Oracle Danmark ApS

CVR-nr. 71 29 85 15

Tuborg Havnevej 15
2900 Hellerup
Danmark

Annual Report for 2019/20

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30th October 2020

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 2019 – 31 May 2020.

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 assets and liabilities and financial position at 1 June 2019 – 31 May 2020 and of the results of the Company's operations for the financial year 1 June 2019 – 31 May 2020.

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.

Hellerup, 30th October 2020

Executive Board

Ingrid Saugen Mjøen

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 2019 – 31 May 2020, which comprise income statement, balance sheet, statement of changes in equity 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 2020 and of the results of the Company's operations for the financial year 1 June 2019 – 31 May 2020 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, 30 October 2020
EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Karsten Bøgel
State Authorised
Public Accountant
mne27849

Company Information

The Company	Oracle Danmark ApS Tuborg Havnevej 15 DK – 2900 Hellerup 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: Hellerup
Supervisory Board	Vitor Manuel Mateus Antunes, Chairman Simon Allison Hannah Knust
Executive Board	Ingrid Saugen Mjøen
Auditors	**EY Godkendt Revisionsparnerselskab** Dirch Passers Alle 36, 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

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statements					
Revenue	332,781	539,196	292,224	389,710	403,097
Gross profit	252,648	467,777	217,092	277,428	280,657
Profit/(loss) before financial income and expenses	6,637	238,482	2,313	17,381	10,560
Net financials	803	19,770	4,770	-13,178	-10,845
Net profit/(loss) for the year	797	180,380	4,420	2,102	-1,255
Balance sheet					
Investment in property, plant and equipment	10,282	272	20,664	69	130
Total assets	706,981	596,166	283,606	449,056	423,885
Net equity	198,713	197,916	17,522	13,102	48,514
Average number of employees	186	198	212	218	238
Ratios					
Gross margin	75.9%	86.8%	74.3%	71.2%	69.6%
Profit margin	2.0%	44.2%	0.8%	4.5%	2.6%
Return on assets	0.9%	40.0%	0.8%	3.9%	2.5%
Solvency ratio	28.1%	33.2%	6.2%	2.9%	11.4%
Return on equity	0.4%	91.1%	25.2%	16.0%	-2.6%

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

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

Due to the adoption of IFRS 16, key figures and ratios above have not been restated for 2015/16 to 2018/19.

Managements’ Review

Business activities

Oracle Danmark ApS provides products and services that address enterprise information technology (IT) environments. Our products and services include applications and infrastructure offerings that are delivered through a variety of flexible and interoperable IT deployment models. These models include on-premise deployments, cloud-based deployments, and hybrid deployments (an approach that combines both on-premise and cloud-based deployment) such as our Oracle Cloud at Customer offering (an instance of Oracle Cloud in a customer’s own data center). Accordingly, we offer choice and flexibility to our customers and facilitate the product, service and deployment combinations that best suit our customers’ needs. Our customers including businesses of many sizes, government agencies, educational institutions and resellers that we market and sell to directly through our world wide sales force and indirectly through the Oracle Partner Network.

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. Substantially all customers, at their option, purchase license support contracts when they purchase an Oracle License. Customers generally opt to purchase hardware support contracts when they purchase Oracle hardware.

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

Principal Activities and Review of the Development of the Business

A novel strain of coronavirus (COVID-19) was first identified in late calendar year 2019 and subsequently declared a pandemic by the World Health Organization in March 2020.

Oracle Corporation and its subsidiaries (collectively “Oracle”) is committed to the health, safety and welfare of its employees, customers, suppliers, communities, stockholders and other stakeholders. While the world continues to navigate the risks and uncertainties associated with the COVID-19 pandemic, Oracle is committed to providing critical technologies, programs and support to individuals and organisations to navigate, adjust and continue their operations in light of the unique demands and constraints imposed by the pandemic. Oracle have proactively sought, supported, donated to, partnered and engaged with organisations globally that provide critical medicines, research, goods and services to combat the COVID-19 pandemic. Oracle applications and infrastructure technologies are critical to the business operations of its customers.

