

(Translation purposes only)

Securities Report

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

Business year from June 1, 2020
(36th business term) to May 31, 2021

Oracle Corporation Japan

(E05027)

36th business term (from June 1, 2020 to May 31, 2021)

Securities Report

1. The original text of the Practical Guidance is prepared in the Japanese language, and this translation is to be used solely as reference material to aid in the understanding of the Practical Guidance. For all purposes of interpreting and applying the Practical Guidance, users should consult the original Japanese texts available on the following website;
<https://www.oracle.com/jp/a/ocom/docs/jp-investor-relations/fy21-yuho-jp.pdf>
2. In addition to an auditing report that has been attached to the Securities Report, this document also includes an internal control report and confirmation document at the end of the report.

Oracle Corporation Japan

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【Title Page】

【Submitted document】	Securities Report
【Text used as grounds for document】	Article 24-1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	August 20, 2021
【Business year】	36th (beginning June 1, 2020 and ending May 31, 2021)
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Hiroko Utsumi (Name on the family register : Hiroko Naka), Representative Corporate Executive Officer & Managing Counsel
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Yushi Murano, Senior Director, Corporate Accounting
【Location of nearest contact】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Yushi Murano, Senior Director, Corporate Accounting
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

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Part 1 【Information About the Company】

I 【Company Overview】

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

Status of submitting company

Term		32nd	33rd	34th	35th	36th
Closing month/year		May 2017	May 2018	May 2019	May 2020	May 2021
Revenue	(million yen)	173,190	185,481	202,389	211,357	208,523
Ordinary income	(million yen)	52,502	55,978	62,284	68,857	70,904
Net income	(million yen)	36,360	38,751	43,360	47,686	49,175
Return on investment with application of equity method	(million yen)	-	-	-	-	-
Capital stock	(million yen)	23,755	24,480	24,679	24,884	25,033
Total numbers of shares outstanding	(shares)	127,728,671	128,019,371	128,098,771	128,184,271	128,240,971
Net assets	(million yen)	105,783	131,425	160,288	191,362	219,999
Total assets	(million yen)	198,731	236,509	269,518	294,139	333,999
Net assets per share	(yen)	824.79	1,025.38	1,251.45	1,493.01	1,717.30
Dividends per share	(yen)	114	121	136	149	1,146
(amount of interim dividends per share)	(yen)	(-)	(-)	(-)	(-)	(-)
Net income per share	(yen)	285.11	303.25	338.92	372.52	383.92
Net income per share (diluted)	(yen)	284.55	302.66	338.51	372.19	383.66
Ratio of shareholders' equity	(%)	52.9	55.5	59.4	65.0	65.8
Return on equity	(%)	30.2	32.8	29.8	27.1	23.9
Price earnings ratio	(times)	22.87	27.34	22.39	33.77	25.97
Dividend payout ratio	(%)	40.0	39.9	40.1	40.0	298.5
Cash flows from operating activities	(million yen)	43,087	50,881	45,453	42,309	65,148
Cash flows from investing activities	(million yen)	16,122	42,778	-82,178	-30,584	-50,118
Cash flows from financing activities	(million yen)	-66,829	-13,357	-16,093	-17,097	-21,115
Cash and cash equivalents at the end of period	(million yen)	38,025	118,326	65,505	60,091	53,964
Number of employees	(number of persons)	2,422	2,497	2,622	2,504	2,407
Total Shareholder Return	(%)	112.6	144.7	135.2	222.4	197.6
(Comparison: TOPIX incl. dividends)	(%)	(116.1)	(132.1)	(117.1)	(124.3)	(156.1)
Highest stock price	(yen)	6,910	10,640	9,690	13,510	14,170
Lowest stock price	(yen)	5,270	6,380	6,640	6,760	9,850

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(Note)

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

2 Sales amounts do not include consumption tax, etc.

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

4 Dividends per share for the 36th fiscal year (ended May 31, 2021) includes a special dividend of 992 yen.

5 The number of treasury shares which become the basis for calculating 'net assets per share', 'net income per share' and 'net income per share (diluted)' include company shares owned by our BIP trust and ESOP trust, the number of shares for which are as follows:

		32nd	33rd	34th	35th	36th
Board Incentive Plan trust (BIP)	Number of shares at end of fiscal year (stocks)	38,165	22,542	20,043	10,983	3,356
	Average number of shares during interim period (stocks)	19,173	27,935	19,886	14,147	6,078
Employee stock ownership plan trust (ESOP)	Number of shares at end of fiscal year (stocks)	106,382	69,735	153,062	93,445	185,950
	Average number of shares during interim period (stocks)	55,175	83,308	92,397	115,827	111,929
Number of treasury shares at end of fiscal year (stocks)		144,547	92,277	184,430	116,303	201,781

6 The highest and lowest stock prices are those in the first section of the Tokyo Stock Exchange.

7 The Company applies ASBJ Statement No. 29 Accounting Standard for Revenue Recognition (March 30, 2018) and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition (March 30, 2018) from the 34th business term. The method of reflecting the cumulative effect amount in retained earnings at the beginning of the fiscal year has been adopted, and comparative information has not been restated.

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2. 【History】

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

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

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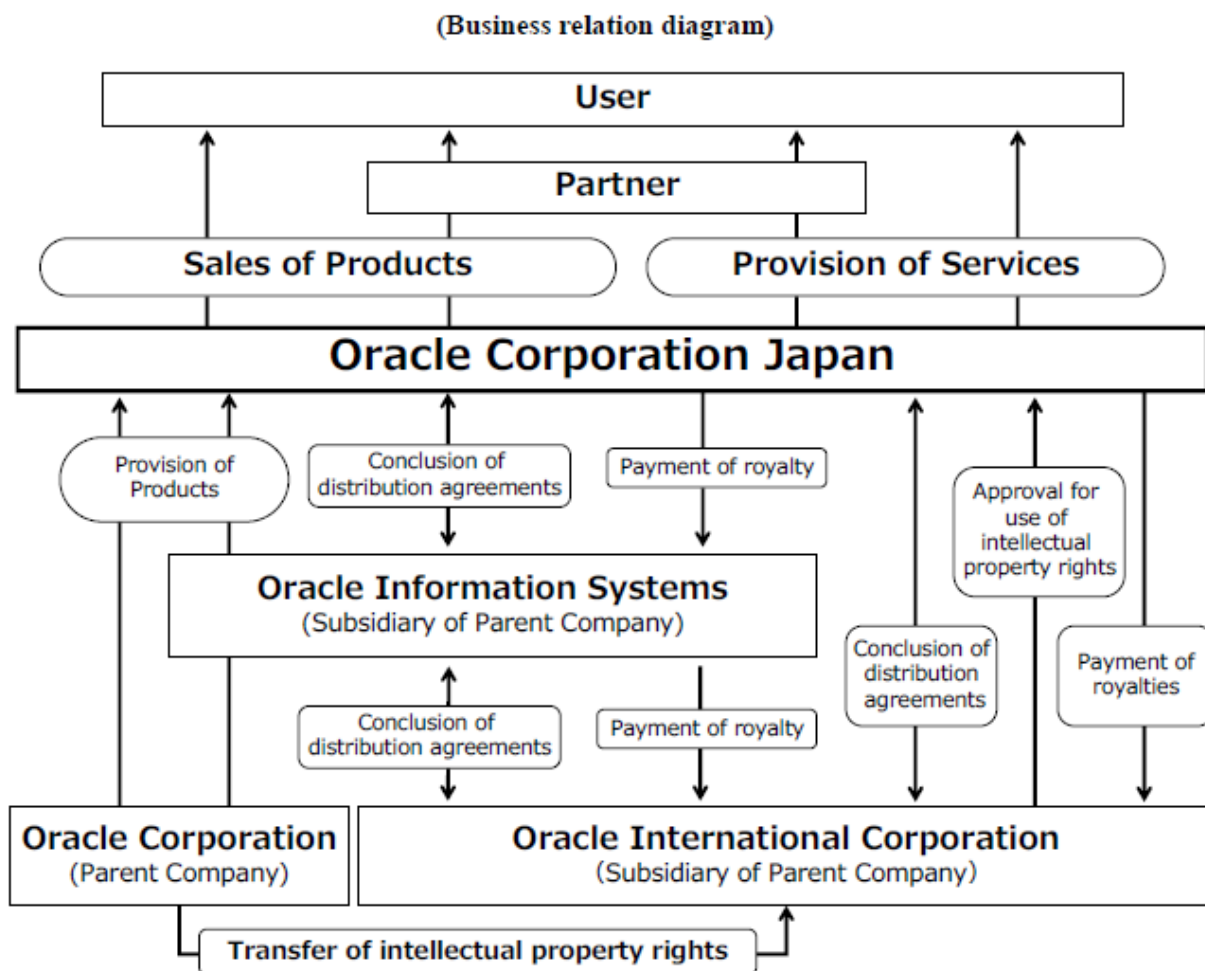
3. 【Details of Business】

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

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

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

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



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

Name of segment	Description of business	Sales distribution ratio (%) (note)		
		34th period (starting June 1, 2018 ending May 31, 2019)	35th period (starting June 1, 2019 ending May 31, 2020)	36th period (starting June 1, 2020 ending May 31, 2021)
Cloud & Software				
Cloud Licenses & OnPremise Licenses	Providing software and Hardware resources which are used for IT system infrastructure at companies and other organizations as services under agreements for certain periods through the networks such as Internets.	26.1	26.0	22.6
Cloud Services & License Support	Cloud Services: Providing resources for business application software and hardware including database management software, middleware products, and ERP via Internets. License Support: Providing updated versions of software products, patches (modified programs), and technical support through the Internet and by phone, including My Oracle Support	54.4	55.6	59.0
Cloud & Licenses total		80.4	81.7	81.6
Hardware systems	Hardware Systems Products: Sales of servers, storage, engineered systems and network devices, and provides operating systems and related software. Hardware Systems Support: Providing technical support for hardware products, maintenance and repair services and updated versions of related software including operating systems.	9.1	8.2	8.2
Services	Providing Consulting Services, which help users implement our products, Advanced Support Customer Services, high-value added services such as preventive maintenance services, and Education Services, which consist of training of engineers and users and certification of technical qualifications	10.5	10.1	10.2
Total		100.0	100.0	100.0

(Note) Sales distribution ratios have been rounded off.

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4. 【Status of Associated Companies】

Associated companies are as follows:

Name	Address	Capital	Description of key business	Ownership ratio of voting rights (%)	Related details
(parent company) Oracle Corporation (note) 1	Texas, USA	26,533 Million USD	Development and sales of software and hardware, cloud services, and related services	74.2 (74.2) (Note) 3	Our company sells and offers software and hardware products and cloud services developed by the parent company and related services in Japan. Number of directors accepted: Three (Note) 4
Three other companies (note) 2	-	-	-	-	-

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

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

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

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

5. 【Status of Employees】

(1) Status of submitting company

As of May 31, 2021

Number of employees	Average age	Average number of years of employment	Average annual remuneration (yen)
2,407	43.6	9.6	10,737,692

Name of segment	Number of employees
Cloud & Licenses	1,297
Hardware systems	119
Services	774
All companies (common)	217
Total	2,407

(Note) 1 The number of employees indicated above include dispatched workers from other companies (230 workers) and employees on contract (2 employees). Dispatched workers and contracted employees are not included in the average age, average years of employment, or average yearly remuneration.

2 Average annual remuneration includes bonuses and ESOP taxable remuneration.

(2) Status of labor unions

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

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II 【Status of Business】

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

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

(1) Our basic business policies

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

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

(2) Targeted business indices

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

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

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

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

The four measures which make "To Accelerate Cloud Transformation"

1) Realization of data-driven DX by SaaS

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

2) Modernization of IT infrastructure with Hybrid Cloud

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

3) Promotion of Social infrastructure DX

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

4) Expansion of partner ecosystem

We support the buildup OCI / SaaS delivery system by deploying "Dedicated Region Cloud @Customer", which builds Oracle's public cloud in the customer's data center to strategic partners.

As for the COVID-19 virus (Coronavirus), 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 to remote working style and pressed ahead with efforts to ensure efficient risk management and to strengthen our sales capabilities.

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2. 【Business Risks】

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

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

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

The epidemic of novel coronavirus (COVID-19) infection and efforts to control its spread have affected the business operations of the Company, its customers and its partners.

Our business has been affected by a variety of external factors beyond our control related to the spread of COVID-19 infection. For example, due to the outbreak of the new coronavirus infection, the government has taken measures such as travel restrictions, prohibition of non-essential activities, quarantine, telecommuting, etc. to control the further spread of the virus. These measures have resulted in a significant decrease in demand in some industries where our customers operate, but it is not clear whether this will have any long-term impact. If we are unable to effectively respond to and manage a prolonged the spread of COVID-19 infection, there is a risk that our business will be affected.

In the fiscal year ended May 31, 2021, we cancelled some of our customer events and transferred others to virtual events. We may not be successful in transitioning to virtual events for our customers in the future, and we may not be able to present our products as we had done in face-to-face events, or generate the same level of customer interest, opportunities and leads in virtual events.

The situation caused by the spread of COVID-19 infection may affect our customers' willingness to purchase our products and may delay the purchasing decisions of prospective customers.

The spread of COVID-19 infection may also increase the other risks described in this "Business Risk" section.

(2) Relationship with Oracle Corporation

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

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

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

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

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

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

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(iii) Risks for the Oracle Cloud strategy

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

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

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

(v) Relationship with Shared Service Center

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

(3) Execution of Cloud and Other Businesses

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

(4) Management of Information

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

(5) Potential for Intensified Competition

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

(6) Risks for Providing Technical Support Services

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

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

(7) Project Management

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

(8) Legal and Other Restrictions

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

(9) Human Resources

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

(10) Reliance on Specific Sales Segments

Our company has a high ratio comprising Cloud & Licenses sales (Cloud Licenses & OnPremise Licenses, Cloud Services & License Support) and a notable characteristic is that the contribution rate on earnings is high. A fall in sales in these areas may possibly impact our business performance, financial state, and other aspects of our company.

