

2. The Audit Committee has decided to agree on the amount of the payment to the independent auditor after conducting the necessary verifications as to whether the content of the audit plan, the execution of duties and the grounds for the calculation of the payment estimate for the independent auditor are appropriate.

### (3) Details of any fee paid to the Independent Auditor for services other than those stipulated in Article 2-1 of the Certified Public Accountant Law (non-audit services).

Not applicable.

### (4) Policy on determination of Dismissal and Non-reappointment of Independent Auditor

When the Audit Committee judges that the Independent Auditor applies to any item of Paragraph 1, Article 340 of the Corporate Law, the Audit Committee, subject to prior consent of all Audit Committee members, will dismiss the Independent Auditor in accordance with the provisions of said article. In this case, an audit committee member elected by the Audit Committee will report the dismissal of the Independent Auditor and the reason for dismissal at the first Annual Meeting of Shareholders convened after the dismissal.

### (5) Summary of agreements limiting liability

Not applicable.

## 6. Guideline about Distribution, etc. of Surpluses

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, we will pay an annual dividend of 149 yen per share.

## Balance Sheet

As of May 31, 2020

(Unit : Million yen)

Items	Amount	Items	Amount
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
1. Cash and deposits	60,091	1. Accounts payable-trade	10,501
2. Accounts receivable-trade	26,539	2. Accounts payable-other	4,242
3. Short-term loans receivable from subsidiaries and associates	160,000	3. Income taxes payable	11,875
4. Prepaid expenses	95	4. Advances received	67,730
5. Other	3,118	5. Deposits received	343
6. Allowance for doubtful accounts	-13	6. Provision for bonuses	2,341
Total current assets	249,832	7. Provision for directors' bonuses	6
		8. Provision for product warranties	54
		9. Provision for stock benefits	364
		10. Other	5,308
		Total current liabilities	102,768
		II Noncurrent liabilities	
II Noncurrent assets		Other	7
1. Property, plant and equipment		Total noncurrent liabilities	7
(1) Buildings	10,367	Total liabilities	102,776
(2) Tools, furniture and fixtures	2,471		
(3) Land	26,057	(Net assets)	
Total property, plant and equipment	38,895	I Shareholders' equity	
2. Intangible assets		1. Capital stock	24,884
Software	1	2. Capital surplus	
Total intangible assets	1	Legal capital surplus	8,235
3. Investments and other assets		Total capital surplus	8,235
(1) Investment securities	36	3. Retained earnings	
(2) Deferred tax assets	3,184	Other retained earnings	
(3) Guarantee deposits	301	Retained earnings brought	158,846
(4) Other	1,887	Total retained earnings	158,846
(5) Allowance for doubtful accounts	-0	4. Treasury stock	-759
Total investments and other assets	5,409	Total shareholders' equity	191,206
Total noncurrent assets	44,306	II Subscription rights to shares	156
Total assets	294,139	Total net assets	191,362
		Total liabilities and net assets	294,139

## Statement of Income

(From June 1, 2019 to May 31, 2020)

(Unit : Million yen)

	Amount
Net sales	211,357
Cost of sales	109,110
Gross profit	102,246
Selling, general and administrative expenses	33,380
Operating income	68,865
Non-operating income	62
Non-operating expenses	70
Ordinary income	68,857
Extraordinary income	
Gain on reversal of subscription rights to sha	14
Total extraordinary income	14
Income before income taxes	68,872
Income taxes-current	20,895
Income taxes-deferred	290
Net income	47,686

## Statement of changes in shareholders' equity

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

(Unit : Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholder s' equity
		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	-1,211	160,078
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares	204	204	204				409
Dividends from surplus				-17,419	-17,419		-17,419
Net income				47,686	47,686		47,686
Purchase of treasury stock						-6	-6
Sale of treasury stock						457	457
Net changes of items other than shareholders' equity							
Total changes of items during the period	204	205	205	30,266	30,266	451	31,127
Balances at end of current period	24,884	8,235	8,235	158,846	158,846	-759	191,206