The spread of the COVID-19 outbreak has caused severe disruptions in the global economy and financial markets and could potentially create widespread business continuity issues of an unknown magnitude and duration as yet. The Company has conducted business as usual with some modifications to employee travel, employee work locations, among other modifications. The Directors will continue to actively monitor the situation and may take further actions that alter the Company’s business operations as may be required by federal, state or local health authorities or that it determines are in the best interests of its employees, customers, partners, suppliers and shareholders.

Principal Risks and Uncertainties

The Directors consider that the following are the principal risk factors that could materially and adversely affect the Company’s future financial results or financial position:

- the company do not continue to develop and release new or enhanced products and services within the anticipated time frames;
- infrastructure costs to deliver new or enhanced products and services take longer or result in greater costs than anticipated;
- there is a delay in market acceptance of and difficulty in transitioning new and existing customers to new, enhanced or acquired product lines or services;
- there are changes in information technology (IT) trends that the company does not adequately anticipate or address with product development efforts;
- the company do not optimize complementary product lines and services in a timely manner; or
- the company fail to adequately integrate, support or enhance acquired product lines or services;
- the risk of the current economic climate having an adverse impact on served markets.

The Company has controls in place to limit each of these potential exposures and management and the Directors regularly review, reassess and proactively limit the associated risk. These risks are managed by innovative product sourcing and strict control of costs. The Company has insurances, business policies and organization structures to limit these risks and the Board of Directors closely monitor the Company’s trading activities to manage credit, liquidity and other financial risks.

Business review

The income statement of the Company for FY20 shows a profit of DKK ‘000 797 (profit of DKK '000 180,380 for FY19) and at 31 May 2020 the balance sheet of the Company shows equity of DKK ‘000 198,713 (DKK '000 197,916 at 31 May 2019).

The marginal increase in equity is due to the profit during the year of DKK ‘000 797. The decrease in profit in the year is driven by an intercompany revenue adjustment in FY19, whereas there was no similar transaction in FY20. The intercompany revenue adjustment is a Group reimbursement associated with the final settlement of the corporate tax audit between the years FY03-FY16. Excluding the intercompany revenue adjustment, revenues have increased by DKK’000 26,527 (DKK ‘000 332,781 and 306,254 for FY20 and FY19 respectively) year on year. This growth in revenues is primarily due to an increase in the Company's Cloud business and third party Cloud revenues. As a result, external revenue for Cloud line of business increased by DKK’000 80,892 (DKK ‘000 224,749 and 143,857 for FY20 and FY19 respectively), whereas external revenue for License line of business decreased by DKK’000 30,238 (DKK ‘000 87,528 and 117,766 for FY20 and FY19 respectively).

Future Developments

Oracle Danmark ApS intends to continue to develop its range of products and services. The Company expects profits will be in line with FY20.

Unusual events

The financial position of the Company at 31 May 2020 and the results of its activities for the financial year 2019/20 have not been affected by any unusual events.

Research and development activities

The Company does not hold local research and development activities.

Recognition and measurement uncertainties

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Managements' Review

Subsequent Events

COVID-19 is a developing situation and as of the date of approval of these financial statements, it has not had a significant impact on the Company. The directors of the Company will continue to monitor and assess the situation over time as it evolves.

Other than as described in these financial statements there were no significant subsequent events affecting the Company, which require adjustment to or disclosure in the financial statements.