(11) Reliance on Indirect Sales (Partner Models)

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

(12) Risks Involving Financial Instruments

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

(Translation purposes only)

(13) Future Acquisitions and Mergers

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

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

(Results of Business)

(1) Performance

During the fiscal year under review, the Japanese information services industry in which the Company operates were stable in 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, soaring data volume because of remote working, and strengthening contact points with end users. On the other hand, in some industries which were affected by business performance negatively under COVID19 situation, we still see some slow-down regarding IT spending. In this business environment, the Company is expanding our Cloud business for realizing Customers' innovation, for their business transformation, and for supporting their firm growth.

As the COVID-19 virus (Coronavirus) was showing up in the end of last 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 continuously.

As a result of these measures, the Company posted 208,523 million yen (down 1.3 % year on year) in revenue, 70,904 million yen (rising 3.0 %) in operating income, 70,904 million yen (gaining 3.0 %) in ordinary income and 49,175 million yen (increasing 3.1 %) in net income.

The Company is delivering our value to strive further business growth by achieving customer's innovation and supporting their business transformation by utilizing cloud service and data. For each profit category indicated attained hit record highs as this year (the fiscal year ended).

The results of each business segment are as follows:

Go to Market Strategy

Our mission is to help people see data in new ways, discover insights, unlock endless possibilities. The Company is aiming for further business growth by supporting our customers' cloud migration of their core systems and active data utilization with deepen customer-trust, which is based on "Be a TRUSTED TECHNOLOGY ADVISOR". We have practiced DX (Digital Transformation) with our Cloud Journey to the Cloud by own technology which brought business success to ourselves. By accelerating to deploy and implement our technology to the customers, we support their Cloud Journey to Data-driven DX. The Company has the comprehensive product portfolio which consists of platform, applications, hardware which can be deployed on cloud environment and on-premise environment. Especially our software license products have been widely adopted in the field of mission critical systems, which have demanded high security, availability and high performance for many years. The Oracle Cloud, which the Company has focused on as a pillar of its new business, has been developed based on the same system architecture and technologies as these software licenses, and the Company enjoys a strength in enabling coordination and bidirectional migration between on-premises systems built with the software licenses products and the Oracle Cloud.

The Company 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.

(Translation purposes only)

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.

(Glossary)

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

(Translation purposes only)

[Cloud & Licenses]

Revenue in the Cloud & license segment was 170,225 million yen, down 1.4 % and operating margin was 70,110 million yen, increasing 1.0% from the corresponding period of the previous fiscal year. Revenue in the Cloud license & on-premise license was 47,173 million yen (decreasing 14.2 % year on year), revenue in the Cloud services & license support was 123,052 million yen (rising 4.6 % year on year).

This segment consists of the “Cloud license & on-premise license” that the Company sells software licenses for database management software, a range of middleware, and ERP and other business applications, etc., the “License support” that the Company provides software updates and technical support for customers using the Company’s software licenses, and the “Cloud services” are services the Company provides the resources of software and hardware via the Internet.

Regarding the Cloud license and on-premise license, the Company has developed its strength of products and services to its Customers under our strategy stated above, given the state of emergency announce and extension by the Government in Japan, we had to overcome the challenge as we conducted our business in the 4th quarter continuing from the 3rd one. In terms of Partner business side, we are expanding our cooperative ties of alliance and creating new demands on SME market segment.

Concerning the Cloud services, including “Oracle Cloud Infrastructure (OCI)”, 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 and Osaka region data center opened in 2019 and 2020, are successfully increasing continuously across all of segment significantly with expansion its Gen-2 Cloud datacenter. Also we have been keeping the high renewal rate of license support contracts and the attach rate for the Cloud license and on-premise license.

[Hardware Systems]

Revenue in the Hardware systems segment was 17,083 million yen, fell 1.6 % and operating margin was 699 million yen, fell 7.8 % 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 21,214 million yen, down 1.0 % and operating margin was 4,594 million yen, up 36.2 % 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. The number of composite projects from Consulting Services taking advantage of the Company’s comprehensive product and service portfolio has increased steadily. They include projects for platform transition from the on-premise environment to the IaaS and PaaS environment and those for linkage with SaaS solutions such as the ERP cloud.

<Revenue breakdown by business segments>

Item	May 2020		May 2021		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
Cloud license & on-premise license	54,972	26.0	47,173	22.6	-14.2
Cloud services & license support	117,601	55.6	123,052	59.0	4.6
Cloud & License	172,573	81.7	170,225	81.6	-1.4
Hardware systems	17,362	8.2	17,083	8.2	-1.6
Services	21,420	10.1	21,214	10.2	-1.0
Total	211,357	100.0	208,523	100.0	-1.3

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

(Translation purposes only)

(2) Cash Flow

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

(Cash flows from operating activities)

Cash generated from operating activities was 65,148 million yen (increasing 22,838 million yen year on year). The inflow is mainly attributable to the posting of income before income taxes of 70,918 million yen, an increase in advances received of 12,475 million yen and a decrease in accounts receivable of 7,739 million yen. The outflows are mainly attributable to the payment of 20,193 million yen in income taxes.

(Cash flows from investment activities)

Cash used for investment activities was 50,118 million yen (increasing 19,534 million yen year on year). This was mainly attributable to the collection of loans receivable (160,000 million yen) from Oracle Japan Holding Inc., (the parent company of the Company), while new arrangement a loan (210,000 million yen) with a maximum term of five years from February 2021 to Oracle Japan Holding Inc., (parent company of the Company).

(Cash flows from financial activities)

Cash used for financial activities was 21,115 million yen (increasing 4,017 million yen year on year). The outflow was mainly attributable to the payment of dividends.

In total, cash and equivalents decreased 6,127 million yen from the end of the previous term, to 53,964 million yen.

(Translation purposes only)

(Status of Production, Orders, and Sales)

(1) Production Results

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

Segment	Amount (million yen)	Comparison to previous period (%)
Cloud & License	78,126	-1.3
Hardware systems	14,663	-1.2
Services	13,975	-7.8
Total	106,764	-2.2

(Note) 1 Amounts are based on sales costs.

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

(2) Status of Orders

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

(3) Status of Sales

Segment	Sales (million yen)	Comparison to previous period (%)
Cloud & License		
Cloud license & on-premise license	47,173	-14.2
Cloud services & license support	123,052	4.6
Cloud & License total	170,225	-1.4
Hardware Systems		
Hardware Systems total	17,083	-1.6
Services		
Services total	21,214	-1.0
Total	208,523	-1.3

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

Parties with whom we conduct business	Previous business year		Current business year	
	Sales (million yen)	Ratio (%)	Sales (million yen)	Ratio (%)
NEC Corporation	23,583	11.2	24,873	11.9

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

(Translation purposes only)

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

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

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

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

1. Analysis of business performance

(i) Revenue

Total revenue was 208,523 million yen (down 1.3% year on year). For the analysis of revenue by segment, please refer to “II Status of Business, 3. Analysis of Financial Status, Results of Operation, Cash Flow Status, Overview of Performance, etc. (1) Performance.”

(ii) Operating income and ordinary income

Operating income came to 70,904 million yen (up 3.0% year on year), because of the continued strong performance of the Services segment and the Cloud & License segment although the Hardware systems segment went below the previous fiscal year.

Cost of sales came to 106,764 million yen (down 2.2% year on year). This was mainly due to a decrease in personnel expenses and depreciation expenses in the Cloud & License segment. In addition, outsourcing expenses decreased in the Services segment.

Selling, general and administrative expenses came to 30,854 million yen (down 7.6% year on year) as a result of a decrease in advertising and transportation expenses as well as communication expenses due to the impact of the COVID-19 infection.

Ordinary income stood at 70,904 million yen (up 3.0% year on year) as a result of posting non-operating expenses of 0 million yen (net) in non-operating income and expenses.

(iii) Current net earnings

As a result of posting 'extraordinary profits-gain on reversal of subscription rights to shares' (13 million yen) and income taxes (21,742 million yen), our current net income stood at 49,175 million yen (up 3.1% year on year).

(iv) Net income per share (EPS)

As a result of the above, net income per share (EPS) increased by 11.40 yen to 383.92 yen (up 3.1% year on year).

2. Analysis of financial status

The total assets of the Company at the end of the term stood at 333,999 million yen (increasing 39,859 million yen from the end of the previous term).

(Assets)

Current assets were 81,038 million yen (decreasing 168,794 million yen). This was mainly attributable to a decrease in short-term loans receivable from subsidiaries and affiliates (160,000 million yen) resulting from the collection of loans receivable from Oracle Japan Holding Inc., (parent company of the Company) implemented from February 2019.

Noncurrent assets were 252,960 million yen (increasing 208,654 million yen). This was mainly attributable to an increase in long-term loans receivable from subsidiaries and affiliates (210,000 million yen) by new arrangement a loan with a maximum term of five years from February 2021 to Oracle Japan Holding, Inc., (parent company of the Company).

(Liabilities)

Total Liabilities at the end of the fiscal year under review increased 11,223 million yen from the end of the previous fiscal

(Translation purposes only)

year, to 113,999 million yen. This was mainly attributable to an increase in advanced received (12,475 million yen), etc.
(Net assets)

Total net assets at the end of the fiscal year under review increased 28,636 million yen, to 219,999 million yen. This was mainly attributable to an increases in both capital stock and capital surplus (149 million yen) due to the exercise of stock options, and the posting of net income (49,175 million yen), and an increase in retained earnings (30,077 million yen) by the payment of dividends from surplus (19,097 million yen). As a result, the equity ratio was 65.8% (up 0.8 points from the end of the previous fiscal year).

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

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

1. Cash flow analysis

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

2. Information about capital resources and liquidity of funds

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

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

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

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

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

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

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

In preparing the financial statements for the current fiscal year, the Company had made accounting estimates (evaluation of the recoverability of deferred tax assets and considering impairment accounting for fixed assets, etc.) based on the assumption that the impact of the COVID-19 infection on the business would continue to a certain extent throughout the current fiscal year. However, as of the end of the current fiscal year, the timing of convergence is still uncertain, and we have changed our assumption that the impact on our business will continue to a certain extent through the first half of the next fiscal year.

Based on this assumption, the Company has made accounting estimates (evaluation of the recoverability of deferred tax assets and considering impairment accounting for fixed assets, etc.). The impact of this change on the Company's business results and financial position is immaterial at this time.

(Translation purposes only)

4 . 【Important Agreements for Business, etc.】

(1) Agreement with subsidiary of parent company

(i) Agency Agreement with Oracle International Corporation

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

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

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

Name of agreement	Agreement for sales agent services (Oracle partner agreement)
Date of agreement	August 13, 2007
Period under agreement	Took effect as of June 1, 2007 and to continue to be in effect unless one of the parties under the agreement requests an annulment 30 days in advance.
Agreement signed with:	Oracle Information Systems Japan G.K. (Minato-ku, Tokyo)
Description of agreement	(i) To sell products from companies acquired by the parent company, offer technical support, etc. to end users within Japan and to sales agents. (ii) To pay a certain ratio of sales from contracted parties as royalties.

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

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

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

(Translation purposes only)

(ii) - (c) Agency Agreement with Oracle Information Systems Japan G.K. (cloud services)

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

(2) Agency Agreement with Partners

Oracle partner agreement

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

Partner	Applicable products	Date of agreement	Period under agreement
NEC Corporation	Software	July 1, 2019	From July 1, 2019 to June 30, 2024
	Hardware		
	Cloud services		
Fujitsu Limited	Software	September 15, 2020	Until September 14, 2023
	Hardware		
	Cloud services		

5. 【R&D Activities】

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

(Translation purposes only)

III 【Status of Facilities/Equipment】

1. 【Overview of Capital Investment, etc.】

The total amount for facility investment during this period stands at 105 million yen. They primarily comprise purchases of computer equipments, etc. The total amount for facility investment includes the payment of guarantee deposits. Also, as key facilities are shared by each segment, a list of facility investment by segment has been omitted.

2. 【Status of Key Facilities/Equipment】

Office	Description of facility	Book value (million yen)					Number of employees
		Building	Land (size in sq. meters)	Tools, equipment, and fixtures	Other	Total	
Head office (Minato-ku, Tokyo)	Facility for integrated operations Sales facility	9,479	26,057 (6,449)	432	—	35,969	1,273
Akasaka office (Minato-ku, Tokyo)	Sales facility	6	—	60	0	66	977

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

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

3 An office building is being rented for the Akasaka office; the rental fee for the subjected business year is 399 million yen.

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

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

(1) New developments, etc. of important facilities

There are no pertaining items.

(2) Removal of Important Facilities/Equipment

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

(Translation purposes only)

IV 【Status of Submitting Company】

1. 【Status of stocks, etc.】

(i) 【Number of shares】

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

(ii) 【Number of outstanding shares】

Type	Number of outstanding shares at end of fiscal year (shares) (May 31, 2021)	Number of outstanding shares on reporting date (shares) (Note) 1 (August 20, 2021)	Name of financial instruments exchange or name of registered authorized financial instruments firms association	Details
Common Stock	128,240,971	128,244,371	Tokyo Stock Exchange First Section	(Note) 2
Total	128,240,971	128,244,371	-	-

(Note) 1 “Number of outstanding shares on reporting date” does not include the number of shares issued by the exercise of share warrants from August 1, 2021 to the date of submission of this Securities Report.

