

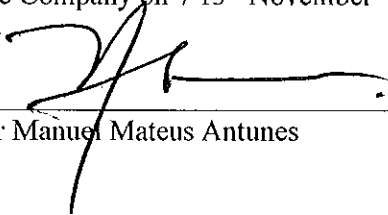
Oracle Danmark ApS

CVR-nr. 71 29 85 15

Metalbuen 66
Ballerup 2750
Danmark

Annual Report for 2017/18

The Annual Report was presented and adopted at the Annual General Meeting of the Company on / 13th November 2018.



Vitor Manuel Mateus Antunes

Chairman

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Statement by the Supervisory and the Executive Board on the Annual Report

The Supervisory and the Executive Board have today discussed and approved the annual report of Oracle Danmark ApS for the financial year 1 June 2017 – 31 May 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

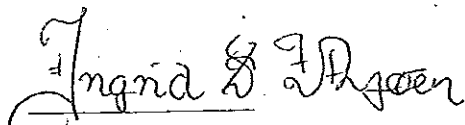
It is our opinion that the financial statements give a true and fair view of the Company's financial position at 1 June 2017 – 31 May 2018 and of the results of the Company's operations and cash flow for the financial year 1 June 2017 – 31 May 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

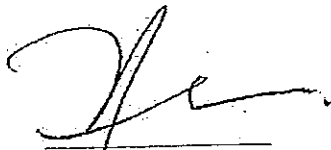
Ballerup, 13 November 2018

Executive Board

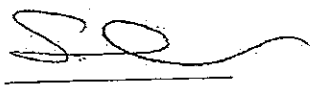


Ingrid Saugen Mjøs

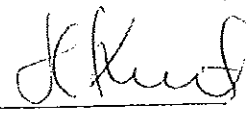
Supervisory Board



Vitor Manuel Mateus Antunes



Simon Allison



Hannah Knust

Independent auditor's report

To the shareholders of Oracle Danmark ApS

Opinion

We have audited the financial statements of Oracle Danmark ApS for the financial year 1 June 2017 – 31 May 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 May 2018 and of the results of the Company's operations and cash flows for the financial year 1 June 2017 – 31 May 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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 in preparing the financial statements 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 contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Statement on the Management's review

Management is responsible for the Management's review.

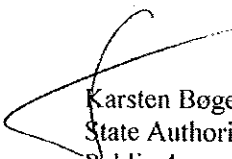
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 13/11-2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Karsten Bøgel
State Authorised
Public Accountant
MNE no.: mne27849

Company Information

The Company

Oracle Danmark ApS

Metalbuen 66

DK – 2750 Ballerup

Telephone: 44808080

Facsimile: 44808090

Website: www.oracle.com

CVR No.: 71 29 85 15

Financial period: 01 June – 31 May

Incorporated 16 November 1982

Municipality of reg office: Ballerup

Supervisory Board

Vitor Manuel Mateus Antunes, Chairman

Simon Allison

Hannah Knust

Executive Board

Ingrid Saugen Mjøen

Auditors

Ernst & Young

Ernst & Young P/S

Godkendt Revisionspartnerselskab

Osvald Helmuths Vej 4, Postboks 250

2000 Frederiksberg

Financial Highlights

Seen over a five year period, the developments of the Company is described by the following financial highlights:

Key figures

	2017/18	2016/17	2015/16	2014/15	2013/14
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Income statements					
Revenue	292,224	389,710	403,097	379,401	328,677
Gross profit	217,092	277,428	280,657	267,487	231,897
Profit/(loss) before financial income and	2,313	17,381	10,560	-1,274	-8,664
Net financials	4,770	-13,178	-10,845	15,444	-2,878
Net profit/(loss) for the year	4,420	2,102	-1,255	6,100	-12,552
Balance sheet					
Investment in property, plant and equipment	20,664	69	130	118	-
Total assets	250,728	449,056	423,885	449,867	392,364
Net equity	17,522	13,102	48,514	49,769	43,669
Average number of employees	212	218	238	218	216
Ratios					
Gross margin	74.3%	71.2%	69.6%	70.5%	70.6%
Profit margin	0.8%	4.5%	2.6%	-0.3%	-2.6%
Return on assets	0.9%	3.9%	2.5%	-0.3%	-2.2%
Solvency ratio	7%	2.9%	11.4%	11.1%	11.1%
Return on equity	25.2%	16.0%	-2.6%	12.3%	-28.7%

The method for calculation of the financial highlights are in accordance with the guidelines from "Den Danske Finansanalytikere Forening".