	Subscription rights to	Net assets
Balance at the beginning of current period	209	160,288
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares		409
Dividends from surplus		-17,419
Net income		47,686
Purchase of treasury stock		-6
Sale of treasury stock		457
Net changes of items other than shareholders' equity	-52	-52
Total changes of items during the period	-52	31,074
Balances at end of current period	156	191,362

## The Accounting Auditor's Report

### Independent Auditor's Report

July 21, 2020

Oracle Corporation Japan

The board of Directors

Ernst & Young Shin Nihon LLC

Tokyo Office

Engagement Limited Partner:

Hisafumi Nomoto, Certified Public Accountant

Engagement Limited Partner:

Atsuko Tanabe, Certified Public Accountant

#### Audit Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Japanese Companies Act, we have audited the financial statements of Oracle Corporation Japan. for the 35 term commencing on June 1, 2019, and ending on May 31, 2020, which comprise the balance sheets, the statements of income, the statements of changes in net assets, and the notes to the financial statements(hereinafter the "financial statements"). We have also audited the annexed detailed statements thereof.

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 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, obtain sufficient and appropriate audit evidence to form the basis of the opinion.
- The purpose of auditing financial statements 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.

#### 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.

End

## Audit Report by Audit Committee

The Audit Committee has completed an audit of the performance of the duties of the directors and executive officers in the 35<sup>th</sup> fiscal year from June 1, 2019 to May 31, 2020. The following is a report of the methods and results of the audit:

### ① Method and content of audit

The Audit Committee received a report regally about the content of the resolutions of the Board of Directors relating to the matters specified in Article 416, Paragraph 1, Items 1b and 1e of the Companies Act and the system developed based on the resolutions (internal control system) from the directors, executive officers and employees regarding its formulation and operation status, requested explanations as needed and expressed opinions, and examined on the basis of the audit policy and the segregation of duties set out by the Audit Committee, in cooperation with the internal control division of the Company, reviewed processes and contents of decision making in important meetings, contents of major approval documents and other important operation-related documents, performance of the duties of the executive officers (and major employees), and company's operations and financial matters. With respect to the matters heeded specified in Article 118, Item 5, (a) of the Corporation Law Enforcement Regulations, and the determination on the matters specified in (b) of the said Item and the reason therefor, as stated in business report, the Audit Committee reviewed the content in light of the status of the Board of Directors Meeting's deliberation etc. The Audit Committee also monitored and checked whether the accounting auditor maintained its independent position and carried out an appropriate audit, received reports from the accounting auditor on its performance of duties, and requested explanations as needed. The accounting auditor notified the Audit Committee that the accounting auditor has established a system for ensuring the appropriate performance of duties (each item of Article 131 of the Ordinance on Company Accounting) under the "Quality Control Standards for Audit" (Business Accounting Council, October 28, 2005) among others, and the Audit Committee requested explanations as needed.

By the methods above, the Audit Committee examined the business report, accounting statements (balance sheet, statement of income, statement of changes in net assets, and notes), and their supplemental schedules.

1. Results of audit

(1) Results of audit of business report

- (i) The Audit Committee acknowledges that the business report and its supplemental schedules show the situation of the Company properly under laws and regulations, and the articles of incorporation.
- (ii) The Audit Committee has found no wrongdoing in relation to directors and executive officers' performance of their duties or significant facts violating laws and regulations, or the articles of incorporation.
- (iii) The Audit Committee acknowledges that the contents of business report and the resolutions of the Board of Directors in relation to the internal control system are appropriate. The Audit Committee has found no matters out of significance in association with directors and executive officers' performance of their duties relating to the internal control system.
- (iv) With respect to the transactions that the interest conflicts with the parent company etc., as stated in business report, the Audit Committee has found no matters out of significance in association with the matters heeded not to harm the interest of the Company in conducting such transactions, and with the Board of Directors Meeting's determination whether or not such transactions harm the interest of the Company and the reason therefor.

