

ORACLE CORPORATION UK LIMITED

Strategic Report, Directors' Report and Financial Statements for the year ended 31 May 2023

Registered No. 1782505

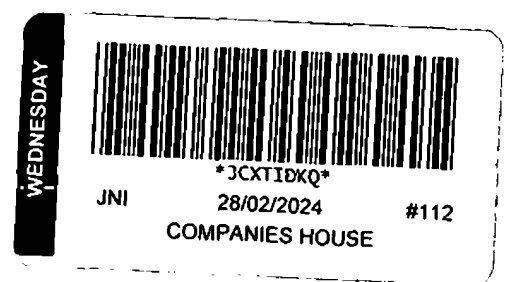


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COMPANY INFORMATION

DIRECTORS

D. Hudson
S. Allison
G. Sharpe
R. O’Sullivan

SECRETARY

D. Hudson

AUDITOR

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Harcourt Street,
Dublin 2,
Ireland.

REGISTERED OFFICE

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Reading,
Berkshire,
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BANKERS

JP Morgan Chase Bank,
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London,
E14 5JP.

SOLICITORS

Baker & McKenzie LLP,
100 New Bridge Street,
London,
EC4V 6JA.

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 May 2023.

Principal activities

Oracle Corporation UK Limited (the Company) provides products and services that address enterprise Information Technology (IT) environments. The Company's products and services include enterprise 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). Accordingly, the Company offers choice and flexibility to customers and facilitate the product, service and deployment combinations that best suit customers' needs.

The Company's cloud and license business markets, sells and delivers a broad spectrum of enterprise applications and infrastructure technologies through cloud and license offerings.

The Company's cloud services offerings, which provide customers access to Oracle Cloud applications and infrastructure technologies via cloud-based deployment models that Oracle develops, provides unspecified updates and enhancements for, deploys, hosts, manages and supports and that customers access by entering into a subscription agreement for a stated period. The Company's cloud license and on-premise license deployment offerings include Oracle Applications, Oracle Database and Oracle Middleware software offerings, among others, which customers deploy within cloud-based, on-premise and other IT environments.

The Company's hardware products provide a broad selection of enterprise hardware products and hardware-related software products including Oracle Engineered Systems, servers, storage and industry-specific products, operating systems, virtualization, management and other hardware-related software, and related hardware support.

The Company also offers services to assist customers and partners to maximise the performance of their purchase.

The Company's customers include businesses of many sizes, government agencies, educational institutions and resellers that the Company market and sell to directly through the Company's sales force and indirectly through the Oracle Partner Network.

Providing choice and flexibility to customers as to when and how they deploy Oracle applications and infrastructure technologies is an important element of the Company's strategy. The Company believe that offering customers broad, comprehensive, flexible and interoperable deployment models for Oracle applications and infrastructure technologies is important to the Company's growth strategy and better addresses customer needs relative to competitors, many of whom provide fewer offerings, more restrictive deployment models and less flexibility for a customer's transition to cloud-based IT environments.

The Company continues to act as a principal in providing products and services. The distribution contract entered into by the Company covers the sale of licences and equipment (hardware) and the provision of support services and training.

The Company also provides consulting services and acts as an intermediate holding company relating to its investments in its subsidiaries.

Key financial & performance indicators (KPIs)

The key financial and other performance indicators during the year were as follows:

	2023	2022	Change
	£'000	£'000	%
Turnover	1,974,957	1,823,986	8%
Profit on ordinary activities before interest and taxation	67,857	69,640	-3%
Profit for the financial year	68,834	61,748	11%
Shareholder's funds	509,537	311,960	63%

STRATEGIC REPORT (continued)

Key financial & performance indicators (KPIs) (continued)

Total revenue has increased by 8% largely driven by increased sales across the Cloud line of business. This increase in revenue was partially driven by increased Cloud related sales across acquisition related products. Please refer to “Acquisitions” within the Directors’ Report on page 8 for further details on the acquisition.

The Company has reported a decrease in its profit on ordinary activities before interest and taxation of £1,783,080. The Company’s cost of sales has increased in line with revenue compared with 31 May 2022, however there was also an increase in administration expenses for the year which is driving the decrease in profit for the financial year. This is primarily related to marketing initiatives taken place to enhance the Oracle brand.

Shareholder’s funds increased by £197,577,056 at 31 May 2023 compared to 31 May 2022 due to the Company’s profitability in the current year and other comprehensive income related to actuarial gains as detailed in the statement of changes in shareholder’s equity.

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 does 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 IT trends that the Company does not adequately anticipate or address with product development efforts;
- the Company does not optimise complementary product lines and services in a timely manner or fails 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;
- significant changes in the market place in which the business operates;
- the risk of unrealistic increases in wages or infrastructure costs impacting adversely on competitiveness of the Company and its principal customers;
- the risk of adverse exchange movements.

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 organisation 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.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in interest rates. The Company has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance.

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets relate to cash balances and loans with group undertakings, all of which earn interest at variable rates. Interest bearing liabilities relate to amounts owed to group undertakings, of which interest is paid at variable rates.

Foreign currency risk

The Company buys and sells goods and services denominated in currencies other than Pounds Sterling. The Company manages such payments through the operation of other denominated currency bank accounts. As a result of the value of the Company's non-Pound Sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates. If significant, the Company would seek to mitigate its exposure to currency movements by working with the Oracle group's Treasury department to enter into forward currency contracts.

Liquidity and cashflow risk

The Company participates in an Oracle group funding process which ensures Company funding and maximises investment returns.

Price risk

Selling prices are analysed on an annual basis, or more frequently if significant changes in selling prices are experienced, based on the global pricing model and associated go-to-market strategy.

Section 172(1) Statement

The Company recognises the importance of delivering effective corporate governance in supporting the long-term success and sustainability of its business. The Company's stakeholders are businesses of various sizes, government agencies, educational institutions and direct and indirect resellers of its products and services.

Issues, Factors and Stakeholders

When taking decisions, the Directors of the Company have access to functional assurance support, such as HR, Company Secretarial, Legal and Finance to identify matters which may have an impact on the proposed decision. This information is provided to the Directors along with any suggestions and other supporting documents. This information includes, where relevant, the likely consequences of the decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly between members of the Company.

STRATEGIC REPORT (continued)

Section 172(1) Statement (continued)

Board Governance

The Company holds board meetings throughout the year and the Board is supported by a group wide focus on risk management, including a global conflict of interest policy, corporate governance guidelines and a code of ethics, which support the Board's decision-making.

The Company implements a board harmonisation policy in appointing Directors to the Board, where individuals are selected from various critical lines of business, for example, from Tax, Legal and Finance, and are selected for appointment based on expertise, experience and seniority. Drawing from personnel across the Company means that many perspectives are considered when decisions are being made, and the impact of any decision on all relevant stakeholders can be fully evaluated. In addition to broad board membership, the Directors draw on the input and expertise of other lines of business, for example Human Resources, Health and Safety and Operations, to provide information and support to board decisions.

Matters identified that may affect the Company's performance in the long term are set out in the Principal risks and uncertainties section in the Strategic Report.

Stakeholders

The Company has identified and actively engages with key stakeholders. For details of how the Company has had regard to foster relationships with its key stakeholders, and the impact of that regard on decision making, refer to the table within the Stakeholder Engagement Statement within the Directors Report.

- The Company has identified its employee workforce, suppliers, customers, investors and the communities in which it operates as its key stakeholders. These stakeholders were identified as such based on their importance to the long-term success of the Company and the environment in which the Company operates.
- Details of decisions regarding key stakeholders are recorded in the minutes of board meetings.
- The Company uses various channels of communication to consult with its employees, including formal and informal meetings, employee surveys, intranet sites and a weekly email news bulletin. In addition, through employee representatives, employees can engage in dialogue with management.
- There is a management structure in place to encourage the stakeholder engagement process.
- The Company has invested in energy efficiency measures across its portfolio of properties in order to reduce the Company's climate change impacts, as disclosed in the Directors Report. Energy saving measures have been introduced and all electricity is now purchased from 100% renewable sources.
- The employee workforce are key to the long-term success of the Company due to the nature of the Company's activities, which include providing products and services that address all aspects of corporate information technology environments.

Training

The Board of Directors is aware of the importance of undertaking regular and ongoing training to support regulatory requirements. As part of the Directors' role as employees of the Oracle Group, the Directors receive annual training on matters such as Oracle's Code of Conduct, Anti-Money Laundering, Bribery and new procedures brought into the Group. The Directors will also undergo directors' training in the future to support their legal and statutory duties. More details on the Directors' training programme can be found in the Directors' report.

STRATEGIC REPORT (continued)

Section 172(1) Statement (continued)

Principal Decisions

Principal decisions are those which are commercially material matters of financial or operational performance that will have a material impact on the Company or on key stakeholders. When making principal decisions the Board is mindful that its strategic decisions can have long term implications for the business and its stakeholders and these implications are carefully assessed. The Directors take active steps to ensure the suggestions, views and interests of the stakeholder are captured in the decision making. Details of decisions made by the Board regarding key stakeholders are recorded in minutes of Board meetings.