Corporate social responsibility Statement

In compliance with section 99a and b of the Danish Financial Statements Act on social responsibility and gender distribution in management, please find below a summary on how the Company satisfies the requirements of the legislation:

Environment and climate

i. Policy

The Company pays particular adherence to environmental regulations to minimise impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. This is set out in the Environmental Policy. Oracle's Environmental Steering Committee (the "ESC") is responsible for the implementation and oversight of this policy.

ii. *Risks*

The Company's primary environmental impacts relate to: the company's own energy consumption as well as the energy consumption of its hardware products; the disposition of its hardware products at the end of their useful life; vendor and supply chain management; business travel; and the consumption of natural resources through its own activities and its procurement processes.

iii. *Activities*

Oracle Danmark ApS, with the cooperation of its employees, customers, contractors and suppliers, is committed to environmental management through managing the consumption of energy, water, paper and other resources used by Oracle in its day-to-day operations and identifying opportunities to divert, minimize, reuse and recycle our waste stream. In 2019/20, Our Danish offices has continued to operate with a "plan-do-check-act" management system, taking environmental sustainability into account while conducting business.

iv. KPI

In 2019, 34 percent of Oracle's real estate and facilities electricity use, and 59% of Oracle's Cloud electricity use came from verified renewable sources. Oracle has a goal to reduce our absolute emissions by 26% percent by 2025 over a 2015 baseline (in line with science-based targets).

v. *Performance*

Oracle Danmark ApS has achieved a yearly reduction in greenhouse gas emissions since 2015. We continue to leverage energy-saving technologies at our Danish offices, while working tirelessly to achieve our goals. Further, the management system has in 2019/20 increased the amount of reused and recycled materials in our waste stream.

A consolidated view of Oracle's performance data is available in the Oracle Corporate Citizenship Data Sheet at https://www.oracle.com/assets/ccr-datasheet-3855392.pdf.

Managements' Review

Human Rights and gender distribution in the board and top management

i. Policy

Oracle Danmark ApS has a long-standing commitment to uphold and respect human rights for all people, as reflected in Oracle's Code of Ethics and Business Conduct, and in Oracle's policies, practices, and core values.

The company promotes equality of opportunity and treatment and take appropriate steps to eliminating discrimination in access to employment, training and working conditions, on grounds of race, age, religion color, sex, political opinion, ethnicity, sexual orientation, disability country of origin, or social origin. In Oracle Danmark ApS, there are equal opportunities for men and women and efforts are being made to reflect this at all managerial levels.

ii. Risk

There is a risk of "biased" recruitment, thus creating a corporate culture that does not reflect the surrounding world. Oracle Danmark ApS 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.

iii. Activities

To ensure a balanced representation of men and woman Oracle has in 2019/20 continued to develop our programs such as:

a) 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 workforce. OWL engages more than 16,000 employees in 66 countries – including Denmark, representing more than 118 OWL communities.

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

b) 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.

c) Recruitment

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

iv. *KPI*

The Company 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.

v. *Performance*

In 2020, Oracle Danmark ApS 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.

Managements' Review

Social and employee conditions

i. Policy

Oracle is committed to protecting the health and safety of our employees, visitors, contractors, and other stakeholders and to minimizing pollution and other adverse impacts on the environment. The well-being of the Company's employees is safeguarded through strict adherence to health and safety standards.

ii. Risks

The key risks relate to workplace accidents.

iii. Activities

The Company's Environment, Health, and Safety team has in 2019/20 continued to conduct audits to identify and correct workplace hazards. Oracle Danmark ApS continues to encourage our employees to report any injuries, accidents, near-misses, and hazards promptly so that we can investigate and take corrective action.

iv. KPI

The recording of significant incidents is actively monitored.

v. Performance

There have been no reports of accidents during the year that resulted in significant material damage or personal injury.

Anti-corruption

i. Policy

Oracle Danmark ApS believes in doing business honestly and is committed to transparency in our business practices. As per our Code of ethics and Business conduct, we have no tolerance for corruption and bribery in connection with our business.

ii. Risk

Oracle Danmark ApS is exposed to non-compliance with anti-corruption legislation through employees', suppliers' and partners' violations, and is also exposed to potential legal and financial implications of such non-compliance.

iii. Activities

All employees are required to complete and return a certificate annually acknowledging that they have read, understood and complied with this Policy.

iv. *KPI*

It is the Company's objective to ensure adherence to Code of ethics and Business conduct and avoid any violation of the anti-corruption rules internally as well as with its external partners.

v. Performance

The Company did not note any violations of Oracle Corporation anti-corruption rules in 2019/20.