(2) Results of audit of accounting statements and their supplemental schedules

The Audit Committee acknowledges that the method and results of the audit by the accounting auditor Ernst & Young ShinNihon LLC are appropriate.

July 22, 2020

Audit Committee of Oracle Japan Corporation

Audit Committee of Oracle Corporation Japan

Audit Committee Member	John L. Hall	Seal
Audit Committee Member	Edward Paterson	Seal
Audit Committee Member	Yoshiaki Fujimori	Seal

(Note) Audit Committee Member John L. Hall and Yoshiaki Fujimori are outside directors as stipulated in Article 2, Item 15 and Article 400, Item 3 of the Companies Act.

**The 35<sup>th</sup> Fiscal Year**  
**Materials Disclosed via the Internet**  
**For Notice of Shareholders' Meeting**

The Systems to Ensure Properness of the Company's Businesses  
The operation status of "The Systems to Ensure Properness of the Company's Businesses"  
Notes to Non-consolidated Financial Statements

From June 1, 2019

To May 31, 2020

## **The Systems to Ensure Properness of the Company's Businesses**

### **① The 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.

### **② The 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.

### **③ The 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.

### **④ The system for securing compliance of the execution of duties by employees with applicable laws and regulations, and the 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.

⑤ **The 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.

⑥ **The 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.

⑦ **The 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.

⑧ **The 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.

⑨ **The system for the Corporate Executive Officers and employees to report to the Audit Committee, and other system 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 Audit Committee Member. The Audit Committee will have the opportunity to hold, if necessary, hearings with the Corporate Executive Officers and employees.

⑩ **The 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.

**⑪ 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.

**⑫ 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 operation status of "The Systems to Ensure Properness of the Company's Businesses"**

We making all executives and employees aware of the Oracle Group's Code of Business Ethics as well as conducting ongoing and regular training to ensure that the rules are in place.

Also, the internal audit department audits the Company and reports regularly to the Audit Committee and the Board of Directors on the results of the audit.

In addition, a whistle-blowing contact has been established being work to the prevention of fraudulent acts and to detect them at an early stage. If any fraudulent acts etc. are revealed through this contact points, we report to the Board of Directors and Audit Committee, and we have been working to build and operate an appropriate internal control system by taking measures and recurrence prevention measures.

## Notes to Non-consolidated Financial Statements

### **Notes to Significant Accounting Policies**

#### 1. Valuation standard and method applied to negotiable securities

##### Available-for-sale securities

Securities without fair market value: At cost method based on moving average method

Debt securities without fair market value: Amortized cost method

#### 2. Depreciation method applied to fixed assets

##### (1) Tangible fixed assets

Buildings: At straight-line method

Appliances and equipment: At straight-line method

The useful life of major items are as follows:

Buildings: 5 to 38 years

Appliances and equipment

Personal computers: 2 years

Computer servers: 3 years

Computer storages: 4 years

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.

#### 3. 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.

#### 4. 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.

#### 5. Accounting of consumption tax

Based on pre-tax method

#### **Additional Information**

Although we cannot reasonably estimate the timing of the convergence of the new coronavirus (COVID-19) infection, we made an accounting estimates (evaluation of the recoverability of deferred tax assets and consideration of impairment accounting for fixed assets, etc.) based on the assumption that the impact on our business will continue to some extent within 2020. The impact of this change on our business performance and financial position is immaterial at this time.

#### **Notes to the balance sheet**

Accumulated depreciation of tangible fixed assets	14,647 million yen
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#### **Notes to the statement of income**

Transactions with affiliated companies	
Transactions other than business transactions	29 million yen

## Notes to the Statement of changes in shareholders' equity

### 1. Type and number of issued shares and treasury stocks

	Number of shares as of May 31,2019 (Thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of May 31,2020 (Thousand shares)
Issued shares				
Common stock	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. Increase of 0 thousand shares of treasury stock was due to purchase of odd lots.

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 0 thousand shares was due to sales of odd lots.