The principal decisions taken by the Directors during the reporting period included the decisions relating to the legal entity combination on 1 October 2022 with Cerner Ireland Limited. Cerner is an American supplier of health information technology services, devices, and hardware with subsidiaries across the globe which was acquired by Oracle Corporation on 8 June 2022.

Culture

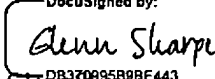
With the Company's core values of mutual respect, integrity, customer satisfaction, quality, teamwork, fairness, communication, compliance, innovation and ethics the focus and strategy is underpinned by the behaviours and attitudes of the Company's employees and ultimately the directors. The Directors ensure that the decisions made are in line with Oracle's code of conduct and consider the impact on different stakeholder groups, as well as ensuring a diverse and collaborative environment and ensure that all suppliers and customers are treated fairly.

The Company has comprehensive HR policies in place to support and develop employees and to create a culture that values all employees, including an Equal Employment Opportunity policy and an Education and Training policy. There is a comprehensive employee consultation mechanism in place. The Company has invested in energy efficient measures to reduce its climate change impacts.

Future developments

The Company intends to continue to develop its range of products and services.

By order of the Board

DocuSigned by:


Director: Glenn Sharpe
Date: 26 February 2024

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 May 2023.

Directors and their interests

The current directors are listed on page 2.

Neither the Directors, nor their immediate families, have any material interest in the shares of the Company or in the share capital of any other group company including the ultimate parent company Oracle Corporation.

Results for the year and state of affairs as at 31 May 2023

The Statement of Comprehensive Income and the Statement of Financial Position for the year ended 31 May 2023 are set out on pages 37 and 38 respectively. During the year, the Company made a profit of £68,834,000 (2022: £61,748,000). Shareholder's funds at 31 May 2023 were £509,537,000 (2022: £311,960,000).

Dividends

No dividends were declared or paid during the year (2022: £nil).

Acquisitions

An active acquisition program is an important element of the Company's corporate strategy. In recent years, the Company's ultimate parent undertaking, Oracle Corporation, has invested significantly in acquiring companies, products, services and technologies. Oracle Corporation's acquisition program supports the Company's long-term strategic direction, strengthens its competitive position, particularly in the applications and cloud software marketplace and expands its customer base.

On 1 October 2022, Oracle Corporation UK Limited acquired employees, and certain assets and liabilities from Cerner Ireland Limited for the consideration £11,277,401. Cerner is a supplier of health information technology services, devices and hardware.

Charitable and political donations

During the year the Company made charitable donations of £691,000 (2022: £773,000). There were no political donations made during the year (2022: £nil).

Events since the year end

On 1 October 2023, the Company acquired customer contracts, and certain assets and liabilities from Cerner Ireland Limited for the consideration £547,463.

On 1 December 2023, the company acquired employees, and certain assets and liabilities of Next Technik Limited for the consideration £23,090.

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

Going concern

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). In preparing the financial statements, the Directors consider it appropriate to continue to use the going concern assumption on the basis that the Company has sufficient sources of cash flow and the Company's ultimate parent company, Oracle Corporation, has indicated that it will provide such financial support to the Company to enable it to meet its obligations as they fall due up to 26 February 2025 but only in the event funds are not otherwise available to the Company to meet its liabilities.

DIRECTORS' REPORT (continued)

Employees

Employee involvement

Oracle places considerable value on the ongoing involvement of its employees and continues its practice of keeping them informed on matters affecting them and on various factors affecting Oracle's performance. Employees are informed through a number of channels including formal and informal meetings, employee surveys, intranet sites and a weekly email news bulletin. In addition, through employee representatives, employees can engage in dialogue with management. This furthers the aims, plans and objectives of the business and enables Oracle management to seek the views and ideas of its employee.

Disabled employees

Oracle is an Equal Employment Opportunity Employer. Oracle believes in treating each employee and applicant for employment fairly and with dignity. Oracle bases employment decisions on merit, experience and potential, without regard to race, colour, national origin, sex, marital status, sexual orientation, gender identity, age, religion, disability, protected veteran status, or any other characteristic prohibited by local law.

Oracle's Equal Employment Opportunity policy is founded on the philosophy that employees and applicants for employment must be treated equitably. Oracle does not discriminate based on personal preference or physical characteristics, and experience confirms that supporting policies and practices with a strong commitment to equal employment opportunity is a good business practice. Oracle seeks to build an inclusive workforce and work environment. Oracle makes every effort to attract, invest in, and develop the talents of diverse people who reflect the society and community in which we live.

Oracle welcomes and supports people of all races, ethnicities, cultures, and religions and seeks to foster teamwork and effective partnerships among employees. Oracle provides equitable treatment and reasonable accommodations for employees with disabilities in accordance with individual needs, business realities or local laws. These accommodations may include job retraining, an adjusted work schedule, special equipment or transportation, medical leave or job modification to optimise their performance.

Research and development

Research and development expenditure, other than on fixed assets, is expensed to the Statement of Comprehensive Income in the year in which it is incurred. The amount included in the Statement of Comprehensive Income in respect of such expenditure is £25,697,000 (2022: £25,421,000)

Statement of Corporate Governance Arrangements

The Company has not applied a corporate governance code during the period, as it is not mandatory to do so. The Company operates with a robust level of governance across the business, with clear governance infrastructure. The Company has a number of policies and procedures in place globally to support the Group and to ensure its Directors operate appropriately and develop the business. This approach is designed to promote the long-term success of the Company and its subsidiary businesses both within the UK and globally, to minimise risk and to create value for shareholders. The Company's stakeholders are its employees, charities, customers, suppliers, partners, shareholders, and the communities in which it operates. The Board is comfortable that formal application of a corporate governance code is not essential for the Company at this time. Set out below, in further detail, is the infrastructure which the Board presently has in place, along with details of a proposed governance roadmap which the Board has committed to implement.

Application of Governance

This section provides an overview of how the Company applied its corporate governance practices for the financial year ended 31 May 2023. The Directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of Section 172 under the Act.

In response to the ever-increasing focus on corporate governance for private companies and the need for transparency, the Directors of the Company have proactively instigated a review of the Company's current UK corporate governance framework, with a particular focus on the changes required to support the disclosures required under the Regulations.

A key output of this review, and as set out in the Section 172 statement, is that the Oracle Group is in the process of implementing a number of changes to the governance framework, including adopting an entity governance policy which will support decision making at a subsidiary level by Directors.

DIRECTORS' REPORT(continued)

Application of Governance (continued)

The entity governance policy will formalise and set out key corporate governance operating standards, including the Group's delegations and operational governance framework and the process for making principal decisions, as detailed and defined in the Section 172(1) Statement, to ensure that the Company, its statutory Directors and its management are able to comply with its obligations under the Regulations, and to support the governance and key controls underpinning the decision-making process across the Oracle Group.

In making its decision, the Board of Directors will be required to consider the outcome of any stakeholder impact assessment that has been undertaken to support it making that principal decision (details of the principal decisions made during the reporting period, and the governance process behind principal decisions, are set out within the Section 172 Statement section of the Strategic Report).

The Company continues to apply corporate governance as follows:

- governance of the Company continues to be supported by a robust structure which allows for constructive debate and challenge by its members. This approach enables Directors to make effective decisions, at the right time and based on the right information;
- the culture is one of openness and constructive debate. The Company's Directors are able to voice their opinions in a relaxed and respectful environment, allowing coherent discussion. When running Board meetings, the Chairperson maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate;
- delegated authorities throughout the organisation enable effective decision making at appropriate levels; and
- a UK focused team to ensure that the Directors' receive the right information at the right time to support their decision-making processes. This includes an assigned company secretary to support with information-flows.

Purpose and Values

Below are the core values of the Company:

- mutual respect;
- integrity;
- customer satisfaction;
- quality;
- teamwork;
- fairness;
- communication;
- compliance;
- innovation; and
- ethics.

These values drive the focus, define the strategy and underpin the behaviours and attitudes of the Company's employees and senior management in their work, establishing a holistic and robust approach to risk management and corporate governance.

DIRECTORS' REPORT(continued)

Board Composition

Governance is an integral part of the way the Company delivers its strategy, and why it has such long-standing and dedicated Directors on the Company Board. As part of the proposed entity governance policy which the Company will be implementing, the Directors of the Company will regularly review the structure, size and composition of the Board in order to ensure it comprises the right people with the requisite skills and experience, including diversity of thought and approach, who can provide strong and effective leadership to the business, and support delivery of the Company's strategy. The Company has composed a Board with a balance of skills, backgrounds, experience and knowledge required to compliment the promotion of the long term success of the Company, and to identify the impacts of the Board's decisions on the Company's stakeholders, and where relevant, the likely consequences of those decisions in the long-term. Individual Directors have sufficient capacity to make a valuable contribution that is aligned to the Company's activities.

Below is a brief biography of the Directors of the Company:

David Hudson

Mr. Hudson has been an Oracle employee for over 20 years and currently serves as Senior Vice President of EMEA Legal, Regional General Counsel and Compliance and Ethics Officer. Mr. Hudson manages over 120 indirect reports across the EMEA region. Mr. Hudson brings to the Board his extensive knowledge and experience of legal and compliance matters, as well as substantial in-depth knowledge of the Oracle business and its stakeholders and Oracle's Compliance and Ethics Program.