Additional information regarding our citizenship policies, processes and procedures are available on our website www.oracle.com/corporate/citizenship.

Income Statements 1 June - 31 May

	Note	2019/20	2018/19*
		DKK'000	DKK'000
Revenue	3	**332,781**	**539,196**
Other external expenses		-80,133	-71,419
Gross profit		**252,648**	**467,777**
Staff expenses	4	-229,339	-219,792
Depreciation, amortisation and impairment	5	-16,672	-9,503
Profit before financial income and expenses		**6,637**	**238,482**
Financial income	6	3,316	20,968
Financial expenses	7	-2,513	-1,198
Profit before tax		**7,440**	**258,252**
Tax on profit for the year	8	-6,643	-77,872
Net profit for the year	21	**797**	**180,380**

*Comparative figures have not been restated due to implementation of IFRS 16.

Distribution of profit

	2019/20	2018/19
	DKK'000	DKK'000
Proposed distribution of profit		
Retained earnings	797	180,380
	797	**180,380**

Balance Sheet 31 May

Assets

	Note	2019/20	2018/19*
Non-current assets		DKK'000	DKK'000
Other fixtures and fittings, tools and equipment	9	18,885	15,745
Leashold improvement	9	2,690	453
Right-of-use assets	10	22,712	-
Tangible assets		**44,287**	**16,198**
Intercompany loan receivable	22	458,485	455,565
Investments		**458,485**	**455,565**
Deferred Commissions	15	19,189	22,077
Other non-current assets		**19,189**	**22,077**
Total non-current assets		**521,961**	**493,840**
Trade receivables	11	4,879	21,063
Other receivables		1,725	3,573
Contract work in progress	12	115,647	15,132
Deferred tax assets	13	470	5,486
Deferred expenses	14	123	373
Deferred Commissions	15	19,709	29,361
Other assets		**142,553**	**74,988**
Cash at bank and in hand		**42,467**	**27,338**
Current assets		**185,020**	**102,326**
Assets		**706,981**	**596,166**

*Comparative figures have not been restated due to implementation of IFRS 16.

Balance Sheet 31 May

	Note	2019/20	2018/19*
Equity and Liabilities			
Equity		DKK'000	DKK'000
Share capital	16	11,000	11,000
Retained earnings		187,713	186,916
Total equity		**198,713**	**197,916**
Non current liabilities			
Lease Liability	10	14,932	-
Total Non current liabilities		**14,932**	**-**
Current liabilities			
Trade payables		305	543
Payables to group enterprises	23	375,484	302,275
Corporation tax		102	15
Other payables		108,906	94,449
Deferred income	17	668	968
Lease Liability	10	7,871	-
Total current liabilities		**493,336**	**398,250**
Total liabilities		**508,268**	**398,250**
Liabilities and equity		**706,981**	**596,166**

*Comparative figures have not been restated due to implementation of IFRS 16.

Contingent assets, liabilities and other financial obligations	18
Fee to auditors appointed at the general meeting	19
Related parties and ownership	20
Profit distribution	21

Statements of Changes in Equity

	Share capital	Retained earnings	Total
	DKK'000	DKK'000	DKK'000
Equity at 31 May 2019	11,000	186,916	197,916
Net profit for the year	-	797	797
Equity at 31 May 2020	**11,000**	**187,713**	**198,713**

Accounting Policies

1. Corporate Information

Oracle Danmark ApS is a private limited Company incorporated in Denmark with a registered address at Tuborg Havnevej 15, DK – 2900 Hellerup, Denmark.

The immediate parent and controlling party of the Company is Oracle Nederland B.V. (the "Parent Company"). The ultimate parent undertaking and controlling party is Oracle Corporation, a company incorporated in the State of Delaware, USA.

2.1 Basis of Preparation

The Annual Report of Oracle Denmark ApS for 2019/20 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.