The ratios have been prepared in accordance with the definitions stated under accounting policies.

As a consequence of the merger with Responsys Nordic ApS as of 1 June 2014 the comparatives have been restated as of 1 January 2014 when the companies were subject to common control.

Managements' Review

Business activities

Oracle Danmark ApS provides products and services that address all aspects of corporate information technology (IT) environments---applications, platform and infrastructure.

The Company's Cloud offerings provide a comprehensive and fully integrated stack of application, platform, compute, storage and networking services in all three primary layers of the cloud: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS). The Company's cloud license and on-premise IT offerings include: Oracle Applications, Oracle Database and Oracle Fusion Middleware software, among others; hardware products including Oracle Engineered Systems, servers, storage and industry-specific products, among others; and related support and services. The Company provides cloud and on-premise offerings worldwide to businesses of many sizes, government agencies, educational institutions and resellers with a sales force positioned to offer the combinations that best suit customer needs.

Oracle Danmark ApS continues to represent a group company of Oracle Corporation in respect of these products and services and as such earns commission on these activities instead of bearing the full risks and rewards of fulfilling increasingly complex customer requirements in these areas.

Oracle Danmark ApS also provides consulting services on its own behalf.

Oracle Danmark ApS is a private limited Company incorporated in Denmark with a registered address at Metalbuen 66, DK – 2750 Ballerup, Denmark. Oracle Danmark ApS is a subsidiary of Oracle Nederland B.V. (100%).

Business review

The income statement of the Company for FY18 shows a profit of DKK '000 4,420 (profit of DKK '000 2,102 for FY17) and at 31 May 2018 the balance sheet of the Company shows equity of DKK '000 17,522 (DKK '000 13,102 at 31 May 2017).

The increase in equity is due to the profit during the year of DKK '000 4,420. The profit in the year is primarily a result of an FX gain during the year of DKK '000 6,600 which was due to the strengthening of USD against DKK in Q4'18 resulting in the upward revaluation of USD denominated assets.

The decrease in revenue of 25% has been driven by consulting (DKK '000 36,714 and 49,730 for FY18 and FY17 respectively), and commissions income (DKK '000 255,510 and 339,980 for FY18 and FY17 respectively). The main contributor for the decrease in commissions income by LOB has been Hardware decreasing by 74% (DKK '000 19,269 and 73,729 for FY18 and FY17 respectively) followed by License decreasing by 62% (DKK '000 99,910 and 265,254 for FY18 and FY17 respectively).

Business risks

The Company is not exposed to unusual risks beside ordinary risks within the industry normal risk of doing business.

Unusual events

The financial position of the Company at 31 May 2018 and the results of its activities and cash flows for the financial year 2017/18 have not been affected by any unusual events.

Research and development activities

The Company does not hold local research and development activities.

Managements' Review

Recognition and measurement uncertainties

During the year ended 31 May 2010, Oracle Danmark ApS lodged deposits totalling DKK '000 40,000 in respect of revised company tax assessments for the financial years 2003 and 2004, as a result of tax audits conducted by the Danish tax authorities into the taxable results for those years. In addition, during the year ended 31 May 2012, Oracle Danmark ApS lodged deposits totalling DKK '000 71,000 in respect of revised company tax assessments for the financial years 2005-2008 inclusive, as a result of tax audits conducted by the Danish tax authorities into the taxable results for those years. In August 2015, Oracle Danmark ApS made a payment on deposit for the Tax Audit financial year 2009 for an amount of DKK '000 31,000. These deposits are held as a balance sheet asset in the financial statements.

Oracle Danmark ApS vigorously disputes the basis of the revised company tax assessments and is currently engaged in discourse with the Danish tax authorities in this regard. The aforementioned deposits have been made under protest, not accepting liability and only to live up to legal requirements. The outcome of this case – whether via formal discourse and/or any potential future litigation – is uncertain. Reference is made to note 12.

Except for the issue noted above, recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent Events

No evidence of material subsequent events at the date of signing the annual report.

Corporate social responsibility

The company does not have separate policies in place regarding CSR, human rights or climate effects and refer to Oracle Corporation's CSR policies for the entire group.