Simon Allison

Mr. Allison has been an Oracle employee for over 20 years and currently serves as Vice President of EMEA Tax. Mr. Allison brings to the Board his considerable knowledge and experience of tax matters and the ability to evaluate how such matters may impact the business. Mr. Allison also has extensive and intricate knowledge of the Oracle business operations and its policies and processes.

Glenn Sharpe

Mr. Sharpe has been an Oracle employee for over 15 years and currently serves as Senior Finance Director responsible for the UK and Ireland. Mr. Sharpe is responsible for the financial risk and compliance aspects of Oracle's legal entities across the EMEA region. This incorporates financial risk management, local statutory compliance and Board of Directors responsibilities. Mr. Sharpe provides the Board with an important financial perspective on its operations.

Ryan O'Sullivan

Mr O'Sullivan has been an Oracle employee for over 5 years and currently serves as Legal Director managing the UK legal team. Mr O'Sullivan has extensive and in-depth knowledge of the UK business and its customers. Mr O'Sullivan has considerable commercial legal knowledge and experience providing the Board with important insight into Oracle's business, its customers and partners.

Training

As employees of Oracle, the Directors receive regular compliance training which covers various legislative updates including Anti-Bribery and Corruption, Conflicts of interest, Environmental Health and Safety, Global Compliance Training, Insider Trading, Respectful Workplace and Unconscious Bias training. The regularity of the training ensures that the Directors will maintain a clear understanding of their responsibilities and accountabilities. The Directors will also undertake Directors' duties and corporate governance training to further support them in the delivery of their director roles.

DIRECTORS' REPORT(continued)

Opportunity & Risk

The Board perceives its main opportunity to success is its people and the products and services that it provides. It is critical to the Company's success to attract, retain, develop, motivate and keep the best people with the right capabilities at all levels. Failure to achieve this would be detrimental to the services delivered by the Company.

The Board of Directors is responsible for identifying significant risks to the business and for ensuring that appropriate internal controls and risk management are in place, such as innovative product sourcing, strict control of costs, and close attention to customer service levels. Oracle has a global system for managing risk and controls, including innovative product sourcing, cost control, close attention to customer service levels, insurance; business policies and organisational structures and the Board receives reports when necessary on the oversight of this risk and the Directors' review, reassess and limit the risks when relevant. More details on the principal risks facing the business can be found in the Strategic Report.

The Board is ultimately responsible for enhancing and protecting the brand and reputation of the Company. As such, the Board recognises the importance of receiving regular, timely and accurate information on any matter affecting the brand and reputation, allowing it to take appropriate action when required.

Stakeholder relationship and engagement

The Board has considered the stakeholders that are impacted by the Company and its business activities, and consider its employees, suppliers, investors and the communities in which it operates to be its key stakeholders. For details of how the Company engages with its key stakeholders, please refer to the Employee Engagement Statement and Stakeholder Engagement Statement below.

Employee Engagement Statement

The Company remains committed to its employees and works hard to ensure they are supported and developed in all areas. The Oracle Group places considerable value on the ongoing engagement of its employees and keeps them informed on matters affecting them and the various factors affecting Oracle's performance.

During the reporting period, the Company employed an average number of 2,666 (2022: 2,605) employees in the United Kingdom, as detailed in note 4 to these financial statements.

The table below describes how the Company engages with, and had regard to, its employees and their interests, and the effect of that regard, including on the decisions taken by the Company during the reporting period:

DIRECTORS' REPORT(continued)

Employee Engagement Statement (continued)

Employees' interests	How we have engaged	How the engagement has impacted decision making
<p>Matters of key concern for the Company's employees include:</p> <ol style="list-style-type: none"> 1. receiving regular business updates on areas such as business changes and new initiatives; 2. sustainability; 3. training; 4. career development; and opportunities; 5. pay; and 6. diversity and inclusion 	<p>The Company engages with employees on a continual basis, and through a number of different channels, including formal and informal meetings, employee surveys and a weekly email news bulletin.</p> <p>The Company ensures all engagement is undertaken in line with Oracle's Equal Employment Opportunity policy.</p>	<p>The results obtained from employee surveys are communicated within the business to address any employee concerns or needs.</p>

Stakeholder information is provided to the Board as part of the decision making process, and in particular employee's views are taken into account in decisions likely to affect their interests. These views are also considered when making Principal Decisions, as further detailed in the Company's S172 Statement section of the Strategic Report.

Stakeholder Engagement Statement

The Company's stakeholders trust and rely on the Company. The Company is fully committed to maintaining its values and its relationships with its employees, suppliers, shareholders and local communities, and knows that business success depends upon its relationships, both inside and outside the organisation. The Company aims to build enduring relationships with employees, governments, suppliers and communities in which it operates. The Company works with business partners in an honest, respectful and responsible way, and seeks to work with others who share its commitment to mission-critical work.

The Company's activities affect a wide variety of individuals and organisations. The Company's approach to its stakeholders is the same; engage, listen and respond to their differing needs and priorities as an everyday part of the mission-led business approach, where the focus is on supporting partners. The Company uses the input and feedback gathered to inform its decision-making, and to consider the impact it makes on stakeholders as part of its principal decision-making process. As a mission-led company, the Company focuses on engagement with its stakeholders to ensure that it continues to deliver its purpose.

DIRECTORS' REPORT(continued)

Stakeholder Engagement Statement (continued)

The various ways the Company engage with stakeholders are below:

Stakeholder Group	Importance	What Engagement took place?	What influence did this have on the Board's decisions?
Employees	The Company is proud to be an employer who celebrates change and diversity and works hard to retain exceptional talent. The Company supports people by ensuring employees receive access to sufficient training and support. When making decisions the Company ensures employees are aware of the factors behind the decisions and are consulted where appropriate. Please see the Employee Engagement Statement section of the Directors' Report for more details.		
Regulatory bodies	Compliance with laws and regulations is one of the core business values of the Oracle group.	The Company regularly liaises with regulatory bodies such as HMRC, The Pensions Regulator and Companies House.	The business complies with all applicable laws and regulations.
Investors	The ultimate shareholders are the Company's investors, who are crucial to Oracle's success.	The Company regularly engages with its ultimate owner, Oracle Corporation, through its parent, who engages through quarterly earning calls, periodic financial and other reports and other SEC filings.	The Oracle group regularly considers the impact of its decisions on its investors and this is undertaken at an Oracle Corporation level.
Customers	The Oracle group seeks to meet the requirements of its customers.	Surveys and regular collection of feedback.	Results are discussed by the Board, as well as various management teams for the different business divisions.
Partners	The cooperation of partners plays a vital role in providing high quality products and services.	The Company engages clearly with partners to set out expectations.	The Oracle group requires partners to comply with all applicable laws and regulations and to adhere to the Oracle Partner Code of Ethics and Business Conduct.

DIRECTORS' REPORT(continued)

Stakeholder Engagement Statement (continued)

Stakeholder Group	Importance	What Engagement took place?	What influence did this have on the Board's decisions?
Suppliers	The Company strives to develop mutually advantageous relationships with suppliers.	Surveys and regular collection of feedback.	The Company has controls in place to limit potential exposures and the Directors regularly review, reassess and proactively limit any associated risks to ensure that suppliers are well-informed and continue to work with Oracle.
Communities and environment	Oracle is committed to developing practices and products that help protect the environment, its people and future generations.	Calendar of events for wider engagement in the community and social impact. The Company continues to prepare an annual energy and carbon statement for inclusion in the financial statements – see the 'Environment and sustainability' statement in the Directors' Report.	The Oracle Group implements good corporate citizenship through volunteering and giving programmes. Energy saving measures have been introduced including replacement of a chiller with a more energy efficient one, regular HVAC review meetings, and installation of timeclocks on water heaters.
Ultimate shareholder	The ultimate shareholder oversees and monitors the activities of the Company.	The Company engages with its parent through ongoing dialogue and regular updates in relation to budgetary and operational sign-off for decisions.	The impact of the engagement and the view of Oracle Corporation drives the Company's global business.

For further details on the Principal Decisions made during the reporting period that affect stakeholders, refer to the Company's S172 Report.

Disclosure of information to auditor

The Directors confirm that, so far as they are aware, there is no relevant material audit information, being information needed by the auditors in connection with preparing this report, of which the Company's auditor is unaware. The Directors also confirm they have taken all the steps that they ought to have taken in order to make them aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTORS' REPORT (continued)

Non-preparation of group financial statements

In accordance with the exemption granted by Section 401 of the Companies Act 2006, the Company does not prepare consolidated financial statements as publicly available consolidated group financial statements are drawn up by the ultimate parent undertaking of the Company. As a result, these accounts present information relating to the Company as an individual undertaking and do not contain consolidated financial information as the parent of a group. The Company and its subsidiaries are included in the consolidated financial statements of Oracle Corporation, a company incorporated in the United States of America with principal place of business being 2300 Oracle Way, Austin, Texas 78741, USA.