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

## 2. Dividend

### (1) Amount of paid dividends

Resolution	Type of share	Total amount of dividends (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 22, 2019	Common stock	17,419	Retained earnings	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

The board meeting on July 22, 2020

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	19,097	Retained earnings	149	May 31, 2020	August 5, 2020

(Note) Total amount of dividend which will be 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).

### 3. Share warrants

Date that rights were granted	Type of stock	Number of remaining shares to be issued
October 15, 2010	Common stock	27,300 shares
September 28, 2011	Common stock	20,900 shares
September 28, 2012	Common stock	38,700 shares
September 30, 2013	Common stock	44,200 shares
September 30, 2014	Common stock	5,400 shares
July 31, 2015	Common stock	900 shares
September 30, 2015	Common stock	20,100 shares
October 5, 2016	Common stock	4,300 shares
October 12, 2017	Common stock	11,600 shares
Total		173,400 shares

Note: The plans of which exercise period have not come are excluded.

### Notes to tax-effect accounting

#### 1. Breakdown of major causes of deferred tax assets

As of May 31, 2020

(Unit: Million yen)

Deferred tax assets	
Accounts payable-other	365
Accrued business tax	606
Advances received	1,164
Provision for bonuses	540
Depreciation in excess	202
Investment securities	18
Others	287
Total deferred tax assets	3,184

## Notes to 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 long-term loans receivable from subsidiaries and associates 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.

### 2. Market value of financial instruments

Amounts recognized in the balance sheet, market values, and the differences between them on May 31, 2020 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)).

(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 (*)	-13		
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) Long-term loans receivable from subsidiaries and associates

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

#### 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.

#### 2. Financial instruments for which it is extremely difficult to determine market value

Item	Book value
Unlisted equity securities	36 Million yen

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.

### Notes to transactions with related parties

#### 1. Parent company and major corporate shareholders, etc.

Attributes	Corporate name	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Description of transactions	Transaction amount (Million yen)	Item	Term-end balance (million yen)
Parent company	Oracle Japan Holding Inc.	(Being possessed) Direct 74.2	Direct parent company Making a short-term loan	Payments of short-term loans receivable from subsidiaries and associates (Note)	30,000	Long-short 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 36 million yen has been booked in this fiscal year (accumulated interest income is 29 million yen).

## 2. Sister companies, etc.

Attributes	Corporate name	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Description of transactions	Transaction amount (Million yen)	Item	Term-end balance (million yen)
Subsidiary of parent company	Oracle America, Inc.	—	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-trade	695
	Oracle International Corporation	—	Conclusion of sales agency agreements	Payment of royalties (Note) 2	49,848	Accounts payable	1,795

(Notes) 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. The above transaction amounts in accounts payable, accounts payable-other, accounts receivable-other and accounts receivable-trade 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 individual shareholders

Related party	Name	Business or occupation	Ownership ratio of voting rights (or being possessed) (%)	Description of transaction	Transaction amount (Million yen)	Item	Term-end balance (million yen)
Officer	Hisayuki Ishizumi	Executive Officer	(Being possessed) Direct: 0.00	Exercise of stock options (Note)	30	—	—
Officer	Tadahiro Kaneko	Executive Officer	(Being possessed) Direct: 0.00	Exercise of stock options (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.

## Per share data

1. Net assets per share 1,493.01 yen

2. Net income per share for the current term 372.52 yen

(Note) The Company's shares remaining in the BIP Trust and the ESOP Trust introduced in the fiscal year under review, which are recorded as treasury stock in shareholders' equity, are included in treasury stock that is subtracted in the calculation of the average number of shares during the period to calculate the amount of net income per share in the fiscal year under review (14,147 shares in the BIP Trust and 115,827 shares in the ESOP Trust).

The Company's shares owned by trust accounts are included in the treasury stock that is subtracted from the number of outstanding shares at the end of the fiscal year to calculate the amount of net assets per share (10,983 shares in the BIP Trust and 93,445 shares in the ESOP Trust).

## Notes to important subsequent events

Not Applicable

**Notes to revenue recognition**

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.