The report has been issued in 2017 and is still valid and applicable to Oracle Danmark ApS and can be retrieved at the following link:

<http://www.oracle.com/us/corporate/citizenship/oracle-corp-citizenship-report-3941904.pdf>

Account of the gender composition

Oracle Danmark considers it a strength to have both genders represented in management, finding that this adds value to and contributes to the development of the business. In Oracle Danmark, there are equal opportunities for men and women and efforts are being made to reflect this at all managerial levels.

Oracle Danmark has drawn up a policy for the underrepresented sex with a view to ensuring a balanced representation of men and women at all managerial levels, based on the objective that neither men nor women should have a representation of less than 25% in top management. In 2018, Oracle Danmark has met their target with a representation of 50% women and 50% men.

Today, the supervisory board comprises 3 members, of whom one is a woman. This corresponds to 1/3 women.

To ensure a balanced representation of men and woman Oracle is developing programs such as:

(i) Oracle Women's Leadership (OWL)

OWL is a leadership and professional development program that seeks to develop, engage and empower current and future generations of Oracle women leaders in order to foster an inclusive and innovative

Managements' Review

workforce. OWL engages more than 7,000 employees in 41 countries – including Denmark, representing more than 70 OWL communities.

In Oracle Danmark, the local OWL committee arranges networking, training and social activities in order to enhance local female employees' leadership engagement.

(ii) Mentoring and Sponsorship

Our competitiveness as a company ultimately depends on the talent of our people. Oracle has a mentoring programme that aims to strengthen employees' career development strategies and to retain, attract, develop, and maximize the capacity of Oracle's talent. Mentoring and sponsorship enable us to develop future generations of technical and managerial leaders in Oracle.

(iii) Recruitment

Oracle has an Equal Employment Opportunity Policy and also provides best practices and recommendations for hiring managers.

Income Statements 1 June - 31 May

	<u>Note</u>	<u>2017/18</u> DKK'000	<u>2016/17</u> DKK'000
Revenue	1	292,224	389,710
Other external expenses		-75,132	-112,282
Gross profit		<u>217,092</u>	<u>277,428</u>
Staff expenses	2	-208,808	-254,027
Depreciation, amortization and impairment	3	-5,971	-6,020
Profit before financial income and expenses		<u>2,313</u>	<u>17,381</u>
Financial income	4	6,847	187
Financial expenses	5	-2,077	-13,365
Profit before tax		<u>7,083</u>	<u>4,203</u>
Tax on profit for the year	6	-2,663	-2,101
Net profit for the year		<u>4,420</u>	<u>2,102</u>

Distribution of profit

	<u>2017/18</u> DKK'000	<u>2016/17</u> DKK'000
Proposed distribution of profit		
Retained earnings	4,420	2,102
	<u>4,420</u>	<u>2,102</u>

Balance Sheet 31 May

Assets	Note	2017/18 DKK'000	2016/17 DKK'000
Non-current assets			
Goodwill		3,318	8,281
Intangible assets	7	<u>3,318</u>	<u>8,281</u>
Other fixtures and fittings, tools and equipment		20,743	160
Leasehold improvement		1,167	2,094
Tangible assets	8	<u>21,910</u>	<u>2,254</u>
Total non-current assets		<u>25,228</u>	<u>10,535</u>
Trade receivables	9	10,399	13,305
Receivables from group enterprises	18	457	2,522
Other receivables		1,674	3,076
Contract work in progress	10	9,508	3,666
Deferred tax assets	11	3,691	103
Income tax on deposit	12	141,935	141,935
Deferred expenses	13	371	613
Other assets		<u>168,035</u>	<u>165,220</u>
Cash at bank and in hand		<u>57,465</u>	<u>273,301</u>
Current assets		<u>225,500</u>	<u>438,521</u>
Assets		<u>250,728</u>	<u>449,056</u>

Balance Sheet 31 May

Equity and Liabilities

	Note	2017/18	2016/17
Equity		DKK'000	DKK'000
Share capital	14	11,000	11,000
Retained earnings		6,522	2,102
Total equity		17,522	13,102
Current liabilities			
Trade payables		791	1,171
Payables to group enterprises	18	115,796	329,084
Corporation tax		311	818
Other payables		114,819	102,875
Deferred income	15	1,489	2,006
Total current liabilities		233,206	435,954
Total liabilities		233,206	435,954
Liabilities and equity		250,728	449,056