Directors' responsibility statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations. UK Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable accounting standards in the United Kingdom (including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). Under UK company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the Directors are required to:

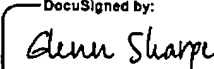
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Ernst & Young, Chartered Accountants, as auditor of the Company.

By order of the Board

DocuSigned by:

Director: Glenn Sharpe
Date: 26 February 2024

SUSTAINABILITY REPORT

This disclosure is provided on behalf of Oracle Corporation UK Limited (“the Company”). The Company’s ultimate parent company is US-based Oracle Corporation. Accordingly, the Company’s approach to sustainability follows the Oracle Group corporate sustainability program. The Group’s approach to sustainability is detailed in this document.

About Oracle

Oracle Corporation (“Oracle”) is a global company that designs, produces, and markets computer software and hardware, and provides sales, consulting, education and training in the application and use of its products. Oracle is committed to meeting the needs of our customers, including helping our customers use information technology to meet environmental challenges.

Oracle is committed to incorporating sustainability across our enterprise and delivering innovative cloud technology to accelerate meaningful change. This includes working toward a 100% renewable energy goal, managing our use of natural resources, ensuring responsible supply chain practices, and building a more circular economy.

Oracle is committed to continuously improving the transparency of our sustainability program, including climate-related risks and opportunities. We annually disclose climate-related information in our [CDP Climate Change Questionnaire](#) and report on our corporate citizenship in accordance with the [Global Reporting Initiative \(GRI\) Standards: Core Option](#).

The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amend sections 414C, 414CA and 414CB of the Companies Act 2006 to place requirements on certain publicly quoted companies and large private companies to incorporate TCFD aligned climate disclosures in their annual reports. The Company has adopted the recommendations set forth by the Task Force on Climate-related Financial Disclosures (TCFD) and hereby presents its inaugural report.

The Company provides products and services that address enterprise Information Technology (IT) environments. The Company’s products and services include enterprise 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). Accordingly, the Company offers choice and flexibility to customers and facilitate the product, service and deployment combinations that best suit customers’ needs.

Governance

Board Oversight

Oracle’s CEO is responsible for climate-related topics relevant to Oracle’s business and operations. The CEO has been a member of Oracle’s Board of Directors since 2001, and is a signatory to Oracle’s [Environmental Policy](#), empowering Oracle’s executive Environmental Steering Committee, which presents its recommendations to the CEO quarterly.

The CEO is responsible for Oracle’s global operations, encompassing key aspects of the business that are relevant to climate change, including Real Estate and Facilities, Procurement, Supply Chain, Cloud Infrastructure, Human Resources, Finance, Legal, and Risk Management. In addition, Oracle’s CEO is responsible for reviewing and guiding the corporate strategy for environmental and climate-related issues and sustainability goals.

Board of Directors

The Company holds board meetings throughout the year and the Board is supported by a group wide focus on risk management, including a global conflict of interest policy, corporate governance guidelines and a code of ethics, which support the Board’s decision-making.

SUSTAINABILITY REPORT (continued)

Governance (continued)

Management Oversight

Chief Sustainability Officer

Oracle's Chief Sustainability Officer (CSO) oversees Oracle's sustainability strategy and sets the strategic direction for Oracle to operate sustainably and enable thousands of customers to become more sustainable using Oracle solutions. The CSO reports to the Oracle Corporation Board of Directors quarterly on the status of Oracle's sustainability strategy.

Head of Global Sustainability Strategy

The Head of Global Sustainability Strategy is responsible for monitoring progress against Oracle's climate-related targets and executing Oracle's Global Sustainability Program across the organization.

Environmental Steering Committee (ESC)

Launched in 2008, the Environmental Steering Committee (ESC) is chaired by the Chief Sustainability Officer (CSO) and is comprised of senior executives across several Oracle business units (finance, risk, policy, social impact, investor relations, R&D, data centre engineering, procurement, EH&S, operations, and manufacturing). The Committee is responsible for the implementation and oversight of Oracle's Environmental Policy. Representatives of the Committee provide quarterly reports to the CEO. Members of the ESC meet quarterly to define strategy and monitor progress against our goals.

Procurement Managers

Oracle's Procurement Organization manage Oracle's supply chain including supplier surveys, supplier tenders, contracting and integration of sustainability into our business review meetings with key suppliers. Oracle's procurement managers are members of the Environmental Steering Committee (ESC).

Risk Management and Resiliency Program Office (RMRP)

Oracle's Risk Management and Resiliency Program (RMRP) assess the potential severity and scale of natural disasters and other business disruptions (e.g., hurricanes, earthquakes) and formulate contingency plans related to our operations accordingly on an annual basis. The RMRP process includes a planning, documenting, and testing cycle that assesses Oracle's resiliency in response to physical risks, including climate-related natural disasters. Oracle's RMRP Program Management Office prepares a formal Risk Assessment template that provides for the identification and characterization of environmental and climate-related risks and results are shared with the ESC.

Social Impact Office

Oracle's Social Impact function manages the development and progress of internal programs designed to offset the environmental impact of Oracle's operations through the development of philanthropy, volunteering, environmental stewardship, and corporate programs in the communities we operate. The Social Impact team reports to the VP, Social Impact & Executive Director, Oracle Education Foundation and is a member of the ESC. The Social Impact Office is responsible for publishing Oracle's annual Social Impact Report.

Safety, Health, Environment, and Quality Team

Oracle's Environmental, Health and Safety (EHS) Team is a function of Real Estate and Facilities management. EHS Managers assess the potential severity and scale of natural disasters (e.g., wildfires, earthquakes) and formulate contingency plans related to our employees' health and safety accordingly on an annual basis.

Business Unit Managers

Oracle's Business Unit Managers are tasked with overseeing and managing the working groups and daily activities related to meeting Oracle's environmental goals. Each business unit manager has a unique responsibility based on the function they perform. Examples include RE&F Sustainability Managers who are focused on resources consumption at each one of our offices globally including water, waste, and energy. Oracle Cloud Infrastructure (OCI) and Platform as a Service (PaaS) solutions enable collaboration with suppliers to oversee environmental certification efforts such as LEED green building certification and Energy Star efficiency labels, and compliance with environmental management standards such as ISO14001 (environmental management).

SUSTAINABILITY REPORT (continued)

Governance (continued)

Statement of Corporate Governance Arrangements

The Company operates with a robust level of governance across the business, with clear governance infrastructure. The Company has a number of policies and procedures in place globally to support the Group and to ensure its Directors operate appropriately and develop the business. This approach is designed to promote the long-term success of the Company and its subsidiary businesses both within the UK and globally, to minimise risk and to create value for shareholders. The Company's stakeholders are its employees, charities, customers, suppliers, partners, shareholders, and the communities in which it operates. The Board is comfortable that formal application of a corporate governance code is not essential for the Company at this time. Set out below, in further detail, is the infrastructure which the Board presently has in place, along with details of a proposed governance roadmap which the Board has committed to implement.

Application of Governance

This section provides an overview of how the Company applied its corporate governance practices for the financial year ended 31 May 2023. The Directors are mindful of corporate governance and seek to demonstrate understanding of their accountability and statutory responsibilities, including application of Section 172 under the Act.

In response to the ever-increasing focus on corporate governance for private companies and the need for transparency, the Directors of the Company have proactively instigated a review of the Company's current UK corporate governance framework, with a particular focus on the changes required to support the disclosures required under the Regulations.

A key output of this review, and as set out in the Section 172 statement, is that the Oracle Group is in the process of implementing a number of changes to the governance framework, including adopting an entity governance policy which will support decision making at a subsidiary level by Directors.

The entity governance policy will formalise and set out key corporate governance operating standards, including the Group's delegations and operational governance framework and the process for making principal decisions, as detailed and defined in the Section 172(1) Statement, to ensure that the Company, its statutory Directors and its management are able to comply with its obligations under the Regulations, and to support the governance and key controls underpinning the decision-making process across the Oracle Group.

In making its decision, the Board of Directors will be required to consider the outcome of any stakeholder impact assessment that has been undertaken to support it making that principal decision (details of the principal decisions made during the reporting period, and the governance process behind principal decisions, are set out within the Section 172 Statement section of the Strategic Report).

The Company continues to apply corporate governance as follows:

- governance of the Company continues to be supported by a robust structure which allows for constructive debate and challenge by its members. This approach enables Directors to make effective decisions, at the right time and based on the right information;
- the culture is one of openness and constructive debate. The Company's Directors are able to voice their opinions in a relaxed and respectful environment, allowing coherent discussion. When running Board meetings, the Chairperson maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate;
- delegated authorities throughout the organisation enable effective decision making at appropriate levels; and
- a UK focused team to ensure that the Directors' receive the right information at the right time to support their decision-making processes. This includes a dedicated company secretary to support with information-flows.