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

(Translation purposes only)

(2) 【Status of share warrants, etc.】

(i) Details of Stock Option System

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

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	144 share warrants	130 share warrants
Classification and number of grantees	255 of Employees, 2 of Outside Directors, 2 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 14,400	Same as left 13,000
Payment amount when exercising share warrants (Note) 2	2,698 yen	Same as left
Exercise period of share warrants	From September 28, 2013 to September 13, 2021	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 3,222 yen Capitalization amount 1,611 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

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

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

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

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

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

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

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

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

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

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

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

(Translation purposes only)

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	257 share warrants	248 share warrants
Classification and number of grantees	201 of Employees, 2 of Outside Directors, 2 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 25,700	Same as left 24,800
Payment amount when exercising share warrants (Note) 2	4,025 yen	Same as left
Exercise period of share warrants	From September 28, 2014 to September 12, 2022	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 4,853 yen Capitalization amount 2,426 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

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

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

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

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

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

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

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

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

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

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

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

(Translation purposes only)

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	283 share warrants	273 share warrants
Classification and number of grantees	202 of Employees, 2 of Outside Directors, 3 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 28,300	Same as left 27,300
Payment amount when exercising share warrants (Note) 2	3,942 yen	Same as left
Exercise period of share warrants	From September 30, 2015 to September 13, 2023	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 4,590 yen Capitalization amount 2,295 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

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

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

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

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

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

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

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

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

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

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

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

(Translation purposes only)

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	44 share warrants	44 share warrants
Classification and number of grantees	268 of Employees, 2 of Outside Directors, 2 of Executive Officers	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 4,400	Same as left 4,400
Payment amount when exercising share warrants (Note) 2	4,280 yen	Same as left
Exercise period of share warrants	From September 30, 2016 to September 16, 2024	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 5,156 yen Capitalization amount 2,578 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

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

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

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

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

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

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

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

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

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

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

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

(Translation purposes only)

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	4 share warrants	3 share warrants
Classification and number of grantees	1 of Employees	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 400	Same as left 300
Payment amount when exercising share warrants (Note) 2	5,335 yen	Same as left
Exercise period of share warrants	From July 31, 2017 to September 16, 2024	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 6,224 yen Capitalization amount 3,112 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

(Note) 1 The number of share warrants and number of shares subject to share warrants are share warrants issued based on the resolution of the July 17, 2015 Meeting of Board of Directors from which those whose rights have been lost are deducted.

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

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

5,335 yen was set as a result of comparing the average (5,335 yen) of the closing price of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (June 2015) prior to the month to which the date of issue (July 31, 2015) belongs, with the closing price (5,220 yen) on the date of issue.

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

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

(i) Recipients may exercise half of the allocated rights after July 31, 2017.

(ii) Recipients may exercise all of the allocated rights after July 31, 2019.

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

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

5 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (5,335 yen) and fair evaluation unit price (889 yen) in the issue of share warrants.

(Translation purposes only)

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	186 share warrants	186 share warrants
Classification and number of grantees	47 of Employees, 1 of Outside Directors	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 18,600	Same as left 18,600
Payment amount when exercising share warrants (Note) 2	5,200 yen	Same as left
Exercise period of share warrants	From September 30, 2017 to September 16, 2025	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 6,047 yen Capitalization amount 3,024 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

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

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

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

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

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

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

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

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

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

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

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

(Translation purposes only)

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	81 share warrants	81 share warrants
Classification and number of grantees	24 of Employees	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 8,100	Same as left 8,100
Payment amount when exercising share warrants (Note) 2	5,962 yen	Same as left
Exercise period of share warrants	From October 5, 2018 to September 21, 2026	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 6,934 yen Capitalization amount 3,467 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

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

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

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

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

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

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

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

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

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

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

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

(Translation purposes only)

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	195 share warrants	195 share warrants
Classification and number of grantees	27 of Employees	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 19,500	Same as left 19,500
Payment amount when exercising share warrants (Note) 2	8,940 yen	Same as left
Exercise period of share warrants	From October 12, 2019 to September 21, 2027	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 10,585 yen Capitalization amount 5,293 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

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

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

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

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

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

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

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

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

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

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

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

(Translation purposes only)

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

	As of end of fiscal year (May 31, 2021)	As of end of prior month of reporting date (July 31, 2021)
Number of share warrants (Note)1	178 share warrants	178 share warrants
Classification and number of grantees	17 of Employees	
Type of shares subject to share warrants and Number of shares subject to share warrants	Common stock Share unit is 100 shares 17,800	Same as left 17,800
Payment amount when exercising share warrants (Note) 2	9,185 yen	Same as left
Exercise period of share warrants	From October 12, 2020 to September 21, 2028	Same as left
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 10,497 yen Capitalization amount 5,249 yen	Same as left
Conditions for exercising share warrants	(Note) 3	Same as left
Items related to assignment of share warrants	(Note) 4	Same as left
Items related to substitute payment	-	-
Items related to distribution of share warrants following reorganization acts	-	-

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

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

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

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

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

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

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

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

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

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

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

(Translation purposes only)

(ii) 【Details of rights plan】

Not applicable.

(iii) 【Other status of Stock Option.】

Not applicable.

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

Not applicable.

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

Date	Number of outstanding shares increase/decrease (shares)	Number of outstanding shares balance (shares)	Capital stock increase/decrease (million yen)	Capital stock balance (million yen)	Legal capital surplus Increase/decrease (million yen)	Legal capital surplus balance (million yen)
From June 1, 2016 to May 31, 2017 (Note) 1	216,700	127,728,671	545	23,755	545	7,106
From June 1, 2017 to May 31, 2018 (Note) 1	290,700	128,019,371	725	24,480	725	7,831
From June 1, 2018 to May 31, 2019 (Note) 1	79,400	128,098,771	198	24,679	198	8,030
From June 1, 2019 to May 31, 2020 (Note) 1	85,500	128,184,271	204	24,884	205	8,235
From June 1, 2020 to May 31, 2021 (Note) 1	56,700	128,240,971	149	25,033	149	8,384

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

2 The number of issued shares increased by 3,400 shares, capital and capital reserve increased by 7 million yen each due to the exercise of stock acquisition rights between June 1, 2021 and July 31, 2021. The number of shares issued by the exercise of stock acquisition rights from August 1, 2021 to the date of submission of this securities report, is not included.

(5) 【Status by owner】

As of May 31, 2021

Item	Status of stock (Share unit is 100 shares)								Status of share less than one unit (shares)
	Government and local public bodies	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals, etc.	Total	
					Other than individuals	Individual			
No. of shareholders (people)	0	53	41	240	579	24	15,959	16,896	-
No. of shares held (Units)	0	103,248	20,771	1,924	1,102,029	110	51,955	1,280,037	237,271
Percentage of shares held (%)	0.0	8.1	1.6	0.2	86.1	0.0	4.1	100.0	-

(Note) 1 The 12,475 shares of the treasury stock includes 124 units in “Individuals, etc.” and 75 shares in “Status of share less than one unit”.

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

3 The Company’s stocks held by The Master Trust Bank of Japan as the trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust indicated include 33 units and 1,859 units respectively in “Financial institutions”. The Company is processing these stocks as treasury stocks.

(Translation purposes only)

(6) 【Status of major shareholders】

As of May 31, 2021

Name	Address	No. of shares held (1000 shares)	Percentage of shares held versus total number of outstanding shares (excluding treasury stocks)
ORACLE JAPAN HOLDING,INC. Standing proxy SMBC NIKKO SECURITIES INC.	500 Oracle Parkway, Redwood Shores, California, 94065 U.S.A (1-2-1 Etchujima, Koto-ku, Tokyo)	94,967	74.1
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	3,403	2.7
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo	2,013	1.6
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy Mizuho Bank, Ltd.,Settlement Sales Department)	P.O.BOX351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,599	1.2
SMBC NIKKO SECURITIES INC.	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	1,082	0.8
SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo)	830	0.6
JAPAN SECURITIES FINANCE CO., LTD.	1-2-10 Nihonbashi-Kayabacho, Chuo-Ku, Tokyo	763	0.6
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy Mizuho Bank, Ltd.,Settlement Sales Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	738	0.6
Custody Bank of Japan, Ltd. (Trust account5)	1-8-12 Harumi, Chuo-ku, Tokyo	620	0.5
Custody Bank of Japan, Ltd. (Trust account7)	1-8-12 Harumi, Chuo-ku, Tokyo	613	0.5
Total		106,632	83.1

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

The Master Trust Bank of Japan, Ltd.	3,304 thousand shares
Custody Bank of Japan, Ltd.	3,209 thousand shares

(Translation purposes only)

(7) 【Status of voting rights】

(i) 【Number of outstanding shares】

As of May 31, 2021

Item	No. of shares(shares)	No. of voting rights (no.)	Details
Nonvoting stock	-	-	-
Stock with restricted voting right (Treasury stock, etc.)	-	-	-
Stock with restricted voting right (Others)	-	-	-
Stocks with full voting rights (Treasury stock, etc.)	(Own shares) Common stock 12,400	-	-
Stocks with full voting rights (Others)	Common stock 127,991,300	1,279,913	-
Share less than one unit	Common stock 237,271	-	-
Number of outstanding shares	128,240,971	-	-
Voting rights of shareholders	-	1,279,913	-

(Note) "Stocks with full voting rights (Others)" include 2,000 stocks in the name of Japan Securities Depository Center (20 stocks with voting rights), 3,300 company stocks held by the BIP Trust and 185,900 stocks held by the ESOP Trust.

(ii) 【Treasury stock, etc.】

As of May 31, 2021

Name of owner	Addresses of owner	No. of shares held in own name(shares)	No. of shares held in another name (shares)	No. of shares held (shares)	Percentage of shares held versus total number of outstanding shares (%)
(Own shares) Oracle Corporation Japan	2-5-8 Kita-Aoyama, Minato-ku, Tokyo	12,400	-	12,400	0.0
Total	-	12,400	-	12,400	0.0

(Note) The trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust, which are the 3,300 stocks and 185,900 stocks held respectively by The Master Trust Bank of Japan (2-11-3, Hamamatsucho, Minato-ku, Tokyo) are not included in the above treasury stock, etc.

(Translation purposes only)

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

(BIP Trust)

(i) Outline of this plan

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

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

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

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

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

(ESOP Trust)

(i) Outline of this plan

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

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

The ESOP Trust (The Master Trust Bank of Japan) acquired 40,800 shares, 195 million yen in the 30th business term, 100,700 shares, 598 million yen in the 32nd business term, 132,200 shares, 908 million yen in the 34th business term, and 168,100 shares, 2,267 million yen in the 36th business term. Plans for future acquisitions are undecided.

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

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

(Translation purposes only)

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

【Types of shares, etc.】

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

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

Not applicable.

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

Not applicable.

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

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

Category	No. of shares(shares)	Total amount (yen)
Treasury stock purchased in current fiscal year	600	7,489,000
Treasury stock purchased in current term	50	497,500

(Note) 1 The treasury stocks purchased in the current term do not include those purchased by the share purchase demands of shares less than one unit between August 1, 2021 and the date of submission of this Securities Report.

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

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

Category	Current fiscal year		Current term	
	Number of shares	Total disposal price (yen)	Number of shares	Total disposal price (yen)
Purchased treasury stocks for which subscribers will solicited	-	-	-	-
Purchased treasury stocks that were disposed	-	-	-	-
Purchased treasury stocks transferred in relation with merger, share exchange, or company split	-	-	-	-
Others	-	-	-	-
Number of owned treasury stocks	12,475	-	12,525	-

(Note) 1 The number of shares and total disposal price of the current term do not include the shares that were disposed between August 1, 2021 and the date of submission of this Securities Report, and their price.

2 The number of owned treasury stocks in the current month does not include those purchased by the purchase of shares less than one unit between August 1, 2021 and the date of submission of this Securities Report.

3 The number of owned treasury stocks does not include that owned by the BIP Trust (3,356 shares at the end of the current fiscal year) and that owned by the ESOP Trust (185,950 shares at the end of the current fiscal year).

(Translation purposes only)

3. 【Policy on Dividends】

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

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

For dividends for the fiscal year under review, an annual dividend of 1,146 yen (a normal dividend of 154 yen and a special dividend of 992 yen) per share was paid.

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

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

Date of resolution	Total amount of dividend (million yen)	Dividend per share (yen)
July 21, 2021 Meeting of Board of Directors	146,949	1,146

(Translation purposes only)

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

(1) 【Status of corporate governance】

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

(Basic concept related to corporate governance)

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

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

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

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

(1) Details of corporate organizations

(a) Board of Directors

The Board of Directors is comprised of eight directors (of whom three are outside directors), who carry out decision-making of basic business policies, establishment of internal control systems, segregation of duties of corporate executive officers, other important business decisions, and monitoring of the execution of work by corporate executive officers, etc.

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

(b) Audit Committee

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

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

(c) Compensation Committee

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

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

(d) Nomination Committee

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

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

(e) Business execution organizations, etc.

Operated by four corporate executive officers and 20 operating officers. They review important tasks related to business such as business strategies, overall organization reforms, and financial matters. Aiming to support the prompt decision-making and flexible business operations of corporate executive officers, the Company installs an executive board comprised of the Corporate Executive Officer, President and important organization heads below Corporate Executive Officer, President as main members. In the aim to discuss and share information on sales and marketing strategies, working environment of employees, the Company also installs a Country Leadership Team meeting made up of Corporate Executive Officer, President and heads of cross-sectional departments of the whole company as the main members. Efforts are also made to secure business with high transparency by actively carrying out cross-organizational discussions, and information provision to the whole company. Furthermore, when carrying out corporate business or daily business operations, functions of conducting checks from outside are enhanced by receiving advice from lawyers and certified public accountants, etc. and by enhancing check functions from outside.