2.2 Going Concern

The response to the impact of COVID-19 is set out in the Principal Activities and Review of the Development of the Business. To the Directors' current knowledge, based on the procedures below, COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.

The Company has considerable financial resources together with revenue streams across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations adopted by the Company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended May 31, 2019, except for the adoption of new standards and interpretations effective as of January 1, 2019, which was adopted by the Company effective June 1, 2019.

IFRS 16 Leases

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 June 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application without any impact to retained earnings.

The effect of adopting IFRS 16 at June 1, 2019 was, as follows:

	Increase (Decrease)
Assets	2019/20
	DKK'000
Non-current assets	
Right-of-use assets	8,949
	8,949
Current Assets	
Deferred expenses	-373
	-373
Total Assets	**8,576**
Equity and Liabilities	
Non current liabilities	
Lease Liability	3,724
Total non current liabilities	**3,724**
Current Liabilities	
Lease Liability	4,852
Total Liabilities	**4,852**
Total Equity and Liabilities	**8,576**

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at June 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at June 1, 2019. The weighted-average rate applied is 2.57%. The lease liabilities at June 1, 2019 can be reconciled to the operating lease commitments as of May 31, 2019, as follows:

	DKK'000
Operating lease commitments as at 31 May 2019	8,841
Discounting to present value and other adjustments	-265
Lease liabilities as at 1 June 2019	**8,576**

IFRIC 23 Uncertainty over Income Tax Treatment

Changes in accounting policies and disclosures - IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately or together as a group;

• The assumptions an entity makes about the examination of tax treatments by taxation authorities;

• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;

• How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its financial statements. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to the pricing of intra-group transactions. The Company has determined, in conjunction with transfer pricing specialists, that all intra-group transactions are priced at arm’s length terms, and that the tax treatment adopted by the company with regard to these transactions in its tax returns is therefore in line with local tax legislation. As such, the Company has concluded that the Interpretation did not have an impact on the financial statements for the period.

2.4 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 overleaf.

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 reversaesls 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.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Incremental costs of obtaining a contract (Cloud commissions and First Year Support)

The company incurs sales commissions earned by its sales force. Under IFRS 15, sales commissions and associated direct costs that are considered incremental and recoverable costs of obtaining customer contracts are now capitalized and amortized, as detailed below.

Cloud Commission Capitalization

We capitalize sales commission associated with our cloud SaaS, PaaS and IaaS offerings, and recognize the related expenses over the applicable period (i.e. customer benefit period, or contract term for renewals), which are typically one to four years. The estimated customer benefit period, currently determined to be 4 years, will be reassessed each year and updated, as necessary. The current portion of the deferred sales commissions balances are included in other current assets and the non-current portion of the deferred sales commissions balances are included in other non-current assets as of May 31, 2020. Amortization of deferred sales commissions is included as a component of staff expenses in our Income Statement

License & Hardware First Year Support Commission

Under IFRS 15, first year support commissions are capitalized and amortized over the estimated customer benefit period, currently determined to be 4 years. On an annual basis, the customer benefit period will be reassessed and updated as necessary.

Accounting Policies

Revenue and related adjustments

The company has several sources of revenues. For certain products and services prices are bundled for software and software support together and resulted in recognition of revenue over time with no revenue recognized upfront under previous IFRS. Under IFRS 15, more judgement and estimates are required to be used, which resulted in upfront recognition for certain revenue transactions such as; Term License, and the license portion of MySQL deals. Adjustments arising from such transactions were booked, but they are not material to the financial statements taken as a whole for disclosure.

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 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 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.

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.

Right of Use Assets and Lease Liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset which may be specified explicitly or implicitly. The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset.

- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to determining how and for what purpose the asset is used.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets identified under the standard are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Facilities; the initial term of the lease.

• Motor vehicles; generally 5 years.