SUSTAINABILITY REPORT (continued)

Governance (continued)

Board Composition

Governance is an integral part of the way the Company delivers its strategy, and why it has such long-standing and dedicated Directors on the Company Board. As part of the proposed entity governance policy which the Company will be implementing, the Directors of the Company will regularly review the structure, size and composition of the Board in order to ensure it comprises the right people with the requisite skills and experience, including diversity of thought and approach, who can provide strong and effective leadership to the business, and support delivery of the Company's strategy. The Company has composed a Board with a balance of skills, backgrounds, experience and knowledge required to compliment the promotion of the long-term success of the Company, and to identify the impacts of the Board's decisions on the Company's stakeholders, and where relevant, the likely consequences of those decisions in the long-term. Individual Directors have sufficient capacity to make a valuable contribution that is aligned to the Company's activities.

Training

As employees of Oracle, the Directors receive regular compliance training which covers various legislative updates including Anti-Bribery and Corruption, Conflicts of interest, Environmental Health and Safety, Global Compliance Training, Insider Trading, Respectful Workplace and Unconscious Bias training. The regularity of the training ensures that the Directors will maintain a clear understanding of their responsibilities and accountabilities. The Directors will also undertake Directors' duties and corporate governance training to further support them in the delivery of their director roles.

Risk Management

Risk Identification and Assessment Process

Process for identifying, assessing, and responding to climate related risks and opportunities

Oracle has implemented a robust and integrated risk management approach. We have incorporated the results from quantitative and qualitative scenario analyses performed in 2020, assessing climate-related physical risks, climate-related physical and transition risks, and opportunities.

Oracle Risk Management Resiliency Policy

Oracle's Risk Management Resiliency Policy defines requirements for all Oracle Lines of Business (LOBs) to plan for and respond to potential business disruption events. It also specifies the functional roles and responsibilities required to create, maintain, test, and evaluate business continuity capability across LOBs and geographies. It authorizes a centralized Program Management Office (PMO) to manage a global Risk Management Resiliency Program (RMRP) which oversees LOB plans and preparedness, in alignment with ISO 22301 international standard for business continuity management.

Risk Management Resiliency Program (RMRP)

The Risk Management Resiliency Program (RMRP) objective is to establish a business resiliency framework to help facilitate efficient responses to business interruption events affecting operations. The RMRP approach is comprised of several sub-programs: emergency response to unplanned and emergent events, crisis management, technology disaster recovery and business continuity management. Each of these sub-programs is a uniquely diverse discipline. The goal of the program is to minimize negative impacts to Oracle and maintain critical business processes until regular operating conditions are restored. Oracle's RMRP is designed to engage multiple aspects of emergency management and business continuity from the onset of an event and to leverage various teams, technology and personnel based on the needs of the situation. The RMRP is implemented and managed locally, regionally, and globally. The RMRP program management office provides executive reporting on program activities and status across the Lines of Business.

SUSTAINABILITY REPORT (continued)

Risk Management Resiliency Structure

The RMRP program is comprised of four Risk Management functions:

1. Emergency Response, managed by Real Estate Facilities Environment, Health and Safety Program.
2. Crisis Management, managed by Global Physical Security.
3. Business Continuity Management, managed by the corporate RMRP Program Management Office and operated by LOBs.
4. Disaster Recovery, managed by LOBs, Information Technology teams and cloud Operations teams.

At the global level, the RMRP is sponsored by senior executives. This executive focus is designed to engage appropriate levels of management in bringing resources to bear on a situation. Regional Crisis Management Teams (RCMTs) advise and consult the executive team.

At the regional level, multiple RCMTs are comprised of senior management who can make decisions and authorize the Crisis Commander to act on escalated matters.

At the local level, the RMRP is implemented via a Local Crisis Management Team (LCMT). The LCMT is comprised of a Crisis Commander and representatives from each relevant LOB for the impacted location. This team collects and disseminates information about a local crisis and executes an Emergency Response Action Plan to address personnel safety. When necessary, an LOB activates their own local business-resiliency plans to maintain critical business functions. The Crisis Commander funnels this information and escalates any issues to the Regional Crisis Management Team (RCMT).

SUSTAINABILITY REPORT (continued)

Risk Management (continued)

How substantive financial or strategic impact on the business is determined

Oracle determines the relative significance of climate-related risks based on several factors, including financial materiality. Specific to the climate, the materiality/priority of each climate-related risk is analysed based on the same criteria used to assess other types of risks, including probability, cost, and risk of non-action. If a climate risk is assessed as having the potential for significant chronic or acute impact on our core and/or strategic business functions, including service delivery and support, product development and deployment, supply chain management, facility operations, employee recruitment and retention, or brand reputation, we consider the risk to have potentially substantive financial/strategic impact. In these assessments, significant can range from zero-tolerance to qualitative thresholds, each vary on a case-by-case basis and are managed through our processes, controls, and corporate governance.

In the Strategy section below, we discuss examples of risks identified, the potential impact to Oracle's business and operations, and our strategy to mitigate each risk.

Strategy

Oracle's Sustainability Strategy

Oracle's sustainability strategy is focused on four key objectives:

1. *Targeting 100 percent renewable energy coverage*

We've set a goal to match our global operations' energy usage with 100 percent renewable sources by 2025, including Oracle Cloud data centres, and to achieve net zero emissions across our value chain by 2050.

2. *Reducing resource consumption*

We manage our global real estate portfolio to minimize greenhouse gas emissions, energy usage, water consumption, and waste generation.

3. *Managing a responsible value chain*

We engage with our suppliers to make environmentally sound purchasing decisions and advance sustainability in our value chain operations.

4. *Recycling and reusing hardware*

We've structured our supply chain to minimize our environmental impact by reusing retired assets from data centres.

Climate-related Risks

Oracle's risk management committees have measured our critical operations including cloud, manufacturing, and critical business functions sites (support centres) globally across a two scenario (Representative Concentration Pathways, RCP8.5 and RCP4.5) climate risk analysis for years 2020 and 2040. This exercise was a one-time effort to validate that our current risk processes addressed climate-related risks across our organization. The results of the analysis illustrated that while climate related risks existed the impact was immaterial and non-substantive (less than 1% of Oracle's total current revenues across both scenarios and time frames). By validating our internal risk management programs as they relate to climate change Oracle has concluded that our current processes in place have mitigated climate related risks with the ability to have a material impact on our business. In addition, Oracle has assessed climate-related impacts across short (0-5 years), medium (5-15 years), and long-term horizons (15-30 years).

SUSTAINABILITY REPORT (continued)

Strategy (continued)

Climate-related Risks

1. Transition Risks		
Risk	Business Impact	Mitigation Approach
<p>Current Regulations Current and future regulations are included in our risk assessment because of the potential impact to our business.</p>	<p>Emerging environmental and climate-related regulation may impact several aspects of Oracle's business, including our facility operations, and product design and stewardship. Oracle's Government Affairs team and the Environmental Steering Committee monitor such regulation on an ongoing basis as part of Oracle's risk assessment process.</p>	<p>Oracle's Government Affairs, Real Estate and Facilities, and Supply Chain teams closely monitor and manage Oracle's compliance with regulation as part of Oracle's risk assessment processes.</p> <p>Oracle currently does not have any high-risk for regulation or litigation risks under an RCP8.5 or RCP4.5 scenarios. Regulation and Litigation risks are estimated to gradually rise minimally by 2040 and remain immaterial or represent less than 1% of our annual revenues.</p>
<p>Emerging Regulations Emerging environmental and climate-related regulation may impact several aspects of Oracle's business, including our facility operations, and product design and stewardship.</p>	<p>Oracle currently does not have a high-risk impact for regulation and litigation risks under an RCP8.5 or RCP4.5 scenarios. Litigation risks are estimated to gradually rise year to year, for the top 20 mission-critical facilities</p>	<p>Oracle's Government Affairs team and the Environmental Steering Committee monitor such regulation on an ongoing basis as part of Oracle's risk assessment process. For example, the Government Affairs team closely monitors potential laws around energy efficiency and the circular economy in the EU.</p>
<p>Technology Technology risks have the potential to disrupt Oracle's cloud services data centers.</p>	<p>Oracle's access to technology is relatively unaffected under an RCP8.5 and an RCP4.5 scenarios.</p>	<p>Oracle's Cloud Infrastructure and Enterprise Risk Management teams closely monitors technology risks, including energy cost fluctuations.</p>
<p>Legal and Compliance Legal and compliance risks associated with current or emerging regulation are always included in Oracle's climate-related risk assessments. Oracle is subject to several laws governing protection of the environment and climate change mitigation.</p>	<p>The compliance requirements and costs associated with adhering to regulations can be substantial.</p>	<p>Oracle has several programs and processes in place to help ensure compliance, such as Oracle's Facility Environmental Compliance (FEC) program, which serves to aid regional facility teams in complying with relevant facility-based environmental and climate-related laws and regulations.</p>
<p>Market Market risks, such as shifts in customer preferences toward low-carbon products, have the potential to impact supply and demand for specific products and services.</p>	<p>The inability to meet customer demands or compete with our competitors could have a significant impact to our ability retain or attract customers.</p>	<p>To mitigate the risk, Oracle has established a strategy to ensure that our products align to our customers' requirements in reducing, managing, and enabling them to meet their emissions reduction goals. Additionally, the Global Sustainability Office (GSO) monitors market trends to inform product strategy.</p>
<p>Reputational Risk Reputational risks are always included in Oracle's climate-related risk assessments.</p>	<p>Based on the scenario analysis, Oracle Corporation estimates globally a \$5.6 million/year impact by 2040 under RCP4.5 and \$6.9 million/year impact under RCP8.5 by 2040.</p>	<p>Reputational risks are collectively managed by several lines of business. Oracle has several processes and initiatives in place to address reputational risks, including setting and achieving ambitious sustainability goals, as well as communicating about our sustainability efforts and accomplishments, both internally and externally.</p>