Contingent assets, liabilities and other financial obligations	16
Fee to auditors appointed at the general meeting	17
Related parties and ownership	18
Profit distribution	19

Statements of Change in Equity

	<u>Share capital</u> DKK'000	<u>Retained earnings</u> DKK'000	<u>Total</u> DKK'000
Equity at 1 June	11,000	2,102	13,102
Dividend distribution	-	-	-
Net profit for the year	-	4,420	4,420
Equity at 31 May	<u>11,000</u>	<u>6,522</u>	<u>17,522</u>

Accounting Policies

Summary of significant accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year are set out below.

Basis of Preparation

The Annual Report of Oracle Denmark ApS for 2017/18 has been prepared on a going concern basis and in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized costs are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

The takeover method is applied to the acquisition of new subsidiaries or activities which the Parent Company obtains control. Identifiable assets and liabilities in the acquired entities are recognized at the fair value at the time of acquisition. Provisions for restructuring costs relating to the acquired entity are recognized if the restructuring has been decided at the time of acquisition and is expected to be carried through. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognized as goodwill or negative goodwill.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Revenue

The Company acts as an undisclosed agent for another group company in the sale of various software related and non-software related products and services, offerings include new software licenses, software license updates and product support, cloud SaaS, PaaS and IaaS offerings, hardware products, hardware support, advanced customer support services and education. The Company acts in its own name but on account of and at the risk of another group company.

The Company receives commissions and mark-up on the costs incurred for their sale as sales agents in respect of revenues generated from the sale of software licenses, software license updates and product

Accounting Policies

support, SaaS, PaaS and IaaS offerings, hardware products, hardware support, advanced customer support services and education which are remitted to another group company.

Oracle Danmark ApS also provides consulting services on its own behalf.

Income from consulting services is recognized according to used time for Time & Material projects and according to the percentage of completion method for fixed price projects.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, realized and unrealized gains and losses on transactions denominated in foreign currencies as well as surcharges and refunds under the on account tax scheme.

Transactions in foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in thousands of 'DKK', which is the Company's functional currency.

Transactions and balances

Amounts in foreign currencies in the balance sheet are translated into the functional currency using Oracle Group exchange rates which do not differ materially from the exchange rates set by the European Central Bank for the financial year end date. Transactions in foreign currencies are translated at the exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Tax on profit for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Intangible assets

Goodwill acquired is measured at cost less accumulated amortization. Goodwill is amortized on a straight line basis over its useful life, which is assessed at 5 years.

Accounting Policies

Tangible assets

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2 – 5 years
Leasehold improvements	5 – 10 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the amortization period or the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Impairment of non-current assets

The carrying amount of intangible assets and tangible assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortization.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Receivables

Receivables are recognized in the balance sheet at amortized cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Receivables regarding fixed price contracts include tailoring software to customers.

Cash

Cash comprises cash balances and bank balances.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognized at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortized cost.

Other liabilities are measured at net realizable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract

Accounting Policies

expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognized as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realizable value.

Prepayments and payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognized in the income statement as incurred.

Deferred expenses

Deferred expenses comprise prepaid expenses concerning the following year.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Deferred income

Deferred income comprises payments received in respect of revenue to be earned in subsequent years.

Cash Flow Statement

The financial statements does not contain a cash flow statement in accordance with the Danish Financial Statement Act section 86 (4). The company is included in the cash flow statement prepared for Oracle Corporation.

Accounting Policies

Financial highlights

Explanation of financial ratios

Gross Profit x 100

Revenue

Profit before Financials x 100

Revenue

Profit before Financials x 100

Total Assets

Equity at year end x 100

Total Assets

Assets x 100

Net Equity

Net Profit for the year x 100

Average Equity

Notes to the Annual Report

1. Revenue

DKK'000	2017/18	2016/17
Consulting revenue	36,714	49,730
Commission income	255,510	339,980
	<u>292,224</u>	<u>389,710</u>

Segment information for geographic and product segment can be found in the consolidated balance sheet of Oracle Corporation, California, USA.