The Lease liabilities are initially measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company applied the short-term lease recognition exemption to its short-term leases of vehicles, parking lots and other equipment. It also applied the lease of low-value assets recognition exemption to leases of office equipment that are considered low value. Lease payments on short-term leases and leases of low value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

The Company's right-of-use assets and the current and non-current portion of lease liabilities are included as separate line items within the statement of financial position.

The Company determined whether the arrangement was or contains a lease based on the assessment of whether:

- Fulfillment of the arrangement was dependent on the use of a specific asset or assets; and

- The arrangement had conveyed a right to use the asset either, by having the ability or right to operate or have physical access to the asset and that other parties would benefit from the output while obtaining or controlling more than an insignificant amount of the output.

Accounting Policies

Significant accounting judgements, estimates and assumptions

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Leases - Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain the option to renew or terminate the lease will be exercised. The Company considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The renewal periods for leases of facilities and vehicles are typically not included as part of the lease term as these are not reasonably certain to be exercised.

Refer to Note 10 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

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 fair value, 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 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 capitalized and recognized in the income statement in accordance with the delivery of obligations over time.

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.

Accounting Policies

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.

3. Revenue

DKK'000	2019/20	2018/19
Consulting revenue	26,950	24,230
Commission income	305,831	282,024
Transfer pricing revenue adjustment for tax settlement	-	232,942
	332,781	**539,196**

The intercompany revenue adjustment, in the prior year, is a Group reimbursement associated with the final settlement of the corporate tax audit spanning the fourteen years FY03-FY16. There is no comparable amount in FY20.

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;

https://investor.oracle.com/financial-reporting/sec-filings/default.aspx

4. Staff Expenses

DKK'000	2019/20	2018/19
Wages and salaries	212,926	203,446
Pensions	15,203	15,213
Other social security expenses	1,211	1,133
	229,339	**219,792**
Average number of employees	**186**	**198**

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.

5. Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

DKK'000	2019/20	2018/19
Goodwill	-	3,318
Other fixtures and fittings, tools and equipment	7,142	5,270
Leasehold improvements	594	915
Right of use assets (refer to note 10)	8,936	-
	16,672	**9,503**

6. Financial income

DKK'000	2019/20	2018/19
Other financial income	3,313	20,968
	3,313	**20,968**

Financial income recorded in the prior year primarily relates to tax interest income received in relation to the final settlement of the corporate tax audit spanning the fourteen years FY03-FY16 (DKK '000 17,320 in 2018/19). There was no comparable interest income recorded in 2019/20.

7. Financial Expenses

DKK'000	2019/20	2018/19
Interest paid to group enterprises	12	22
Other financial expenses	2,501	1,176
	2,513	**1,198**

8. Tax for the year

DKK'000	2019/20	2018/19
Estimated income tax charge	**(1,613)**	(4,632)
Prior year adjustments for income tax	**2**	(74,824)
Change in provision for deferred tax	**(275)**	1,795
Prior year adjustments for deferred tax	**(4,742)**	-
Withholding tax expense	**(15)**	(211)
	(6,643)	**(77,872)**

The prior year adjustment for income tax primarily relates to the final settlement of the corporate tax audit spanning the fourteen years FY03-FY16. There is no comparable amount in FY19/20.

9. Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total property, plant and equipment
Cost at 1 June	26,783	13,190	39,973
Additions for the year	10,282	2,831	13,113
Disposals for the year	(3,787)	(9,139)	(12,925)
Cost at 31 May	33,278	6,882	40,160
Impairment losses and depreciation at 1 June	11,038	12,737	23,775
Depreciation for the year	7,142	594	7,736
Disposals	(3,786)	(9,138)	31,511
Impairment losses and depreciation at 31 May	14,393	4,193	18,586
Carrying amount at 31 May	**18,885**	**2,690**	**21,576**

10. Leases

The Company has lease contracts for facilities and vehicles, used in its operations. Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

DKK'000	Facilities	Vehicles	Total
As at June 1, 2019	1,358	7,590	8,949
Additions	19,194	3,505	22,699
Depreciation expense	(4,597)	(4,339)	(8,936)
As at May 31, 2020	**15,955**	**6,756**	**22,712**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