SUSTAINABILITY REPORT (continued)

Strategy (continued)

Climate-related Risks (continued)

2. Physical Risks		
Risk	Business Impact	Mitigation Approach
<p>Acute Physical Risk Climate-related natural disasters such as hurricanes, floods, typhoons, and earthquakes pose a risk to Oracle’s facilities, data centers, employees, and suppliers. We have identified acute physical risk as the third highest financial risk.</p>	<p>The impacts of acute physical risks related to climate change show a consistent steady increase in frequency and intensity between 2020 and 2040.</p>	<p>Oracle’s Risk Management and Resiliency Program (RMRP) and Environmental Health and Safety (EHS) teams assess the severity and scale of acute physical risks (e.g., hurricanes, typhoons, earthquakes, etc.) and formulate contingency plans accordingly on an annual basis.</p> <p>The RMRP process includes a planning, documenting, and testing cycle that assesses Oracle’s resilience in response to physical risks, including climate-related natural disasters. Oracle’s RMRP Program Management Office prepares a formal Risk Assessment template that provides for the identification and characterization of environmental and climate-related risks. This included actively communicating with employees and preparing to re-route critical business operations to alternative offices.</p>
<p>Chronic Physical Risk Longer-term risks resulting from shifts in climate patterns (e.g., sustained higher temperatures, sea level rise, changing precipitation patterns) have the potential to impact Oracle’s operations.</p>	<p>The scenario analysis found that the most significant impact under both climate scenarios in the short term is temperature extremes while in the medium and long-term, top risks are driven by coastal flooding and temperature extremes under both scenarios.</p>	<p>Chronic physical risks are considered as part of Oracle’s climate-related risk assessments – including, for example, the impacts of rising mean temperatures and rising sea level on Oracle’s facilities and data centres. Such risks are addressed by multiple lines of business, including Oracle’s Real Estate and Facilities team, which incorporates chronic physical risk, such as sea level rise, into its site selection process.</p> <p>Specific to physical climate risks like temperature extremes, storm damage, and coastal flooding, while they exist in the areas where we operate, none can significantly impact our ability to continue to deliver products and services or represented a substantive impact. For example, Oracle’s cloud is purpose built with geographic redundancy, resiliency, and disaster recovery. Oracle’s software and applications are built to run on our cloud. Even in the event of a severe physical climate event that impacts a cloud facility, our architecture could autonomously reroute services to an alternate facility to allow for Oracle to continue to provide services and support to our customers.</p>

SUSTAINABILITY REPORT (continued)

Strategy (continued)

Climate-related Opportunities

1. Energy efficiency, renewable energy price stability and energy resilience

Through materiality assessments we have determined that power usage represents the largest environmental impact at Oracle globally. To address this, we have set a goal to match energy usage in powered colocation and real estate facilities with 100 percent renewable and zero carbon sources by 2025. Procurement activities focused on renewable energy and efficiency have two distinct benefits: i) reduced operational risks and ii) decrease in carbon footprint.

Our facilities teams leverage several Oracle tools and external resources to evaluate our office buildings to identify opportunities to increase efficiency. This includes but is not limited to installing building automation, utilization of smart controls, and upgraded environmental conditioning (HVAC) based on data driven decisions. Reductions in Oracle’s energy consumption has a direct impact on our operating costs.

Time horizon	Likelihood	Magnitude of impact
Medium-term	Very likely	Medium

Financial impact

Due to the difficulty in estimating the financial impact across all our activities the financial impact of this opportunity only includes cost savings resulting from energy efficiency measures implemented at our facilities worldwide. A potential financial impact would be calculated as the sum of actual and projected cost savings from a variety of energy efficiency measures implemented globally including:

- Energy efficiency: building services.
- Energy efficiency: Processes, including data center initiatives.

Strategy to realise opportunity

Oracle’s strategy to realise this opportunity includes maximizing energy efficiency and emission reductions throughout our real estate portfolio. For example, Oracle has achieved Energy Star (energy efficiency) certification for its next generation of servers used in datacenters. Oracle has a goal to match its energy usage in its operations including its Real Estate and Facilities globally with 100 percent renewable and zero carbon source by 2025. At calendar year-end 2022, we had achieved 63 percent renewable energy coverage in Real Estate and Facilities. In addition, Oracle benchmarks its sustainability performance using certifications such as ENERGY STAR, LEED, and BOMA.

2. Resource efficiency

Resource efficiency refers to the use of more efficient production and distribution processes, resulting in reduced indirect (operating) costs. Oracle leverages a wide range of water-saving strategies across our facilities globally which contributes to cost reductions and operational efficiencies. Since we launched our water reduction goal in 2015, we have saved an estimated 220 million liters of potable water globally. Reductions in Oracle’s water consumption has a direct impact on our operating costs.

Time horizon	Likelihood	Magnitude of impact
Short-term	Very likely	Medium - low

Financial impact

The financial impact of this opportunity includes cost savings resulting from efficient water management practices. The potential financial impact was calculated by multiplying the water savings against a global average cost per litre of water (\$0.0031).

Strategy to realise opportunity

Oracle’s strategy to realise this opportunity includes implementing water-saving initiatives globally across our portfolio. Oracle has a goal to achieve a 33 percent reduction in potable water use per square foot by 2025 (base year 2015) for owned locations.

SUSTAINABILITY REPORT (continued)

Strategy (continued)

Climate-related Opportunities (continued)

3. Promote circular economy

As a responsible producer of hardware products, Oracle offers a take back program that allows our customers and suppliers to return excess used products or materials. This presents an opportunity for Oracle to not only minimize e-waste by harvesting parts, but also to realise value from recycled materials by working with third party recyclers.

In FY22, Oracle collected more than 4 million pounds of electronic waste, of which 99.7 percent was recycled or reused and diverted from the landfill. Additionally, through these efforts, Oracle is able to minimize the GHG emissions associated with landfill and the sourcing of raw materials.

In our Cloud, our teams are using advanced technology and modeling to improve efficiency, reduce reliance on single use plastics, and design our hardware for circularity. Customers generate request for hardware return and Oracle manages all aspects of compliance, regulations, and costs to recover the hardware through our global network of suppliers and remanufacturing facilities.

Time horizon	Likelihood	Magnitude of impact
Short-term	Very likely	Medium

Financial impact

The financial value of the hardware recovered through our Take Back program and Reverse Supply Chain amounts to roughly \$15M-\$20M globally per year. The range above reflects an estimate based on historical performance.

Strategy to realise opportunity

Through our Reverse Supply Chain program, we process more than 4 million pounds of electronic waste annually. Oracle’s strategy to realise this opportunity includes three key elements:

- Increasing volume of material collected
- Encouraging reuse ahead of wasteful new purchases and premature recycling
- Expanding the channels through which we recover value Oracle’s Take Back programs are an example of the Circular Economy in practice.

In addition to minimizing waste sent to landfill, this process enables Oracle to drive resource productivity and capture additional value from the materials used to build our products.

Scenario analysis

1. Scenario Analysis Selections, Parameters, and Assumptions

Climate-related scenario	Parameters, assumptions, analytical choices
Physical climate scenarios RCP 4.5	<p>IPCC Representative Concentration Pathway (RCP)—namely RCP4.5 for years 2020 and 2040. Oracle analyzed its most mission-critical facilities’ physical locations for acute and chronic physical and transitional risks and opportunities. The analysis was conducted by external climate experts using Climanomics®— a proprietary analytical software tool. To conduct the analysis, Oracle used the asset value as a way to assess the magnitude on financial impact associated with the location and timeframe within which a potential risk may become reality.</p> <p>The timeframes selected in Oracle’s scenario analysis, 2020 and 2040, were chosen based on Oracle’s desire to understand, plan for, and manage current (2020) and potential future (2040) climate-related risks and opportunities to its assets, operations, and services.</p>

SUSTAINABILITY REPORT (continued)

Strategy (continued)

Scenario analysis (continued)

Climate-related scenario	Parameters, assumptions, analytical choices
Physical climate scenarios RCP 8.5	<p>RCP8.5 for the year 2040—to assess physical risk exposure and the Shared Socioeconomic Pathways family of scenarios (SSP 1-5) for carbon-price effects or transitional risks and opportunities. Oracle analyzed its most mission-critical facilities’ physical locations for acute and chronic physical and transitional risks and opportunities. The analysis was conducted by external climate experts using Climonomics® —a proprietary analytical software tool. To conduct the analysis, Oracle used the asset value as a way to assess the magnitude on financial impact associated with the location and timeframe within which a potential risk may become reality.</p> <p>The timeframes selected in Oracle’s scenario analysis, 2020 and 2040, were chosen based on Oracle’s desire to understand, plan for, and manage current (2020) and potential future (2040) climate-related risks and opportunities to its assets, operations, and services.</p>

2. Results of the climate-related scenario analysis

The climate-related scenario analysis yielded insightful results, demonstrating that while climate-related risks were present, their impact was deemed immaterial, non-substantive, or adequately mitigated by our current practices. Specifically, less than 1 percent of Oracle’s total current revenues were affected across both scenarios and time frames.