(Translation purposes only)

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

(Translation purposes only)

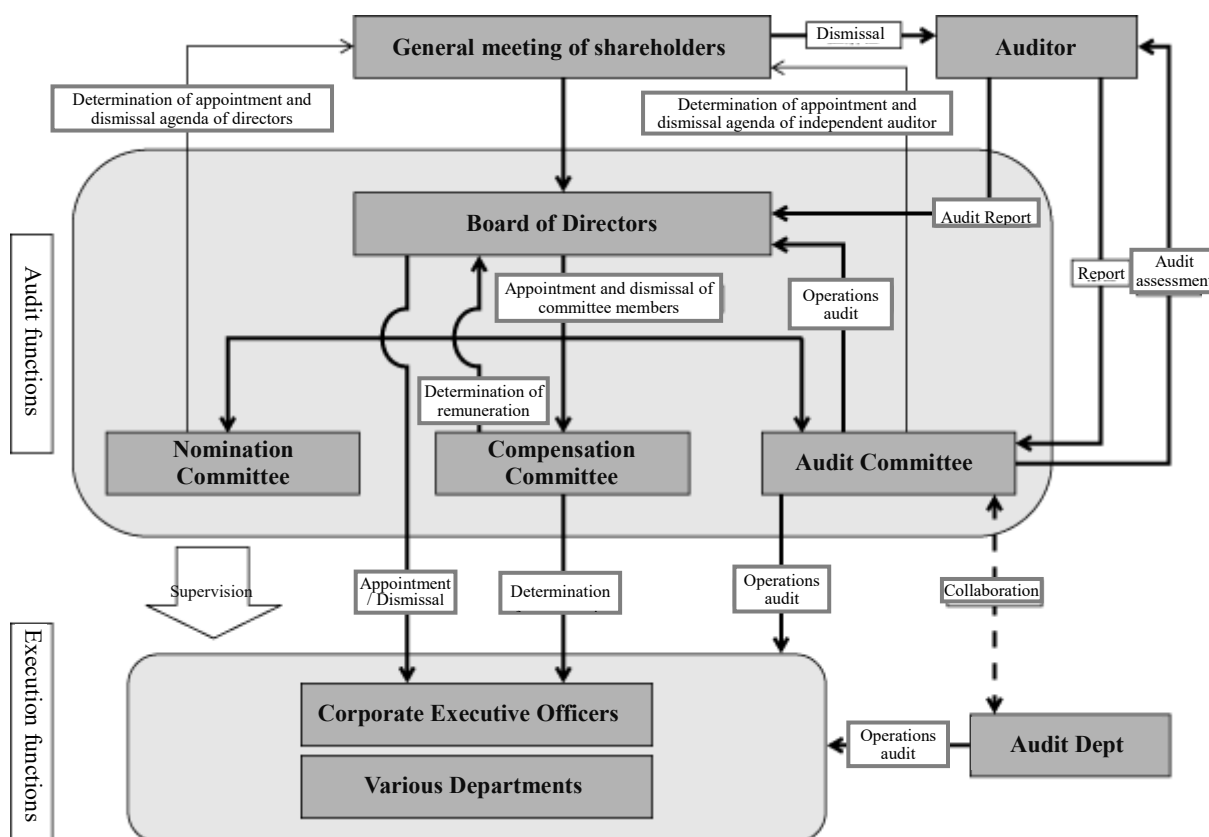
(k) Procedures to prepay or reimburse the expenses with respect to the execution of the Audit Committee Members' duties and other matters concerning the policy pertaining to the disposition of the expenses or debt with respect to the execution of said duties

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

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

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

The following illustrates the corporate governance system of the Company.



(ii) Outline of contracts for limitation of liability

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

(iii) Limit capacity of directors

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

(Translation purposes only)

(iv) Requirements for appointment of directors

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

(v) Organization determining distribution of surplus, etc.

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

(vi) Release of liability of Directors and Corporate Executive Officers

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

(vii) Basic policy regarding the nature of persons who control decisions on financial and business policies

The Company is focusing on improving corporate value based on the basic idea that improving corporate value will result in the defense against takeovers, and has not introduced any special defense measures at this time.

In the event of a takeover bid for the Company, the Board of Directors will take appropriate action based on the recognition that it is the shareholders who determine where the control of the Company lies.

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

Not applicable.

(Translation purposes only)

5. 【Status of Directors】

(1) Status of Directors (Board of Directors and Executive Officers) as of August 20, 2021 (the filing date of this report)

Male directors 7 and Female director 3 (Female directors make up 30.0%)

(a) Status of Directors

Title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	-	Toshimitsu Misawa	April 27, 1964	<p>Apr. 1987 May 1995 Aug. 2000 Jun. 2006 Jun. 2011 Dec. 2014 Dec. 2015 Mar. 2016 Jul. 2016 Apr. 2020 Oct. 2020 Dec. 2020 Aug. 2021</p> <p>Joined Fujitsu Limited. Joined Oracle Corporation Japan, Business Partner Division Operating Officer, Partner Business, E-Business Senior Operating Officer, Vice President of Software License, Technology product, Marketing Executive Operating Officer, Vice President of Database Business Deputy President Operating Officer, Vice President of Database Business Deputy President, Corporate Executive Officer, Vice President, Cloud Technology Business Resigned Oracle Corporation Japan Joined IBM Japan, Ltd. Director, Senior Executive Officer, Vice President Of IBM Cloud Japan IBM Japan, Ltd. Director, Senior Executive Officer, Vice President of Business Development & Technical Expert Joined Oracle Corporation Japan Senior Vice President (Current position) Corporate Executive Officer, President Director, Corporate Executive Officer, President (Current position)</p>	(Note)2	-
Director	-	Krishna Kumar Sivaraman	March 21, 1968	<p>May. 1996 Feb. 2014 Aug. 2014 Aug. 2017 Aug. 2018 Jun. 2019 Jul. 2021</p> <p>Oracle India Private Limited Vice President Finance, Oracle Corporation Japan and GFIC Corporate Executive Officer of Oracle Corporation Japan Director of Oracle Corporation Japan Director, Corporate Executive Officer, Chief Financial Officer of Oracle Corporation Japan (Current position) Oracle Corporation Vice President Finance JAPAC & Japan CFO Oracle Corporation, Senior Vice President Finance, JAPAC & Japan CFO (Current position)</p>	(Note)2	-

(Translation purposes only)

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

(Translation purposes only)

Title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Director	Audit Committee Member	Vincent S. Grelli	October 5, 1952	<p>Jan. 1976 Arthur Andersen</p> <p>Oct. 1978 Amdahl Corporation, Vice President and Head of Global Taxes</p> <p>Jan. 1992 Sun Microsystems, Inc., Vice President and Head of Global Taxes</p> <p>Sep. 2006 Hyperion Solutions Corporation, Vice President and Head of Global Taxes</p> <p>Dec. 2008 Oracle Corporation, Vice President Tax, Global Tax Audits</p> <p>Jan. 2018 Oracle Corporation, Vice President Tax, Asia Pacific Region (Current position)</p> <p>Aug. 2021 Director of Oracle Corporation Japan (Current position)</p>	(Note)2	-
Director	Nomination Committee Member Compensation Committee Member	Kimberly Woolley	April 4, 1972	<p>Oct. 1998 Associate at law firm Sullivan & Cromwell</p> <p>Sep. 2000 Associate at law firms Gibson, Dunn & Crutcher</p> <p>Jan. 2008 Corporate Counsel for Franklin Templeton Investments</p> <p>May 2009 Senior Corporate Counsel of Oracle Corporation</p> <p>Oct. 2009 Managing Counsel and Assistant Secretary of Oracle Corporation</p> <p>Jul. 2012 Director, Associate General Counsel of Williams-Sonoma, Inc.</p> <p>Oct. 2014 Member, Board of Trustees of Ripon College (Current position)</p> <p>Dec. 2014 Assistant General Counsel and Assistant Secretary of Oracle Corporation (Current position)</p> <p>Oct. 2015 Vice Chair of Audit Committee, Board of Trustees of Ripon College</p> <p>Mar. 2017 Director of Oracle Financial Services Software (Current position)</p> <p>Aug. 2017 Director of Oracle Corporation Japan (Current position)</p> <p>Oct. 2017 Chair of Infrastructure Committee of Ripon College</p> <p>Nov. 2019 Vice President Assistant General Counsel and Secretary of Oracle Corporation (Current position)</p>	(Note)2	-

(Translation purposes only)

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

(Translation purposes only)

Title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Outside Director	Nomination Committee Member	Takeshi Natsuno	March 17, 1965	<p>Apr. 1988 Jun. 1996</p> <p>Joined TOKYO GAS Co., Ltd Director, Executive Officer Deputy President of Hyper Net</p> <p>Sep. 1997 Jun. 2005</p> <p>Joined NTT DOCOMO, INC. Operating Officer, Multi Media Service Director of NTT DOCOMO</p> <p>May 2008</p> <p>Professor of Graduate School of Media and Governance, Keio University (Current position)</p> <p>Jun. 2008</p> <p>Outside Director of SEGA SAMMY HOLDINGS INC. Outside Director of transcosmos inc. (Current position) Director of NTT Resonant Incorporated</p> <p>Dec. 2008 Jun. 2009</p> <p>Director of DWANGO Co., Ltd. Outside Director of DLE Inc.</p> <p>Sep. 2009</p> <p>Outside Director of GREE, Inc. (Current position)</p> <p>Dec. 2010</p> <p>Outside Director of USN-NEXT HOLDINGS Co., Ltd. (Current position)</p> <p>Aug. 2016</p> <p>Director of Oracle Corporation Japan (Current position)</p> <p>Jun. 2017</p> <p>Outside Director of Uicom Holdings, Inc. Director of GENETEC CORPORATION Outside Director of Cool Japan Fund Inc.</p> <p>Jun. 2018</p> <p>Representative Director & Chairperson, MOVIE WALKER Co., Ltd.</p> <p>Oct. 2018 Nov. 2018</p> <p>Director, BOOK WALKER Co.,Ltd. Director, KADOKAWA CORPORATION</p> <p>Feb. 2019</p> <p>Representative Director, President, DOWANGO CORPORATION (Current position)</p> <p>Jun. 2021</p> <p>Representative Director, President, KADOKAWA CORPORATION (Current position)</p>	(Note)2	-
Total						-

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

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

(Translation purposes only)

3. The Company is managed under an Operating officer system. None of the 20 Operating Officers serve as directors.

Title name	Name
Senior Managing Operating Officer	Masaki Shiraishi
Senior Managing Operating Officer	Tsuyoshi Sekiya
Senior Managing Operating Officer	Masahiro Ogushi
Senior Operating Officer	Ko Takahashi
Senior Operating Officer	Kazuhiro Shinoda
Senior Operating Officer	Atsushi Maekawa
Senior Operating Officer	Hiroaki Nagashii
Senior Operating Officer	Shinji Taketsume
Senior Operating Officer	Morikazu Sano
Senior Operating Officer	Hiroyuki Yoshinami
Operating Officer	Hisanori Kimura
Operating Officer	Makoto Honda
Operating Officer	Masatoshi Komori
Operating Officer	Tetsuya Akiyama
Operating Officer	Yasuhiro Inoue
Operating Officer	Koji Shimizu
Operating Officer	Chiharu Saito
Operating Officer	Saeko Ishihara
Operating Officer	Takashi Miyanohara
Operating Officer	Yuichiro Kuwano

(Translation purposes only)

(b) Status of Corporate executive officers

Title name	Position name	Name	Date of birth	Career history	Term of office	No. of shares held (1000 shares)
Corporate Executive Officer	President	Toshimitsu Misawa	(1) See Status of Directors	Same as left	(Note)	-
Corporate Executive Officer	CFO	Krishna Kumar Sivaraman	(1) See Status of Directors	Same as left	(Note)	-
Representative Corporate Executive Officer	Managing Counsel	Hiroko Utsumi (Name on the family register : Hiroko Naka)	Nov. 7, 1976	Oct. 2003 Admitted to the bar (Daini Tokyo Bar Association) Oct. 2003 Joined Ushijima & Partners Sep. 2004 Joined CMIC Co., Ltd. (Currently, CMIC Holdings Co.,Ltd.) Sep. 2014 Joined Oracle Corporation Japan Legal Council Mar. 2019 Oracle Corporation Japan Legal Office Managing Council Jun. 2019 Oracle Corporation Japan Legal Office Managing Council, Fellow Oct. 2020 Oracle Corporation Japan Representative Corporate Executive Officer & Managing Counsel (Current position)	(Note)	-
Representative Corporate Executive Officer	Head of Legal Office	Rika Nakajima	Oct. 7, 1969	Sep. 1997 Joined Ernst & Young Senior Consultant May. 2002 Joined Ernst & Young ShinNihon LLC Manager Mar. 2003 Joined Baker & McKenzie Associate Jul. 2008 Joined Macquarie Capital Securities (Japan) Limited Manager Mar. 2012 Joined Shearman & Sterling Associate Oct. 2014 Joined PwC Japan LLC Senior Manager Dec. 2020 Joined Oracle Corporation Japan, Head of Legal Office Jul. 2021 Oracle Corporation Japan Corporate Executive Officer & Head of Legal Office Aug. 2021 Oracle Corporation Japan Representative Corporate Executive Officer & Head of Legal Office (Current position)	(Note)	-
Total						-

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

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

(1) Selection of outside auditors and views on independency

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

(Translation purposes only)

[Basic items]

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

[Independency standards]

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

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

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

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

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

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

(3) Relation between outside director and the Company

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

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

(Translation purposes only)

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

(Translation purposes only)

(3) 【Status of Audit】

1) Status of audit by Audit Committee

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

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

Name	Number of times held	Number of attendance
John L. Hall (Chairman)	5	5(100%)
Yoshiaki Fujimori	5	5(100%)
Edward Paterson	3	3(100%)
Kimberly Woolley	2	2(100%)

(Note) Director Edward Paterson was retired up the Audit Committee as of January 29, 2021, and he attended all of meetings within his term. Director Kimberly Woolley was assigned to new Audit Committee member of January 30, 2021 and her activities is after assignment.