The consolidated financial statement in which Oracle Denmark ApS is included can be found at;

<http://investor.oracle.com/financial-reporting/sec-filings/sec-filings-details/default.aspx?FilingId=11455077>

2. Staff expenses

DKK'000	2017/18	2016/17
Wages and salaries	192,038	237,753
Pensions	15,461	14,800
Other social security expenses	1,309	1,474
	<u>208,808</u>	<u>254,027</u>
Average number of employees	<u>212</u>	<u>218</u>

A portion of Management's salary is dependent on the year's results.

By reference to section 98b (3) (ii) of the Danish Financial Statement Act, remuneration to management is not disclosed.

3. Depreciation, amortization and impairment of intangible assets

DKK'000	2017/18	2016/17
Goodwill	4,963	4,963
Other fixtures and fittings, tools and equipment	81	124
Leasehold improvements	927	933
	<u>5,971</u>	<u>6,020</u>

4. Financial income

DKK'000	2017/18	2016/17
Other financial income	6,847	187
	<u>6,847</u>	<u>187</u>

Notes to the Annual Report

5. Financial expenses

DKK'000	<u>2017/18</u>	<u>2016/17</u>
Interest paid to group enterprises	-	1
Other financial expenses	2,077	13,364
	<u>2,077</u>	<u>13,365</u>

6. Tax for the year

DKK'000	<u>2017/18</u>	<u>2016/17</u>
Estimated income tax charge	-1,777	-2,088
Prior year adjustments for income tax	-4,462	-
Change in provision for deferred tax	-1,073	-13
Prior year adjustment for deferred tax	4,661	-
Withholding tax expense	-12	-
	<u>-2,663</u>	<u>-2,101</u>

7. Intangible assets

DKK'000	<u>2017/18</u>	<u>2016/17</u>
	<u>Goodwill</u>	<u>Goodwill</u>
Cost at 1 June	24,816	140,043
Disposal for the year	-	-115,227
Cost at 31 May	<u>24,816</u>	<u>24,816</u>
Impairment losses and amortisation at 1 June	16,535	126,799
Disposal for the year	-	-115,227
Amortisation for the year	4,963	4,963
Impairment losses and amortisation at 31 May	<u>21,498</u>	<u>16,535</u>
Carrying amount at 31 May	<u>3,318</u>	<u>8,281</u>

Justification for goodwill amortization periods

The investment horizon and hence the economic life span is set at 5 years, taking into account that current activity is at a significant risk of ever increasing competition, including future threats of digitalization.

Notes to the Annual Report

8. Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total property, plant and equipment
Cost at 1 June	6,186	12,989	19,175
Additions for the year	20,664	-	20,664
Disposals for the year	-	-	-
Cost at 31 May	<u>26,850</u>	<u>12,989</u>	<u>39,839</u>
Impairment losses and depreciation at 1 June	6,026	10,895	16,921
Depreciation for the year	81	927	1,008
Impairment losses and depreciation at 31 May	<u>6,107</u>	<u>11,822</u>	<u>17,929</u>
Carrying amount at 31 May	<u>20,743</u>	<u>1,167</u>	<u>21,910</u>

9. Trade Receivables

There are no portion falling due for payment more than one year after the financial year-end in either 2017/18 or 2016/17.

10. Contract work in progress

DKK'000	<u>2017/18</u>	<u>2016/17</u>
Sales price for work in progress	<u>9,508</u>	<u>3,666</u>
Contract work in progress, net	<u>9,508</u>	<u>3,666</u>

Recognised in the balance sheet as follows:

Classified as work in progress under assets	<u>9,508</u>	<u>3,666</u>
	<u>9,508</u>	<u>3,666</u>

11. Deferred tax assets

	<u>2017/18</u>	<u>2016/17</u>
The deferred tax charge relates to DKK'000:		
Property, plant and equipment	-1020	83
Current liability/assets	50	20
Prior year adjustment	<u>4,661</u>	-
	<u>3,691</u>	<u>103</u>

Notes to the Annual Report

11. Deferred tax assets (continued)

Deferred tax assets are expected to be set off within:

	<u>2017/18</u>	<u>2016/17</u>
0-1 year	4,709	83
1-5 years	-1,018	20
	<u>3,691</u>	<u>103</u>

The prior year deferred tax asset adjustment relates to income that was taxed in 2016/17 but could not be recognized because a final agreement could not be reached yet in 2017/18.