This analysis played a crucial role in assessing, validating, and enhancing Oracle’s internal risk management programs. By scrutinizing potential gaps in our risk programs, we fortified our risk management tools for both internal and customer use, ensuring a comprehensive approach to climate risk management.

The findings from the scenario analysis further confirmed the effectiveness of our internal risk management programs and software concerning climate change. It verified that our existing measures are adept at mitigating climate-related risks, with the capacity to prevent any material impact on our business or disruptions to our operations. This validation underscores our commitment to proactive climate risk mitigation and attests to the resilience of our risk management practices in addressing climate-related challenges.

3. Impact of climate related risks and opportunities on our strategy

Products and services

Climate-related risks and opportunities have significantly shaped Oracle’s product strategy. As a leading technology company, Oracle recognizes the urgency of addressing environmental challenges while meeting the demand for sustainable solutions. This has led Oracle to integrate climate considerations into its product development, ensuring offerings mitigate risks and leverage climate change opportunities.

- **Oracle’s product strategy places strong emphasis on energy efficiency.** Reducing energy consumption is crucial to minimize greenhouse gas emissions. Oracle’s products prioritize energy efficiency, enabling customers to optimize energy usage and lower their carbon footprint. Cloud-based solutions utilize advanced tech like virtualization and cloud-native apps, minimizing energy waste, thus lowering operational costs and contributing to environmental preservation.
- **Oracle embraces a circular economy approach to responsible resource management.** Design for Environment principles in hardware products promote reusability and reduce electronic waste. Circular programs redirect retired hardware from landfills, maximizing product lifespans and minimizing disposal’s environmental impact. Oracle’s circular economy principles decrease environmental footprint and provide customers sustainable hardware solutions.

SUSTAINABILITY REPORT (continued)

Strategy (continued)

Scenario analysis (continued)

3. Impact of climate related risks and opportunities on our strategy (continued)

Products and services (continued)

- **ESG compliance is central to Oracle's product strategy.** Aligning with reporting standards and frameworks is vital as global regulations evolve. Oracle's products support reporting frameworks such as CSRD/ESRS, ISSB/IFRS, TCFD, and GRI, empowering organizations to accurately measure and disclose environmental performance. Additionally, Oracle Fusion Cloud Sustainability will couple our strong financial management suite with emissions data eliminating the manual nature of carbon accounting.

Prioritizing energy efficiency, adopting circular economy principles fostering supplier collaboration, and ensuring compliance demonstrate Oracle's commitment to sustainability. Oracle addresses climate challenges and delivers innovative, sustainable solutions, empowering customers to achieve their environmental objectives.

Supply Chain

Oracle's supply/value chain strategy has been significantly shaped by climate-related risks and opportunities. As a company committed to sustainability, Oracle has integrated environmental considerations across its operations. Collaborating closely with suppliers, Oracle ensures the adoption of sustainable practices and enhances supply chain resilience. Oracle places a strong emphasis on energy efficiency and actively promotes emission reduction strategies within its supply chain.

- **Oracle's product strategy prioritizes energy-efficient designs and offers cloud-based solutions for energy management and sustainable operations.** Embracing circular economy principles, Oracle optimizes hardware designs to promote reusability and recyclability, thereby minimizing waste and its environmental impact.
- **Oracle proactively develops innovative solutions and fosters partnerships with industry peers.** This forward-thinking approach keeps Oracle at the forefront of sustainable practices and technologies, unlocking new possibilities for its supply/value chain.
- **Oracle has prioritized sustainable logistics and transportation practices.** By optimizing transportation routes and reducing emissions, Oracle not only lessens its carbon footprint but also contributes to a greener future.

Through these strategic measures, Oracle aims to effectively mitigate climate risks, promote sustainability, and play a leading role in creating a more environmentally conscious future for its supply/value chain.

Investment in research and development

Climate-related risks and opportunities influence Oracle's research and development (R&D) strategy, driving proactive efforts to address environmental challenges. Sustainability is core to Oracle's R&D initiatives, with integration of climate considerations. Oracle strategically invests in innovative products and services, empowering customers to reduce their carbon footprint, optimize energy consumption, and achieve sustainability goals.

- **Oracle's R&D strategy focuses on optimizing software and hardware for enhanced energy efficiency and reduced carbon footprints.** Embracing cutting-edge technologies, Oracle aligns offerings with global efforts to combat climate change. Oracle actively supports renewable energy integration and smart grid technologies, offering a clear path to sustainable energy practices.
- **Hardware performance optimization is a key aspect of Oracle's R&D endeavors.** Through continuous refinement of hardware designs and advanced manufacturing processes, Oracle aims for greater energy efficiency and reduced environmental impact across its product line. This commitment ensures sustainable operations and empowers customers to operate more efficiently.

SUSTAINABILITY REPORT (continued)

Strategy (continued)

Scenario analysis (continued)

3. Impact of climate related risks and opportunities on our strategy (continued)

Investment in research and development (continued)

- **Carbon accounting is a top priority for Oracle, providing precise tools to measure and monitor emissions.** R&D efforts focus on equipping businesses with means to track environmental performance, enabling informed decisions for a greener future.
- **Embracing Design for Environment principles** in hardware design, Oracle fosters sustainability and waste reduction.
- **Oracle's R&D demonstrates commitment to addressing climate challenges and fostering innovation.** Staying at the forefront of technology, Oracle empowers customers with cutting-edge solutions for transitions to sustainable practices, maximizing environmental impact.

Oracle's R&D strategy is significantly shaped by climate-related risks and opportunities. Proactive investments and innovation drive efforts to tackle environmental challenges, foster sustainability, and pave the way for a greener future. Oracle's dedication benefits the company and shapes a more sustainable world for businesses and communities.

Operations

Climate-related risks and opportunities underscore Oracle's commitment to energy efficiency as a core principle of its operations strategy. Initiatives to optimize energy consumption span development centers, manufacturing sites, and offices. These efforts entail deploying advanced technologies for energy monitoring and control, adopting energy-efficient hardware. Reducing energy consumption mitigates Oracle's environmental impact while achieving cost savings and operational efficiency.

- **Leveraging digital transformation and cloud computing, Oracle drives sustainability throughout its operations.** Migrating systems and applications to the Oracle Cloud has allowed us to consolidate IT infrastructure, increase performance, realise substantial energy savings, and reduced carbon emissions.
- **In pursuit of a greener future, Oracle adheres to recognized sustainability certifications and frameworks, LEED in our facilities.**

Oracle's operations strategy centers on energy efficiency and sustainability. The approach to energy optimization and transformative cloud solutions reduces energy consumption. Empowering customers with sustainable practices, Oracle aims to shape a greener future for businesses and communities worldwide.

Financial planning

Oracle's commitment to sustainability now deeply influences our financial planning, fostering a resilient and forward-thinking financial strategy.

- **Revenue.** The growing awareness of climate change impacts has led to a shift in consumer behavior, emphasizing sustainable and resilient practices. To meet customer expectations, Oracle actively integrates sustainability and climate considerations into financial planning. Our ESG tools play a vital role, providing real-time insights that align with sustainability objectives.
- **Sustainability Goals.** Oracle sets sustainability goals, from energy consumption to greenhouse gas emissions reduction and renewable energy adoption, showing responsiveness to customer demands. Leveraging ESG solutions, we assess the financial impacts, maintaining dedication to the environment, customers, and revenues.

SUSTAINABILITY REPORT (continued)

Strategy (continued)

Scenario analysis (continued)

3. Impact of climate related risks and opportunities on our strategy (continued)

Financial planning (continued)

- **Direct Costs.** As we pursue 100 percent renewable energy coverage, various direct costs will be affected. Our Real Estate & Facilities organization analyses the financial implications across short, medium, and long-term horizons with ESG solutions.
- **Forward-looking financial planning.** EPM solutions which provide insights into impacts on operating expenses, utility costs and energy contracts.
- **Capital Expenditures.** Our commitment to sustainability shapes capital expenditure decisions. Site selection incorporates environmental and climate factors, and we undertake remediation efforts where needed. ESG solutions facilitate proactive assessments in capital expenditure planning.

Oracle's financial planning undergoes a transformative evolution, integrating sustainability and ESG considerations at the forefront. Leveraging innovative ESG solutions ensures real-time data-driven inputs, proactively addressing climate-related risks and opportunities, shaping a resilient and sustainable future for Oracle and the communities we serve.