2) Status of internal audit

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

3) Status of Accounting Audit

a. Name of audit corporation

Ernst & Young ShinNihon LLC

b. The number of continuous years of carrying out audits

20 years

c. Names of certified public accountants who executed the operation

Certified Public Accountant Designated and Engagement Partner Hisafumi Nomoto

Certified Public Accountant Designated and Engagement Partner Atsuko Tanabe

d. Composition of those assisting with auditing work

8 certified public accountants

17 others

e. Reasons for selecting the audit corporation

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

The Audit Committee of the Company determines the details of a proposal concerning the dismissal or non-

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reappointment of the accounting auditor to be submitted to the general meeting of shareholders if the Company considers that it is difficult for the accounting auditor to appropriately carry out the duties. In addition, the Audit Committee of the Company shall dismiss or shall not reappoint the accounting auditor if the Company considers that the certified public accountants fall under any of the items in Articles 340-1 of the Companies Act.

f. Evaluation of the accounting auditor by the Audit Committee

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

4) Audit fees

a. Details of fees paid to certified public accountants

Previous term end		Current term end	
Payment based on audit attestation duties (million yen)	Fee based on non-audit service (million yen)	Payment based on audit attestation duties (million yen)	Fee based on non-audit service (million yen)
62	—	61	51

The details of non-audit services for the fiscal year under review is in compensation for information security audit services by Ernst & Young ShinNihon LLC.

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

Previous term end		Current term end	
Payment based on audit attestation duties (million yen)	Fee based on non-audit service (million yen)	Payment based on audit attestation duties (million yen)	Fee based on non-audit service (million yen)
2	—	3	—

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

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

Not applicable

d. Policies for determining audit fees

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

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

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

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

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

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

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

ii . Performance-based bonus: Depending on the responsible roles, the indicators relating to the performance-linked bonus portion are respectively determined on an individual basis within the Company. As for compensation for executive officers responsible for sales, the items (sales/profits, etc.) on which the Company should focus for the term are set as the main indicators and paid in accordance with the level of target achievement set at the beginning of the term. A system for clearly reflecting the responsibilities and results as a business manager is applied by linking closely with the Company's business results based on multiple indicators including the level of achievement of the operating income target and the sales growth of the Company's products/services.

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

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

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

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

- September 2020: Resolution of change in compensation of one executive officer
- November 2020: Resolution of change in compensation of one executive officer
- May 2021: Resolution of change in compensation of one executive officer

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

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

c. Reasons for the Compensation Committee's determination that the individual remuneration, etc. of Directors and Executive Officers for the fiscal year under review is in line with the decision policy

In determining the amount of remuneration, etc. for each individual Director and Executive Officer, the Compensation Committee comprehensively examines the details, including consistency with the decision policy, and has determined that the amount is in line with the decision policy.

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

As for compensation for executive officers in charge of sales, that items that the Company should focus on in the current term are set as the main indicators. An amount calculated based on the predetermined target was determined as a performance-linked bonus, and based on this, a total of 19 million yen (of which 6 million yen was paid and 12 million yen is estimated to be paid) has been recorded.

e. Details of non-monetary compensation, etc.

Non-monetary remuneration, etc. consists of the rent for company housing occupied by directors and executive officers when necessary for the execution of their duties. The difference between the rent for company housing leased by the Company under a lease agreement and the company housing rental fee is treated as non-monetary remuneration, referring to

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the policy of the Oracle Corporation Group.

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

Classification	Total Amount Paid (Millions of yen)	Breakdown (Millions of yen)			Number of Persons Paid (Persons)
		Fixed Remuneration	Performance Based Remuneration	Non-monetary Compensation	
Directors (excluding Outside Directors)	-	-	-	-	-
Executive Officers	96	49	41	5	5
Outside Directors	68	68	-	-	3

(Note) 1 The above numbers include three Executive Officers who retired during the fiscal year under review.

2 The performance based remuneration amount above includes the expenses of the BIP Trust for director and executive officers, which is a stock compensation plan that posts expenses for multiple years, posted according to their service period in the fiscal year under review. The amount of expenses posted in the fiscal year under review is 22 million yen for four Executive officers.

3 The company has no retirement allowance plan for directors.

4 The performance based remuneration amount above includes a provision for one executive officers' bonuses for the fiscal year under review totaling 12 million yen. A bonus of 6 million yen paid to one executive officer in the fiscal year under review is also included.

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

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

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

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(5) 【Status of shares held】

1) Standard and concept of classification of Investment shares

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

2) Investment shares held for purpose other than pure investment

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

Omitted as only unlisted shares have been held.

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

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

(Shares increased for the current fiscal year)

Not applicable

(Shares decreased for the current fiscal year)

Not applicable

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

Not applicable

3) Investment shares held for purposes of pure investment

Not applicable

(Translation purposes only)

V 【Financial Status】

1 Method of preparing Financial Statements

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

2 Audit Certification

Based on the provisions in Article 193-2-1 of the Financial Instruments and Exchange Act, the Financial Statements of the Company between June 1, 2020 and May 31, 2021 are audited by Ernst and Young ShinNihon.

3 Consolidated financial statements

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

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

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

We also prepared internal regulations and manuals as required.

(Translation purposes only)

1. **【Consolidated Financial Documents】**

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

Not applicable.

(2) **【Others】**

Not applicable.

(Translation purposes only)

2. 【Financial Documents】

(1) 【Financial Statements】

(i) 【Balance Sheet】

	(Unit: Million yen)	
	Previous term end (as of May 31, 2020)	Current term end (as of May 31, 2021)
Assets		
Current assets		
Cash and deposits	60,091	53,964
Accounts receivable-trade	26,539	18,799
Short-term loans receivable from subsidiaries and associates	160,000	-
Advance payments to suppliers	-	3,399
Prepaid expenses	95	109
Other	3,118	4,784
Allowance for doubtful accounts	-13	-20
Total current assets	249,832	81,038
Noncurrent assets		
Property, plant and equipment		
Buildings	19,566	19,447
Accumulated depreciation	-9,199	-9,959
Buildings, net	10,367	9,487
Tools, furniture and fixtures	7,919	7,627
Accumulated depreciation	-5,448	-6,278
Tools, furniture and fixtures, net	2,471	1,349
Land	26,057	26,057
Total property, plant and equipment	38,895	36,894
Intangible assets		
Software	1	0
Total intangible assets	1	0
Investments and other assets		
Investment securities	36	36
Deferred tax assets	3,184	3,817
Guarantee deposits	301	352
Long-term loans receivable from subsidiaries and associates	-	210,000
Other	1,887	1,859
Allowance for doubtful accounts	-0	-
Total investments and other assets	5,409	216,065
Total noncurrent assets	44,306	252,960
Total assets	294,139	333,999

(Translation purposes only)

	(Unit: Million yen)	
	Previous term end (as of May 31, 2020)	Current term end (as of May 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	10,501	9,379
Accounts payable-other	4,242	3,743
Income taxes payable	11,875	13,982
Advanced received	67,730	80,206
Deposits received	343	288
Provision for bonuses	2,341	2,120
Provision for director's bonuses	6	12
Provision for product warranties	54	42
Provision for stock benefits	364	688
Other	5,308	3,534
Total current liabilities	102,768	113,999
Noncurrent liabilities		
Other	7	0
Total noncurrent liabilities	7	0
Total liabilities	102,776	113,999
Net assets		
Shareholder's equity		
Capital stock	24,884	25,033
Capital surplus		
Legal capital surplus	8,235	8,384
Total capital surplus	8,235	8,384
Retained earnings		
Other retained earnings		
Retained earnings brought forward	158,846	188,924
Total retained earnings	158,846	188,924
Treasury stock	-759	-2,461
Total shareholder's equity	191,206	219,881
Subscription rights to shares	156	118
Total net assets	191,362	219,999
Total liabilities and net assets	294,139	333,999

(Translation purposes only)

(ii) 【Statement of Income】

	(Unit: Million yen)	
	Previous term end (From June 1, 2019 to May 31, 2020)	Current term end (From June 1, 2020 to May 31, 2021)
Net sales		
Cloud & License net sales	172,573	170,225
Hardware systems net sales	17,362	17,083
Service net sales	21,420	21,214
Total net sales	211,357	208,523
Cost of sales		
Cloud & License cost of sales	79,117	78,126
Hardware systems cost of sales	14,838	14,663
Services cost of sales	15,155	13,975
Total cost of sales	109,110	106,764
Gross profit	102,246	101,758
Selling, general and administrative expenses		
Advertising expense	1,117	477
Business consignment expenses	4,322	4,052
Provision of allowance for doubtful accounts	1	7
Provision for directors' bonuses	6	12
Directors' compensations	123	117
Directors' bonuses	6	6
Salaries for employees	13,483	12,981
Provision for bonuses	1,202	1,143
Bonuses for employees	2,912	3,130
Stock-based compensation expense	15	12
Stock benefit expenses	422	726
Retirement benefit expenses	359	350
Welfare expenses	2,658	2,520
Rent	523	452
Depreciation expenses	980	1,014
Other	5,245	3,848
Total selling, general and administrative expenses	33,380	30,854
Operating income	68,865	70,904
Non-operating income		
Interest income	* 30	* 32
Other	32	14
Total non-operating income	62	47
Non-operating expenses		
Foreign exchange losses	67	33
Other	2	12
Total non-operating expenses	70	46
Ordinary income	68,857	70,904
Extraordinary income		
Gain on reversal of subscription rights to shares	14	13
Total extraordinary income	14	13
Income before income taxes	68,872	70,918
Income taxes-current	20,895	22,375
Income taxes-deferred	290	-633
Total income taxes	21,186	21,742
Net income	47,686	49,175

(Translation purposes only)

【Cost of Sales Statements】

A. Cloud & License cost of sales

		Previous term end (From June 1, 2019 to May 31, 2020)		Current term end (From June 1, 2020 to May 31, 2021)	
Category	Note No.	Amount (million yen)	Composition (%)	Amount (million yen)	Composition (%)
I Labor costs	1	1,844	2.3	1,590	2.0
II Outsourcing expenses		4,249	5.4	4,233	5.4
III Expenses		1,664	2.1	1,100	1.4
IV Royalty fees		71,358	90.2	71,201	91.2
Cloud & License cost of sales		79,177	100.0	78,126	100.0

(Note) 1 The main breakdown is as follows.

Item	Previous term end(million yen)	Current term end(million yen)
Depreciation expenses	1,098	874

B. Hardware systems cost of sales

		Previous term end (From June 1, 2019 to May 31, 2020)		Current term end (From June 1, 2020 to May 31, 2021)	
Category	Note No.	Amount (million yen)	Composition (%)	Amount (million yen)	Composition
I Current term purchase		14,280	96.2	14,251	97.2
II Labor costs		498	3.4	367	2.5
III Expenses		59	0.4	44	0.3
Hardware systems cost of sales		14,838	100.0	14,663	100.0

(Translation purposes only)

C. Services cost of sales

Category	Note No.	Previous term end (From June 1, 2019 to May 31, 2020)		Current term end (From June 1, 2020 to May 31, 2021)	
		Amount (million yen)	Composition (%)	Amount (million yen)	Composition
I Labor costs	1	8,436	55.3	8,464	60.1
II Outsourcing expenses		5,862	38.5	5,020	35.7
III Expenses		952	6.2	597	4.2
Current term total generated costs		15,250	100.0	14,081	100.0
Transfer to other accounts		95		106	
Services cost of sales		15,155		13,975	

(Note) 1 The main breakdown is as follows.

Item	Previous term end(million yen)	Current term end(million yen)
Depreciation expenses	209	145

(Translation purposes only)

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

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

(Unit : Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Legal capital surplus	Total Capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	24,679	8,030	8,030	128,580	128,580
Changes of items during the period					
Issuance of new shares-exercise of subscription rights to shares	204	204	204		
Dividends from surplus				-17,419	-17,419
Net income				47,686	47,686
Purchase of treasury stock					
Sale of treasury stock		0	0		
Net changes of items other than shareholders' equity					
Total changes of items during the period	204	205	205	30,266	30,266
Balances at end of current period	24,884	8,235	8,235	158,846	158,846

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

(Translation purposes only)

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

(Unit : Million yen)

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

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

(Translation purposes only)

(iv) 【Statement of Cash Flows】

	(Unit: Million yen)	
	Previous term end (From June 1, 2019 to May 31, 2020)	Current term end (From June 1, 2020 to May 31, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes	68,872	70,918
Depreciation expenses and amortization	2,308	2,049
Share-based compensation expenses	19	16
Increase (decrease) in allowance for doubtful accounts	-33	6
Increase(decrease) in provision for bonuses	-240	-220
Increase(decrease) in provision for director's bonuses	-4	6
Increase(decrease) in provision for product warranties	-64	-12
Increase(decrease) in provision for stock benefits	53	323
Foreign exchange losses (gains)	41	41
Interest and dividend income	-58	-38
Loss (gain) on sales and retirement of noncurrent assets	2	7
Decrease (increase) in notes and accounts receivable-trade	-6,255	7,739
Decrease (increase) in advance payments to suppliers	-	-3,399
Decrease (increase) in accounts receivable-other	4,084	-1,743
Decrease (increase) in other current assets	243	37
Increase (decrease) in notes and accounts payable-trade	-5,409	-1,121
Increase (decrease) in accounts payable-other	-1,035	-506
Increase (decrease) in accrued consumption taxes	2,273	-1,760
Increase (decrease) in advances received	-3,041	12,475
Increase (decrease) in other current liabilities	208	-143
Other, net	370	597
Subtotal	62,334	85,273
Interest and dividends income received	29	69
Income taxes paid	-20,054	-20,193
Net cash provided by (used in) operating activities	42,309	65,148
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-708	-98
Proceeds from sales of property, plant and equipment	97	46
Payments of loans receivable from subsidiaries and associates	-30,000	-210,000
Proceeds from loans receivable	-	160,000
Payments into time deposits	-	-30,000
Proceeds from withdrawal of time deposits	-	30,000
Payments for guarantee deposits	-19	-0
Proceeds from collection of guarantee deposits	45	19
Payments for asset retirement obligations	-	-86
Net cash provided by (used in) investing activities	-30,584	-50,118
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	351	256
Purchase of treasury stock	-6	-2,275
Proceeds from sales of treasury shares	0	-
Cash dividends paid	-17,443	-19,096
Net cash provided by (used in) financing activities	-17,097	-21,115
Effect of exchange rate change on cash and cash equivalents	-41	-41
Net Increase/(Decrease) in cash and cash equivalents	-5,413	-6,127
Cash and cash equivalents at beginning of period	65,505	60,091
Cash and cash equivalents at end of period	* 60,091	* 53,964

(Translation purposes only)

[Notes to Financial Statements]

(Significant Accounting Policies)

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

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

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

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

(Translation purposes only)

5. Revenue recognition policy

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

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

Step2: identification of the performance obligations in the contract;

Step3: Determination of the transaction price;

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

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

In addition, in the incremental costs associated with the acquisition of contracts, bonuses of sales departments arising from acquisition of contracts are subject to the capitalization bonus for acquisition of cloud and support contracts, and its amortization period is mainly based on the contract period, but for certain types of contracts will be amortized by the straight-line method over the estimated contract period including the renewal of future contracts, the expected useful lives of our technologies, and other factors.