DKK'000	Facilities	Vehicles	Total
As at June 1, 2019	985	7,590	8,576
Additions	19,194	3,505	22,699
Accretion of interest	337	194	531
Payments	(4,539)	(4,465)	(9,003)
As at May 31, 2020	**15,978**	**6,825**	**22,803**
Current	(3,667)	(4,204)	(7,871)
Non-current	(12,311)	(2,621)	(14,932)

The following are the amounts recognized in profit or loss:

DKK'000	Facilities	Vehicles	Total
Depreciation expense of right-of-use assets	4,597	4,339	8,936
Interest expense on lease liabilities	337	194	531
Total amount recognized in profit or loss	**4,934**	**4,533**	**9,467**

11. Trade receivables

There are no portion falling due for payment more than one year after the financial year-end in either 2019/20 or 2018/19.

12. Contract work in progress

DKK'000	**2019/20**	**2018/19**
Sales price for work in progress	115,647	15,132
Contract work in progress, net	**115,647**	**15,132**
Recognised in the balance sheet as follows:		
Classified as work in progress under assets	115,647	15,132
	115,647	**15,132**

13. Deferred tax assets

	2019/20	**2018/19**
The deferred tax charge relates to (DKK'000):		
Property, plant and equipment	8	-454
Current assets	462	1,281
PY Transfer Pricing Income adjustment	-	4,659
	470	**5,486**
Deferred tax assets are expected to be set off within:		
0-1 year	462	4,451
1-5 years	8	1,035
	470	**5,486**

14. Deferred expenses

Deferred expenses consist of prepaid expenses concerning rent & utilities (DKK '000 123 in 2019/20, DKK '000 373 in 2018/19).

15. Deferred commissions

The Company has recognized an asset in relation to cost to obtain and amortise on a straight-line basis over the period of benefit.

DKK'000	**2019/20**	**2018/19**
Opening deferred commissions	51,438	46,486
Assets recognised from commission (cost to obtain) incurred during the year	16,373	40,316
Amortisation recognised as cost of providing services during the year	-28,912	-35,364
	38,899	**51,438**

Current	19,709	29,361
Non-current	19,189	22,077
	38,898	**51,438**

16. 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.

17. Deferred income

DKK'000	**2019/20**	**2018/19**
Consulting contracts	668	968
	668	**968**

18. Contingent assets, liabilities and other financial obligations

Rental agreements and leases

DKK'000	**2019/20**	**2018/19**
The Company has entered into 2 leases covering the periods financial year 2020 to financial year 2025.	-	13,619
As of 31 May, 2020 the Company has entered into a number of leasing contracts for cars. The lease covers various periods up to 2023.	-	9,161

Effective June 1, 2019 the Company has implemented IFRS 16 when accounting for leases, and these are thus accounted for as part of the Company's current and non-current liabilities.

19. Fee to auditors appointed at the general meeting

DKK'000	**2019/20**	**2018/19**
Fee for statutory audit	417	401
	417	**401**

20. 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:

https://investor.oracle.com/financial-reporting/sec-filings/default.aspx

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.

21. Profit Distribution

	Appropriation of profit	
DKK'000	**2019/20**	**2018/19**
Recommended appropriation of profit	797	180,380
Total	**797**	**180,380**

22. Intercompany loan receivable

DKK'000	**2019/20**	**2018/19**
Intercompany loan agreement	458,485	455,565
	458,485	**455,565**

On April 12th, 2018, the Company entered into a loan facility with a group company limited to DKK'000 602,000 and expires on April, 2025. On May 31st, 2020, DKK'000 458,485 was utilised. The interest rate on the intercompany loan agreement is DKK LIBOR rate plus 0.375%.

23. Payables to group enterprises

DKK'000	**2019/20**	**2018/19**
Non-current liabilities		
Payables to group enterprises	-	-
Total	**-**	**-**
Current liabilities		
Payables to group enterprises	375,484	302,275
Total	**375,484**	**302,275**

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