12. Income taxes on deposit

DKK'000	<u>2017/18</u>	<u>2016/17</u>
Paid tax on account regarding ongoing legal tax case	141,935	141,935
	<u>141,935</u>	<u>141,935</u>

During the financial year 2009/10 Oracle Danmark ApS made 2 payments on deposit for the Tax Audits of financial years 2003 and 2004 for DKK 5.8 million and DKK 33.9 million, respectively. In the financial year 2011/12 Oracle Danmark ApS made a payment on deposit for the Tax Audit financial years 2005 to 2008 for an amount of DKK 71 million.

In August 2015, Oracle Danmark ApS made a payment on deposit for the Tax Audit financial year 2009 for an amount of DKK 31 million. No further payments on deposit has been requested by the authorities resulting in an unchanged asset of DKK 141.9 million.

There have been ongoing meetings with the tax authorities during the fiscal year 2017/18 to reach an agreement between the parties and Oracle that eliminates double taxation. This matter and Oracle's parallel court appeal on the same issue have not reached a final conclusion. Please also refer to Note 16.

13. Deferred expenses

Deferred expenses consist of prepaid expenses concerning rent, insurance, lease agreements and canteen (DKK '000 371 in 2017/18, DKK '000 613 in 2016/17).

14. Equity

The share capital consists of 110,000 shares with a nominal value of DKK 100. No shares carry any special rights.

The share capital has not been changed in the last 5 years.

Notes to the Annual Report

15. Deferred income

DKK'000	<u>2017/18</u>	<u>2016/17</u>
Consulting contracts	1,489	2,006
	<u>1,489</u>	<u>2,006</u>

16. Contingent assets, liabilities and other financial obligations

Rental agreements

Rental agreements and leases

DKK'000	<u>2017/18</u>	<u>2016/17</u>
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The Company has entered into 2 leases covering the financial year 2019 and part of financial year 2020.

The total obligation entered into amounts to DKK'000 5,030	5,030	9,080
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As of 31 May, 2011 the Company has entered into a number of leasing contracts for cars. The lease cover various periods up to 2021, and the total obligation entered into amounts to DKK'000 9,433

	9,433	13,225
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Other financial obligations

Oracle Danmark ApS received a tax assessment in 2009 from the Danish Tax Authorities ("SKAT") relating to fiscal years 2003 and 2004 which in 2010 has been expanded to the fiscal years 2005-2008. In 2015, the tax assessment has been expanded further to the financial year 2009. In these assessments, SKAT has asserted that the operating results of Oracle Danmark were insufficient, and that Oracle Danmark ApS should be entitled to a higher operating margin by applying different transfer pricing principles than those used in the applicable years. Oracle Danmark ApS disagrees with the position adopted by SKAT and filed for Mutual Agreement Procedures between Ireland and Denmark to reach an agreement that eliminates double taxation, in conjunction with a parallel court appeal process. It is currently not possible to quantify either the expected outcome of this dispute or the expected assessment for subsequent years due to uncertainties surrounding the matter. However, since the terms of the relevant intercompany agreements provide for the reimbursement of any final transfer pricing adjustment to Oracle Danmark, on that basis there would be no material exposure for Oracle Danmark in relation to this matter.

Notes to the Annual Report

17. Fee to auditors appointed at the general meeting

DKK'000	<u>2017/18</u>	<u>2016/17</u>
Fee for statutory audit	395	395
Fee for other assurance assignments	-	428
	<u>395</u>	<u>823</u>

18. Related parties and ownership

Oracle Danmark ApS related parties comprise the following:

Controlling interest	Basis
Oracle Nederland B.V., De Meern, Holland	Parent company
Oracle Corporation, California USA	Ultimate parent company

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital.

Oracle Nederland B.V., De Meern, Holland

The financial statements for Oracle Danmark ApS are part of the consolidated financial statements for Oracle Corporation and may be obtained on web page:

<http://investor.oracle.com/financial-reporting/sec-filings/sec-filings-details/default.aspx?FilingId=11455077>

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, related party transactions have not been disclosed in the financial statements and parent company financial statements, as they were conducted on an arm's length basis.

Remuneration/fees of one of the members of Board of Directors are part of salaries presented in note 2.

19. Profit distribution

DKK'000

	Appropriation of profit	
	<u>2017/18</u>	<u>2016/17</u>
Recommended appropriation of profit	4,420	2,102
Total	<u>4,420</u>	<u>2,102</u>