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

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

7. Other important matters which provide basis for preparing financial statements,

Consumption tax and others Consumption taxes are accounted for using the tax-excluded method.

(Translation purposes only)

(Significant accounting estimates)

Not applicable.

(Unapplied Accounting Policies, etc.)

(Accounting Standards for Calculation of Fair Value, etc.)

"Accounting Standard for Measurement of Fair Value" (ASBJ Statement No. 30, issued by the Accounting Standards Board of Japan on July 4, 2019)

"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019, Accounting Standards Board of Japan)

"Guidance on Accounting Standard for Calculation of Fair Value" (ASBJ Guidance No. 31, July 4, 2019)

"Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

In light of the fact that the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) have issued almost identical detailed guidance on fair value measurement (IFRS 13 "Fair Value Measurement" for International Financial Reporting Standards (IFRS) and Topic 820 "Fair Value Measurement" in the Accounting Standards Codification for U.S. GAAP), the Accounting Standards Board of Japan (ASBJ) has been working to harmonize Japanese GAAP with international accounting standards mainly with respect to guidance and disclosures about the fair value of financial instruments and has released the Accounting Standard for Fair Value Measurements.

The basic policy of the ASBJ in developing the accounting standard for fair value measurement is to incorporate all the provisions of IFRS 13 from the perspective of improving the comparability of financial statements between domestic and foreign entities by using a uniform calculation method. At the same time, in consideration of the practices that have been followed in Japan, other treatments for individual items will be prescribed to the extent that they do not significantly impair the comparability of financial statements.

(2) Expected date of application

It will be applied from the beginning of the fiscal year ending May 2022.

(3) Impact of adoption of such accounting standard, etc.

The impact of the application of the "Accounting Standard for Measurement of Fair Value", etc. on the financial statements for the fiscal year ending May 2022 is still being evaluated at the time of preparation of these financial statements.

(Accounting Standard for Revenue Recognition, etc.)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan)

"Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021, Accounting Standards Board of Japan)

"Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

Disclosures about revenue recognition (presentation and notes) have been defined.

(2) Expected date of adoption

It will be applied from the beginning of the fiscal year ending May 2022.

As stated in Note ((Significant Accounting Policies) 5. Revenue Recognition Policy), the Company has applied the "Accounting Standard for Revenue Recognition" issued on March 30, 2018, etc. from the beginning of the fiscal year ending May 2019.

(Change the display method)

(Application of the "Accounting Standard for Disclosures about Accounting Estimates")

Although the "Accounting Standard for Disclosures about Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied to the financial statements for the current fiscal year, there are no significant accounting estimates to be disclosed in the financial statements.

(Translation purposes only)

(Additional information)

(Transactions related to BIP Trust)

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

(1) Outline of transactions

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

(2) Shares that remain in the trust

Shares that remain in the trust are reported as treasury stock in the net assets portion of the balance sheet. The book value and number of shares of the concerned treasury stock is 67 million yen, 10,983 shares at the end of the previous term, and 20 million yen, 3,356 shares at the end of the current term.

(Transactions related to ESOP Trust)

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

(1) Outline of transactions

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

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

(2) Shares that remain in the trust

Shares that remain in the trust are reported as treasury stock in the net assets portion of the balance sheet. The book value and number of shares of the concerned treasury stock is 628 million yen, 93,445 shares at the end of the previous term, and 2,369 million yen, 185,950 shares at the end of the current term.

(Accounting estimates associated with the pandemic of the COVID-19 infection)

The Company had made 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 of the COVID-19 infection on its business would continue to a certain degree throughout the current fiscal year. However, as of the end of the current fiscal year, the timing of convergence was still unclear, and we have changed our assumption that the impact on our business will continue to a certain extent through the first half of the next fiscal year.

Based on this assumption, the Company has made accounting estimates (evaluation of the recoverability of deferred tax assets and considering impairment accounting for fixed assets). The impact of this change on the Company's business results and financial position is immaterial at this time.

(Balance Sheet related)

Not applicable.

(Translation purposes only)

(Statement of Income related)

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

	Previous term end (From June 1, 2019 to May 31, 2020) (million yen)	Current term end (From June 1, 2020 to May 31, 2021) (million yen)
Interest income	29	29

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

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

1 Type and number of issued shares and treasury stock

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

- (Note)
1. Increase of 85 thousand outstanding shares was due to exercise of share warrants.
 2. The increase in treasury stock by 0 thousand shares was due to the purchase of odd lots shares.
 3. The decrease in the number of shares of treasury stock (68 thousand) was due to delivering the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (9 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (59 thousand), and the sale of odd-lot shares (0 thousand).
 4. The balance of treasury stocks includes 104 thousand treasury stocks owned by the BIP trust (10 thousand) and ESOP trust (93 thousand).

2 Stock acquisition right

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

3 Dividend

(1) Amount of paid dividends

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

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

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

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

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

(Translation purposes only)

Current term (from June 1, 2020 to May 31, 2021)

1 Type and number of issued shares and treasury stock

	Number of shares as of May 31, 2020 (Thousand shares)	Number of shares increased in the current term (Thousand shares)	Number of shares decreased in the current term (Thousand shares)	Number of shares as of May 31, 2021 (Thousand shares)
Issued shares Common stock (Note)	128,184	56	-	128,240
Treasury stocks Common stock	116	168	83	201

- (Note)
1. Increase of 56 thousand outstanding shares was due to exercise of share warrants.
 2. The increase in treasury stock by 168 thousand shares was due to purchasing the company's own stock to employees through the Employee Stock Ownership Plan (ESOP) Trust, and the purchase of odd lots shares (0 thousand).
 3. The decrease in the number of shares of treasury stock (83 thousand) was due to delivering the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (7 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (75 thousand).
 4. The balance of treasury stocks includes 189 thousand treasury stocks owned by the BIP trust (3 thousand) and ESOP trust (185 thousand).

2 Stock acquisition right

Item	Breakdown of stock acquisition right	Type of shares converted by stock acquisition right	Number of shares converted by stock acquisition right (shares)				Term-end balance (million yen)
			Balance of previous term	Increase	Decrease	Balance of current term	
Submission company	Stock acquisition right as stock option	-	-	-	-	-	118
Total		-	-	-	-	-	118

3 Dividend

(1) Amount of paid dividends

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

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

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

Resolution	Type of share	Resource of dividend	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 21, 2021	Common Stock	Earned surplus	146,949	1,146	May 31, 2021	August 4, 2021

- (Note)
1. The above dividend per share includes a special dividend of 992 yen.
 2. Total amount of dividend which was resolved at the board of directors meeting which was held on July 21, 2021 includes the 216 million yen dividend for the Company's stock held by Board Incentive Plan Trust (3 million yen) and Employee Stock Ownership Plan Trust (213 million yen).

(Related to the statement of cash flows)

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

	Previous term end (From June 1, 2019 to May 31, 2020) (million yen)	Current term end (From June 1, 2020 to May 31, 2021) (million yen)
Cash and deposits	60,091	53,964
Cash and cash equivalents	60,091	53,964

(Translation purposes only)

(Lease transactions related)

Not applicable.

(Financial instruments)

1. Qualitative information on financial instruments

(1) Policies for using financial instruments

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

In addition, we will not conduct derivative transactions.

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

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

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

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

(3) Supplementary information on fair values

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

(Translation purposes only)

2. Market value of financial instruments

Amounts recognized in the balance sheet, market values, and the differences between them on May 31, 2021 are as shown below. Moreover, items for which it is extremely difficult to determine market values are not included in the following table (see (Note2)).

Previous term end (as of May 31, 2020)

(Unit: Million yen)

	Book value	Market value	Difference
(1) Cash and deposits	60,091	60,091	-
(2) Accounts receivable-trade	26,539		
Allowance for doubtful accounts (*)	-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.

Current term end (as of May 31, 2021)

(Unit: Million yen)

	Book value	Market value	Difference
(1) Cash and deposits	53,964	53,964	-
(2) Accounts receivable-trade	18,799		
Allowance for doubtful accounts (*)	-20		
Net	18,779	18,779	-
(3) Long-term loans receivable from subsidiaries and associates	210,000	210,000	-
Total assets	282,744	282,744	-
(1) Accounts payable-trade	9,379	9,379	-
(2) Accounts payable-other	3,743	3,743	-
(3) Income taxes payable	13,982	13,982	-
Total liabilities	27,105	27,105	-

(*) 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 its book values, the relevant book values are 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.

(Translation purposes only)

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

(Unit : Million yen)

Category	May 31, 2020	May 31, 2021
Unlisted equity securities	36	36

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

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

Previous term end (as of May 31, 2020)

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

Current term end (as of May 31, 2021)

	Within 1 year (million yen)	Over 1 year but within 5 years (million yen)	Over 2 years but within 3 years (million yen)	Over 3 years but within 4 years (million yen)	Over 4 years but within 5 years (million yen)	Over 5 years (million yen)
Cash and deposits	53,964	-	-	-	-	-
Accounts receivable-trade	18,799	-	-	-	-	-
Short-term loans receivable from subsidiaries and associates	-	-	-	-	210,000	-
Total	72,764	-	-	-	210,000	-

(Securities)

1 Other securities

Previous term end (As of May 31, 2020)

Not applicable.

Current term end (As of May 31, 2021)

Not applicable.

2 Other securities sold during the fiscal year

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

Not applicable.

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

Not applicable.

(Derivative transactions)

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

(Translation purposes only)

(Retirement benefits related)

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

1 Outline of retirement benefits system used

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

2 Defined contribution plans

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

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

1 Outline of adopted retirement benefits system

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

2 Defined contribution plans

The amount paid to the defined contribution plans is 570 million yen.

(Stock options related)

1 Expenses recorded and account name

	Previous term end (million yen)	Current term end (million yen)
Cost of sales	4	4
Selling, general and administrative expenses (Stock compensation expenses)	15	12

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

	Previous term end (million yen)	Current term end (million yen)
Gain on reversal of subscription rights to shares	14	13

(Translation purposes only)

3 Stock option details, scale, and fluctuation status

(1) Stock option details

	2010 1 st stock option	2011 1 st stock option
Category and number of granted persons	Company director (Note) 1 4 persons Company employees 460 persons	Company director (Note) 1 4 persons Company employees 255 persons
Number of stock options(Note) 2	Common stock 306,200 shares	Common stock 313,700 shares
Date granted	October 15, 2010	September 28, 2011
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 15, 2010) to date of rights allotment (October 15, 2012). (2) Must be working continuously from the date of grant (October 15, 2010) to date of rights allotment (October 15, 2014).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 28, 2011) to date of rights allotment (September 28, 2013). (2) Must be working continuously from the date of grant (September 28, 2011) to date of rights allotment (September 28, 2015).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From October 15, 2010 to October 15, 2012 (2) From October 15, 2010 to October 15, 2014	As follows for every 1/2 of allotted rights. (1) From September 28, 2011 to September 28, 2013 (2) From September 28, 2011 to September 28, 2015
Rights exercise period	From October 15, 2012 to September 22, 2020 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From September 28, 2013 to September 13, 2021 Same as left

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

2 Indicated converted to number of shares.

(Translation purposes only)

	2012 1 st stock option	2013 1 st stock option
Category and number of granted persons	Company director (Note) 1 4 persons Company employees 201 persons	Company director (Note) 1 4 persons Company executive officer 1 person Company employees 202 persons
Number of stock options(Note) 2	Common stock 322,700 shares	Common stock 289,700 shares
Date granted	September 28, 2012	September 30, 2013
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 28, 2012) to date of rights allotment (September 28, 2014). (2) Must be working continuously from the date of grant (September 28, 2012) to date of rights allotment (September 28, 2016).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2013) to date of rights allotment (September 30, 2015). (2) Must be working continuously from the date of grant (September 30, 2013) to date of rights allotment (September 30, 2017).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From September 28, 2012 to September 28, 2014 (2) From September 28, 2012 to September 28, 2016	As follows for every 1/2 of allotted rights. (1) From September 30, 2013 to September 30, 2015 (2) From September 30, 2013 to September 30, 2017
Rights exercise period	From September 28, 2014 to September 12, 2022 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From September 30, 2015 to September 13, 2023 Same as left

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

2 Indicated converted to number of shares.

(Translation purposes only)

	2014 1 st stock option	2014 2 nd stock option
Category and number of granted persons	Company director (Note) 1 4 persons Company employees 268 persons	Company employee 1 person
Number of stock options(Note) 2	Common stock 315,800 shares	Common stock 2,800 shares
Date granted	September 30, 2014	July 31, 2015
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2014) to date of rights allotment (September 30, 2016). (2) Must be working continuously from the date of grant (September 30, 2014) to date of rights allotment (September 30, 2018).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (July 31, 2015) to date of rights allotment (July 31, 2017). (2) Must be working continuously from the date of grant (July 31, 2015) to date of rights allotment (July 31, 2019).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From September 30, 2014 to September 30, 2016 (2) From September 30, 2014 to September 30, 2018	As follows for every 1/2 of allotted rights. (1) From July 31, 2015 to July 31, 2017 (2) From July 31, 2015 to July 31, 2019
Rights exercise period	From September 30, 2016 to September 16, 2024 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From July 31, 2017 to September 16, 2024 Same as left

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

2 Indicated converted to number of shares.

(Translation purposes only)

	2015 1 st stock option	2016 1 st stock option
Category and number of granted persons	Company directors 1 person Company employees 47 persons	Company employee 24 persons
Number of stock options (Note)	Common stock 52,900 shares	Common stock 30,900 shares
Date granted	September 30, 2015	October 5, 2016
Rights allotment condition	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (September 30, 2015) to date of rights allotment (September 30, 2017). (2) Must be working continuously from the date of grant (September 30, 2015) to date of rights allotment (September 30, 2019).	As follows for every 1/2 of allotted rights. (1) Must be working continuously from the date of grant (October 5, 2016) to date of rights allotment (October 5, 2018). (2) Must be working continuously from the date of grant (October 5, 2016) to date of rights allotment (October 5, 2020).
Applicable working period	As follows for every 1/2 of allotted rights. (1) From September 30, 2015 to September 30, 2017 (2) From September 30, 2015 to September 30, 2019	As follows for every 1/2 of allotted rights. (1) From October 5, 2016 to October 5, 2018 (2) From October 5, 2016 to October 5, 2020
Rights exercise period	From September 30, 2017 to September 16, 2025 1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised. Must be a director, executive officer, or employee of the Company to exercise share warrants. However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.	From October 5, 2018 to September 21, 2026 Same as left

(Note) Indicated converted to number of shares.

(Translation purposes only)

	2017 1 st stock option	2018 1 st stock option
Category and number of granted persons	Company employees 27 persons	Company employees 17 persons
Number of stock options(Note)	Common stock 27,800 shares	Common stock 21,600 shares
Date granted	October 12, 2017	October 12, 2018
Rights allotment condition	<p>As follows for every 1/2 of allotted rights.</p> <p>(1) Must be working continuously from the date of grant (October 12, 2017) to date of rights allotment (October 12, 2019).</p> <p>(2) Must be working continuously from the date of grant (October 12, 2017) to date of rights allotment (October 12, 2021).</p>	<p>As follows for every 1/2 of allotted rights.</p> <p>(1) Must be working continuously from the date of grant (October 12, 2018) to date of rights allotment (October 12, 2020).</p> <p>(2) Must be working continuously from the date of grant (October 12, 2018) to date of rights allotment (October 12, 2022).</p>
Applicable working period	<p>As follows for every 1/2 of allotted rights.</p> <p>(1) From October 12, 2017 to October 12, 2019</p> <p>(2) From October 12, 2017 to October 12, 2021</p>	<p>As follows for every 1/2 of allotted rights.</p> <p>(1) From October 12, 2018 to October 12, 2020</p> <p>(2) From October 12, 2018 to October 12, 2022</p>
Rights exercise period	<p>From October 12, 2019 to September 21, 2027</p> <p>1/2 of the rights granted can be exercised 2 years after the date of grant. 4 years after the date of grant, all the rights granted can be exercised.</p> <p>Must be a director, executive officer, or employee of the Company to exercise share warrants.</p> <p>However, if certain requirements prescribed in the agreement entered between the Company and person granted are met, the rights can continue to be exercised even by former directors, executive officers, and employees of the Company who have lost their positions.</p>	<p>From October 12, 2020 to September 21, 2028</p> <p>Same as left</p>

(Note) Indicated converted to number of shares.

(Translation purposes only)

(2) Stock options scale, and fluctuation status

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

(i) Number of stock options

	2010 1 st stock option	2011 1 st stock option	2012 1 st stock option	2013 1 st stock option
Before rights allotment (shares)				
End of previous term	-	-	-	-
Granted	-	-	-	-
Expired	-	-	-	-
Allotment of rights	-	-	-	-
Undetermined remainder	-	-	-	-
After rights allotment (shares)				
End of previous term	27,300	20,900	38,700	44,200
Allotment of rights	-	-	-	-
Exercise of rights	13,100	6,000	12,300	14,700
Expired	14,200	500	700	1,200
Non-exercised remainder	-	14,400	25,700	28,300
	2014 1 st stock option	2014 2 nd stock option	2015 1 st stock option	2016 1 st stock option
Before rights allotment (shares)				
End of previous term	-	-	-	6,500
Granted	-	-	-	-
Expired	-	-	-	200
Allotment of rights	-	-	-	6,300
Undetermined remainder	-	-	-	-
After rights allotment (shares)				
End of previous term	5,400	900	20,100	4,300
Allotment of rights	-	-	-	6,300
Exercise of rights	1,000	500	1,500	2,500
Expired	-	-	-	-
Non-exercised remainder	4,400	400	18,600	8,100

(Translation purposes only)

	2017 1 st stock option	2018 1 st stock option
Before rights allotment (shares)		
End of previous term	10,400	21,600
Granted	-	-
Expired	700	500
Allotment of rights	-	11,000
Undetermined remainder	9,700	10,100
After rights allotment (shares)		
End of previous term	11,600	-
Allotment of rights	-	11,000
Exercise of rights	1,800	3,300
Expired	-	-
Non-exercised remainder	9,800	7,700

(ii) Unit cost

		2010 1 st stock option	2011 1 st stock option
Exercise price (yen)		4,338	2,698
Ave. stock price in exercise (yen)		12,657	12,211
Fair valuation unit price (Date of grant) (yen)		534	524

		2012 1 st stock option	2013 1 st stock option
Exercise price (yen)		4,025	3,942
Ave. stock price in exercise (yen)		12,325	12,083
Fair valuation unit price (Date of grant) (yen)		828	648

		2014 1 st stock option	2014 2 nd stock option
Exercise price (yen)		4,280	5,335
Ave. stock price in exercise (yen)		12,314	12,036
Fair valuation unit price (Date of grant) (yen)		876	889

(Translation purposes only)

		2015 1 st stock option	2016 1 st stock option
Exercise price	(yen)	5,200	5,962
Ave. stock price in exercise	(yen)	10,727	11,389
Fair valuation unit price (Date of grant)	(yen)	847	972

		2017 1 st stock option	2018 1 st stock option
Exercise price	(yen)	8,940	9,185
Ave. stock price in exercise	(yen)	12,618	12,796
Fair valuation unit price (Date of grant)	(yen)	1,645	1,312

4 Method of estimating number of stock option rights allotted

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

(Tax effect accounting related)

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

(Deferred tax assets)

(Unit: Million yen)

	Previous term end (as of May 31, 2020)	Current term end (as of May 31, 2021)
Accounts payable-other	365	288
Enterprise tax payable	606	812
Advanced received	1,164	1,506
Provision for bonuses	540	522
Depreciation expenses excess	202	299
Investment securities valuation loss	18	18
Other	287	369
Total	3,184	3,817

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

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

(Asset retirement obligations)

Omitted as not important.

(Real estate related such as rent)

Not applicable.

(Translation purposes only)

(Revenue recognition related)

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

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

· Cloud & License

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

· Hardware systems

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

· Services

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

(Segment Information, etc.)

【Segment Information】

1. Overview of Reportable Segments

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

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

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

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

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

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

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

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

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

(Unit: Million Yen)

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

(Notes): 1A segment profit adjustment of minus 4,697 million yen is a Company-wide expense, which primarily relates to administrative departments that do not belong to any reported segment.

2 Segment profits are adjusted in comparison with operating income in the statement of income.

3 Depreciation in Adjustment primarily relates to administrative departments that do not belong to any reportable segment.

4 Based on the decision of management, the supreme decision-making body does not allocate segment information on assets to reportable segments. Consequently, the Company does not disclose that information.

(Translation purposes only)

Current term (from June 1, 2020 to May 31, 2021)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	170,225	17,083	21,214	208,523	-	208,523
Intersegment net sales or transfer	-	-	-	-	-	-
Total	170,225	17,083	21,214	208,523	-	208,523
Operating income (loss)	70,110	699	4,594	75,404	-4,500	70,904
Other item						
Depreciation (Note) 3	1,473	98	178	1,750	299	2,049

(Notes): 1 A segment profit adjustment of minus 4,500 million yen is a Company-wide expense, which primarily relates to administrative departments that do not belong to any reported segment.

2 Segment profits are adjusted in comparison with operating income in the statement of income.

3 Depreciation in Adjustment primarily relates to administrative departments that do not belong to any reportable segment.

4 Based on the decision of management, the supreme decision-making body does not allocate segment information on assets to reportable segments. Consequently, the Company does not disclose that information.

【Related information】

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

1 Information by product and service

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

2 Information by region

(1) Net sales

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

(2) Property, plant and equipment

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

3 Information by main customer

(Unit: Million yen)

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

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

1 Information by product and service

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

2 Information by region

(1) Net sales

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

(2) Property, plant and equipment

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

(Translation purposes only)

3 Information by main customer

(Unit: Million yen)

Customer name	Net sales	Related segment name
NEC Corporation	24,873	Cloud & license, Hardware systems and Services

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

Not applicable.

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

Not applicable.

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

Not applicable.

(Equity in earnings, etc.)

Not applicable.

(Translation purposes only)

【Notes to transactions with related parties】

1 Transactions with related parties

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

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

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

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

The interest rate on loans is determined rationally after the market interest rate is taken into account. Interest income 29 million yen has been booked in FY20 (accumulated interest income is 36 million yen).

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

Attribute	Corporate name	Location	Capital stock or capital amount	Business details or profession	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
Parent company	Oracle JAPAN HOLDING, Inc.	U.S. California	-	Holding company	(Being possessed) Direct 74.2	Direct parent company Making a loan	Payments of loans receivable from subsidiaries and associates (Note)	210,000	Long-term loans receivable from subsidiaries and associates	210,000
							Collection of loans receivable from subsidiaries and associates (Note)	160,000		

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

The interest rate on loans is determined rationally after the market interest rate is taken into account. Interest income 29 million yen has been booked in this fiscal year (accumulated interest income is 65 million yen).

(Translation purposes only)

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

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

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

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

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

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

Attribute	Corporate name	Location	Capital stock or capital amount	Business details or profession	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
Subsidiary of parent company	Oracle America, Inc.	U.S. California	0 000 US dollars	Development/sales of software and hardware, and provision of related services	—	Settlement of funds for transactions among Oracle Group companies and making a loan	Settlement of funds for transactions among Oracle Group companies (Note) 1	43,429	Accounts payable	7,761
								9,457	Accounts payable-other	2,100
Subsidiary of parent company	Oracle International Corporation	U.S. California	0 000 US dollars	Possess/ manage intellectual assets	—	Conclusion of sales agency agreements	Payment of royalties (Note) 2	48,067	Accounts payable	3,399

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

- 1 The settlement of funds for transactions among Group companies of Oracle Corporation (not including transactions with Oracle International Corporation and transactions with some Group companies) is processed through the account of Oracle America, Inc. The above transaction amounts in accounts payable and accounts payable-other are settlements, the majority of which are the payments of royalties (22,223 million yen in FY21) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products and services (14,243 million yen in FY21) 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.

(Translation purposes only)

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

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

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

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

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

Related party	Name	Location	Capital stock or capital amount (million yen)	Business details or profession	Ratio of voting and other rights in possession (or being possessed) (%)	Relationship	Transactions	Transaction amount (million yen)	Item	Term-end balance (million yen)
Officer	Ishizumi Hisayuki	-	-	The company's Executive Officer	(being possessed) direct 0.00	-	Execution of right of stock option (Note) 3	28	-	-
Officer	Tadahiro Kaneko	-	-	The company's Executive Officer	(being possessed) direct 0.00	-	Execution of right of stock option (Note) 3	13	-	-

- (Notes) 1. Mr. Hisayuki Ishizumi retired from the position of Executive Officer of the Company as of August 21, 2020, and the above information relates to his term of office during the current fiscal year.
 2. Mr. Tadahiro Kaneko retired from the position of Executive Officer of the Company as of September 30, 2020, and the above information relates to his term of office during the current fiscal year.
 3. The exercise of stock options granted under the resolution of the Company's shareholders meeting during the fiscal year under review is described.

2 Note on parent companies and important related companies

(1) Information on parent companies

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

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

(2) Condensed financial information of important related companies

Not applicable.

(Translation purposes only)

(Per Share Data)

(Unit: Yen)

Item	Previous term (From June 1, 2019 to May 31, 2020)	Current term (From June 1, 2020 to May 31, 2021)
Net assets per share	1,493.01	1,717.30
Net income per share	372.52	383.92
Net income per share (diluted)	372.19	383.66

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

	Previous term end (From June 1, 2019 to May 31, 2020)	Current term end (From June 1, 2020 to May 31, 2021)
Net income per share		
Net income (millions of yen)	47,686	49,175
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	47,686	49,175
Average number of shares during the term (shares)	128,009,848	128,087,828
Net income per share (diluted)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (shares)	111,986	86,440
(Subscription right (shares))	(111,986)	(86,440)
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	Subscription right (Type: 2 Numbers:436) Details are described in "Part 4 Status of Submitting Company, 1 Status of Stocks, etc. (2) Status of share warrants, etc."	—

(Note) The Company has introduced the "Directors' Remuneration BIP Trust" and the "Stock Grant ESOP Trust".

The Company's shares remaining in the BIP Trust and the ESOP Trust, which are posted as treasury stock in shareholders' equity, are included in the treasury stock deducted in the calculation of the average number of shares outstanding during the period for the purpose of calculating net income per share and diluted net income per share (14,147 treasury shares owned by the BIP trust and 115,827 treasury shares owned by the ESOP trust for last year, 6,078 treasury shares owned by the BIP trust and 111,929 treasury shares owned by the ESOP trust for this year).

The Company's shares held by the Trust Account are included in the treasury stock deducted from the total number of shares issued at the end of the fiscal year for the purpose of calculating net assets per share (10,983 treasury shares owned by the BIP trust and 93,445 treasury shares owned by the ESOP trust for last year, 3,356 treasury shares owned by the BIP trust and 185,950 treasury shares owned by the ESOP trust for this year.).

(Translation purposes only)

(Notes to subsequent events)

(Collection of long-term loans receivable from subsidiaries and affiliates of 100,000 million yen)

The Company collected 100,000 million yen on July 29, 2021 through early collection of a portion of long-term loans receivable from subsidiaries and affiliates to Oracle Japan Holding Inc. (the parent of the Company)

In accordance with the resolution of the Board of Directors' meeting held on July 21, 2021, to pay dividends (effective date: August 4, 2021), the Company appropriated the funds for the payment of dividends, etc.

There is no material impact of this early collection on the statement of income for the next and subsequent fiscal years. The balance of long-term loans receivable from subsidiaries and affiliates as of the date of submission of this Annual Securities Report is 110,000 million yen.

(Translation purposes only)

(v) 【Supplemental schedules】

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

Types of asset	Balance at beginning of current term (million yen)	Increase (million yen)	Decrease (million yen)	Balance at end of current term (million yen)	Accumulated depreciation or accumulated depreciation at end of current term (million yen)	Depreciation at end of current term (million yen)	Difference (million yen)
Property, plant and equipment							
Buildings	19,566	1	120	19,447	9,959	880	9,487
Tools, furniture and fixtures	7,919	103	395	7,627	6,278	1,168	1,349
Land	26,057	-	-	26,057	-	-	26,057
Construction in progress	-	-	-	-	-	-	-
Property, plant and equipment total	53,543	105	516	53,132	16,237	2,048	36,894
Intangible assets							
Software	-	-	-	83	83	1	0
Intangible assets total	-	-	-	83	83	1	0

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

【Statement of corporate bonds】

Not applicable.

【Statement of borrowings, etc.】

Not applicable.

【Statement of provisions】

Category	Balance at beginning of current term (million yen)	Increase (million yen)	Decrease (Target use) (million yen)	Decrease (Other) (million yen)	Balance at end of current term (million yen)
Allowance for doubtful accounts	13	20	-	13	20
Provision for bonuses	2,341	2,120	2,341	-	2,120
Provision for director’s bonuses	6	12	6	-	12
Provision for product warranties	54	42	54	-	42
Provision for stock benefits	364	688	364	-	688

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

【Statement of asset retirement obligations】

Not applicable.

(Translation purposes only)

(2) 【Details of main assets and liabilities】

(i) Assets

1) Cash and deposits

Category	Amount (million yen)
Cash	—
Deposit	
Current deposits	51,013
Ordinary savings	2,902
Separate deposits	48
Total	53,964

2) Accounts receivable-trade

(a) Breakdown of other party

Other party	Amount (million yen)
NS Solutions Corporation	3,488
NEC Corporation	2,519
FUJITSU LIMITED	1,766
Oracle America, Inc.	1,087
Other	9,938
Total	18,799

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

Balance at beginning of current term (million yen)	Amount generated in current term (million yen)	Amount collected in current term (million yen)	Balance at end of current term (million yen)	Collection rate (%)	Days Sales Outstanding (days)
(A)	(B)	(C)	(D)	$\frac{(C)}{(A) + (B)} \times 100$	$\frac{(A) + (D)}{2} \div \frac{(B)}{365}$
26,539	229,054	236,794	18,799	92.6	36.1

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

3) Short-term loans receivable from subsidiaries and associates

Associated company	Amount (million yen)
Oracle JAPAN HOLDING, INC.	210,000
Total	210,000

(Translation purposes only)

(ii) Liabilities

1) Accounts payable-trade

Other Party	Amount (million yen)
Oracle America, Inc.	7,761
Oracle Financial Services Software Pte. Ltd.	638
Oracle Financial Services Pte. Ltd. –Tokyo Branch	582
Oracle EMEA Holdings Ltd.	293
Other	103
Total	9,379

2) Corporate tax, etc. payable

Category	Amount (million yen)
Corporate tax payable	10,062
Inhabitant tax payable	1,292
Enterprise tax payable	2,627
Total	13,982

3) Advanced received

Other party	Amount (million yen)
NEC Corporation	8,109
ITOCHU Techno-Solutions Corporation	5,774
NSSLC Service Corporation	4,928
K.K. Ashisuto	4,354
NS Solutions Corporation	4,044
Other	52,995
Total	80,206

(3) 【Others】

Quarterly information, etc. in current fiscal year

(Cumulative period)	1 st quarter	2 nd quarter	3 rd quarter	Current term end
Revenue (million yen)	47,629	100,246	149,698	208,523
Income before income taxes (million yen)	14,500	33,033	49,714	70,918
Net Income (million yen)	10,040	22,874	34,424	49,175
Net income per share (yen)	78.40	178.55	268.72	383.92

(Accounting period)	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
Net income per share (diluted) (yen)	78.40	100.15	90.17	115.21

(Translation purposes only)

VI 【Overview of Administrative Duties at Submitting Company】

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

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

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

(Translation purposes only)

VII 【Reference Information on Submitting Company】

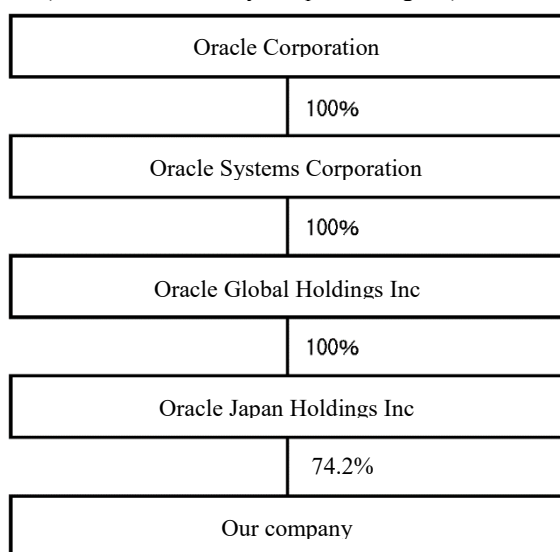
1. 【Information on Parent Companies, etc. at Submitting Company】

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

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

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

(Parent and subsidiary companies diagram)



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

(Translation purposes only)

2. 【Other Information for Reference】

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

- (1) Securities Report, its attached documents, certification of Securities Report
August 21, 2020 submitted to Kanto Local Finance Bureau
Fiscal year (35th) (From June 1, 2019 to May 31, 2020)
- (2) Internal control report
August 21, 2020 submitted to Kanto Local Finance Bureau
Fiscal year (35th) (From June 1, 2019 to May 31, 2020)
- (3) Quarterly reports, certifications of quarterly reports
36th fiscal year 1st quarterly report (From June 1, 2020 to August 31, 2020) submitted to Kanto Local Finance Bureau on October 14, 2020
36th fiscal year 2nd quarterly report (From September 1, 2020 to November 30, 2020) submitted to Kanto Local Finance Bureau on January 12, 2021
36th fiscal year 3rd quarterly report (From December 1, 2020 to February 28, 2021) submitted to Kanto Local Finance Bureau on April 12, 2021
- (4) Extraordinary reports
On August 21, 2020 submitted to Kanto Local Finance Bureau
Extraordinary report based on Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Cabinet Office Ordinance Article 19, paragraph 2, item 9-2 regarding company disclosure (Resolution at shareholders meeting)

(Translation purposes only)

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

Not applicable

(Translation purposes only)

Translation

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

Independent Auditor's Report

August 20, 2021

The board of Directors
Oracle Corporation Japan

Ernst & Young ShinNihon LLC
Tokyo Office

Hisafumi Nomoto
Designated and Engagement Partner
Certified Public Accountant

Atsuko Tanabe
Designated and Engagement Partner
Certified Public Accountant

<Financial Statements Audit>

Opinion

Pursuant to Article 193-2, Section 1 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying financial statements of Oracle Corporation Japan (the "Company") which comprise the balance sheet as at May 31, 2021, and the statements of income, changes in net assets, and cash flows for the year then ended, significant accounting policy, notes to the financial statements and the supplemental schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

(Translation purposes only)

Identification of the terms and condition of a contract with a customer for Cloud and License sales	
Description of Key Audit Matter	Auditor's Response
<p>The Company is a distributor that provides the products and services of Oracle Corporation, which is the ultimate parent company, to the Japanese market.</p> <p>Cloud and license segment revenue, comprised of software license sales and support operations for licensed users, are 81.6% (170,225 million yen) of the total revenue of 208,523 million yen during the current fiscal year.</p> <p>Revenue is recognized based on a 5-step approach to the customer contract, as described in the key accounting policy "5 Accounting Standard for Revenue recognition".</p> <p>Most of the Company's contracts are standard agreements. However, in a situation where modifications are made to the master agreement or memoranda are issued either in writing or orally without proper authorization and consideration for accounting treatment, revenue may not be recognized for the appropriate amount.</p> <p>If the Company becomes involved in litigations with a customer due to the situation such as the Company's breach of contract, it could significantly impact on its financial statements.</p> <p>Cloud and License sales account for a large portion of the total revenue and the amount is significant relatively.</p> <p>Therefore, we consider that whether the terms of the contract(s) with a customer are properly identified for the Cloud and License sales is significant and therefore determined as key audit matter.</p>	<p>We performed the following audit procedures to assess the terms of the contracts with customers for the Cloud and License sales.</p> <p>(1) Evaluations of Internal Controls We evaluated the design and implementation of the following internal controls.</p> <ul style="list-style-type: none"> • Controls in place to ensure compliance with Oracle Corporation's group policies for revenue recognition and to check if there are any modifications to the contract and that the necessary approvals are obtained. <p>(2) Assessment of a contract which derive revenue</p> <ul style="list-style-type: none"> • For our testing samples of the Cloud and License contracts, that were mainly selected based on a monetary amount, we inspected the ordering documents and agreements to assess whether the revenue was recorded in appropriate accounting period and amount. • We directly obtained confirmation from customers regarding the sales terms, and assessed the contract for the selected transactions from the following perspectives: <ol style="list-style-type: none"> i) the terms and conditions are completely reflected in the contract and are not modified; ii) the contracts do not make any commitment to provide specific products or services in the future, and; iii) the contracts are not conditional on the Company purchasing products or services. • We participated in the Audit Committee meetings and inspected the related materials to verify if any nauthorized contractual terms, conditions or memoranda were entered into with an inappropriate customer that the Company recognized, and assessed the Company's response to such situations if applicable.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our

(Translation purposes only)

opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Translation purposes only)

<Internal Control Audit>

Opinion

Pursuant to Article 193-2, Section 2 of the Financial Instruments and Exchange Act of Japan, we have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the financial statements as at May 31, 2021 of Oracle Corporation Japan ("Management's Report").

In our opinion, Management's Report referred to above, which represents that the internal control over financial reporting as at May 31, 2021 of Oracle Corporation Japan (the "Company") is effective, presents fairly, in all material respects, the result of management's assessment of internal control over financial reporting in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards on internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Management's Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of Management's Report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

The Audit Committee is responsible for monitoring and verifying the design and operation of internal control over financial reporting. Internal control over financial reporting may not prevent or detect misstatements completely.

Auditor's Responsibilities for the Audit of Internal Control

Our objectives are to obtain reasonable assurance about whether Management's Report is free from material misstatement, and to issue an auditor's report that includes our opinion from an independent standpoint.

As part of an audit in accordance with auditing standards on internal control generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence relating to the result of management's assessment of internal control over financial reporting in Management's Report. The design and performance of audit procedures for internal control audits is based on our judgement in consideration of the materiality of the effect on the reliability of financial reporting.
- Consider the overall presentation of Management's Report with regards to the scope, procedures, and result of the assessment of internal control over financial reporting including descriptions by management.
- Obtain sufficient appropriate audit evidence regarding the result of management's assessment of internal control over financial reporting in Management's Report. We are responsible for the direction, supervision, and performance of the audit of Management's Report.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the internal control audit, the results of the internal control audit, any significant deficiencies in internal control that we identify, and the results of corrective measures for such significant deficiencies.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of internal control in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

Conflicts of Interest

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

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

2 XBRL data is unaudited.

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

(Translation purposes only)

【Title page】

【Submitted document】	Internal Control Report
【Text used as grounds for document】	Article 24-1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	August 20, 2021
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Hiroko Utsumi (Name on the family register : Hiroko Naka), Representative Corporate Executive Officer & Managing Counsel
【Name and title of chief financial officer】	Krishna Sivaraman, Corporate Executive Officer, Chief Financial Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

1 **【Regarding the basic framework of internal control related to financial reporting】**

Hiroko Utsumi, Representative Corporate Executive Officer & Managing Counsel, and Krishna Kumar Sivaraman, Corporate Executive Officer, CFO, are responsible for the preparation and implementation of our firm's internal control related to financial reporting. Our company prepares and implements internal control related to financial reporting based on the internal control framework in the memorandum on "evaluation and auditing standards of internal control related to financial reporting and setting implementation criteria related to evaluation and auditing of internal control related to financial reporting", that was published by the Business Accounting Council.

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

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

Evaluation of the internal control system related to financial reporting is conducted using fiscal year end May 31, 2021 as the reference date. Evaluation is based on evaluation standards of financial reporting related internal control systems that are commonly deemed as fair and reasonable.

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

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

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

3 **【Evaluation results】**

As a result of implementing the above evaluation procedures, it has been determined that internal control of the fiscal report as of May 31, 2021 is effective.

4 **【Appendix】**

Not applicable

5 **【Appendix】**

Not applicable

(Translation purposes only)

【Title page】

【Submitted document】	Certification
【Text used as grounds for document】	Article 24-1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	August 20, 2021
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Hiroko Utsumi (Name on the family register : Hiroko Naka), Representative Corporate Executive Officer & Managing Counsel
【Name and title of chief financial officer】	Krishna Sivaraman, Corporate Executive Officer, Chief Financial Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

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

Hiroko Utsumi, Representative Corporate Executive Officer & Managing Counsel, and Krishna Kumar Sivaraman, Corporate Executive Officer, CFO of the company, confirmed the adequacy of the 36th Securities Report based on Financial Instruments and Exchange Act (for the period from June 1, 2020 to May 31, 2021)

2 **【Special mention】**

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