Metrics and Targets

Oracle has set long-term emissions-and energy-reduction goals including 100% renewable energy matched in its operations and data centres by 2025. In addition, Oracle has set a target to achieve net zero emissions by 2050 and to halve its greenhouse gas emissions (operational and supply chain) by 2030 relative to a 2020 baseline. This target has been approved by the Exponential Roadmap Initiative, an accredited partner of the United Nations Race to Zero. Oracle's goals for 2025 along with its net zero ambition for 2050 are aligned to reduce emissions per the Paris Agreement. Oracle is also actively engaged with its key suppliers to encourage them to reduce their emissions.

Oracle has an Inventory Management Plan (IMP) that documents Oracle's global Greenhouse gas and air pollutant emissions inventory reporting process. The GHG emissions reported in the inventory are gross GHG emissions and do not include any GHG emission trades, offsets or biological sequestration.

Reaching Our Goals

Energy and Emissions

Goal: Match 100% energy usage with renewable sources for Oracle Cloud Infrastructure (OCI) and Real Estate & Facilities

Global Progress:

- OCI renewable energy coverage: 81%
- OCI data centres in Europe powered by renewable energy: 100%
- RE&F renewable energy coverage: 63%

Regional information regarding Oracle Cloud can be found at [Oracle's Cloud Regions webpage](#).

Location based emissions use emission factors defined by regional and international standards, including U.S Environmental Protection Agency (EPA), Department for Environment, Food and Rural Affairs (DEFRA), and International Energy Agency (IEA). Market based emissions calculations adhere to GHG Protocol Guidance on dual-reporting for Scope 2 emissions. The hierarchy employed for market-based Scope 2 data is as follows: Energy attributes certificates, supplier-specific emission rates, residual mix factors, and location-based grid average emission factors. Additional data, including emissions by region, are disclosed in Oracle's [2023 CDP Climate Change Questionnaire](#).

SUSTAINABILITY REPORT (continued)

Metrics and Targets (continued)

This statement has been prepared in accordance with the Company’s regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government’s policy on Streamlined Energy and Carbon Reporting.

Energy and Greenhouse GAS Emissions of the Company:

	CY2022		CY2021	
	Energy (kWh)	Emissions (tCO2e)	Energy (kWh)	Emissions (tCO2e)
Scope 1 Total	2,253,235	425.11	2,469,319	464.83
Natural Gas (Mains)	2,252,949	408.31	2,468,840	452.19
Other Fuels	286	0.07	479	0.11
Refrigerants	-	16.73	-	12.53
Scope 2 Electricity (Location Based)	124,975,657	24,167.99	156,577,002	33,245.49
Scope 2 Electricity (Market Based)	124,975,657	-	156,577,002	28.54
Scope 3 Business Travel (Employee/Hire Vehicles)	177,815	44.30	162,789	38.40
Total (location based)	127,406,707	24,637.40	159,209,110	33,748.72
Intensity Ratio Emissions (tCO2e per sq. ft.)		0.07		0.10

Supply Chain

Goal: 100% of key suppliers have an environmental program in place

Goal: 80% of key suppliers have emissions reductions targets in place

Global progress:

- Key direct and indirect suppliers with environmental programs: 88%
- Key direct suppliers with emission reduction targets: 82%
- Key indirect suppliers with emission reduction targets: 79%

Water and Waste

Goal: 33% reduction in potable water per square foot

Goal: 33% reduction in waste to landfill per square foot

Global progress:

- 40% reduction in use of RE&F potable water
- 67% reduction in the use of RE&F waste to landfill

Business Travel

Goal: 25% reduction in air travel emissions

Global progress:

- 84% reduction in employee air travel emissions

SUSTAINABILITY REPORT (continued)

Metrics and Targets (continued)

NOTES: (1) The following goals are measured relative to 2015 baseline.

Potable water per square foot: 101.2

Waste to landfill per square foot: 1.01

The following goals are measured relative to a 2019 baseline:

Employee air travel emissions: 173,807

(2) GHG protocol methodology used for emissions calculations with external verification. Energy, emissions, and renewable energy goals apply to Scope 1 and Scope 2. Scope 1 and Scope 2 emissions have been externally assured by a third party. Renewable energy is measured relative to total electricity consumption.

(3) The scope 2 Market-based methodology was introduced by the Greenhouse Gas Protocol in 2015.

(4) Water and waste goals are measured for Oracle-owned facilities and data centers.

(5) Key suppliers represent 80% + of the total supplier spend.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE CORPORATION UK LIMITED

Opinion

We have audited the financial statements of Oracle Corporation UK Limited (the "Company") for the year ended 31 May 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholder's Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 May 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management to ensure the risk factors we identified were considered in their assessment.
- We obtained management's going concern assessment, including their business forecasts and the letter of support from the Company's ultimate parent undertaking which confirms they will provide financial support to enable the Company to meet its obligations as they fall due up to 26 February 2025.
- We considered the methods used to calculate the cashflow forecast and determined that they were appropriate.
- We tested the assumptions used in the cash flow forecast and assessed how management has reflected the impact of the economic climate in the forecast.
- We performed reverse stress testing to assess any unexpected changes to the liquidity of the Company.
- We compared prospective financial information used in cash flow forecasts with historical results and results achieved to date.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE CORPORATION UK LIMITED (Continued)

Conclusions relating to going concern (continued)

- We assessed the ability of the Company's ultimate parent undertaking to provide the financial support by obtaining the going concern assessment of the ultimate parent undertaking. We validated their conclusions by reviewing the most recent financial statement filings and market analysis reports related to the ultimate parent undertaking.
- We read the Company's going concern disclosures included in the Financial Statements in order to assess that the disclosures were appropriate and in conformity with financial reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period up to 26 February 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE CORPORATION UK LIMITED (Continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 101, the Companies Act 2006 and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including Health and Safety, anti-bribery and corruption and GDPR;



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORACLE CORPORATION UK LIMITED (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through reading board resolutions and any correspondence with relevant authorities, and we noted that there is no contradictory evidence;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override related to posting of manual journals outside of the routine financial statement close process. Our procedures to address this risk include making enquiries of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. The audit procedures to address the fraud risk included testing manual journals falling under specific criteria. The audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of board resolutions to identify any non-compliance with laws and regulations. We also made enquiries with the management of the Company regarding compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Louise Whyte (Senior statutory auditor)
for and on behalf of Ernst & Young Chartered Accountants, Statutory Auditor
Dublin
27 February 2024

STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<i>2023</i> £'000	<i>2022</i> £'000
Turnover - continuing operations	2.13	1,974,957	1,823,986
Cost of sales		<u>(1,153,527)</u>	<u>(1,055,198)</u>
Gross profit		821,430	768,788
Administrative expenses		<u>(753,573)</u>	<u>(699,148)</u>
Profit on ordinary activities before interest and taxation		67,857	69,640
Interest receivable and similar income	5	8,015	2,368
Interest payable and similar charges	6	(13,808)	(10,167)
Profit on disposal of tangible assets		<u>558</u>	<u>737</u>
Profit on ordinary activities before taxation	7	62,622	62,578
Taxation credit/(charge) on profit on ordinary activities	8	<u>6,212</u>	<u>(830)</u>
Profit for the financial year		<u>68,834</u>	<u>61,748</u>
Other comprehensive income: items that will not be reclassified to statement of comprehensive income			
Actuarial gains on pension scheme	19	109,695	190,438
Movement on deferred tax relating to actuarial losses	17	<u>(15,187)</u>	<u>(20,983)</u>
Other comprehensive income net of tax		<u>94,508</u>	<u>169,455</u>
Total comprehensive income for the year		<u>163,342</u>	<u>231,203</u>

The notes on pages 40 to 68 are an integral part of these financial statements.

The financial statements on pages 37 to 68 were authorised for issue by the Board of Directors on 26 February 2024 and were signed on its behalf.

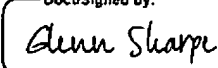
STATEMENT OF FINANCIAL POSITION

	Note	2023 £'000	2022 £'000
Non-current assets			
Intangible assets	9	165,522	165,288
Tangible assets	10	444,800	397,634
Investments	11	-	-
Right of use assets	12	126,908	94,783
Debtors: amounts falling due after one year	13	205,948	194,681
		<u>943,178</u>	<u>852,386</u>
Current assets			
Debtors: amounts falling due within one year	13	913,896	900,921
Cash at bank	14	198,448	164,970
		<u>1,112,344</u>	<u>1,065,891</u>
Creditors: amounts falling due within one year	15	<u>(1,324,145)</u>	<u>(1,312,901)</u>
Net current liabilities		<u>(211,801)</u>	<u>(247,010)</u>
Total assets less current liabilities		731,377	605,376
Creditors: amounts falling due after one year	15	(153,740)	(101,795)
Provisions for liabilities	16	-	(176)
Pension liability	19	(68,100)	(191,445)
Net assets		<u>509,537</u>	<u>311,960</u>
Capital and reserves			
Called up share capital	18	10,200	10,200
Other reserves		294,882	260,647
Profit and loss account		204,455	41,113
Shareholder's funds		<u>509,537</u>	<u>311,960</u>

The notes on pages 40 to 68 are an integral part of these financial statements.

The financial statements on pages 37 to 68 were authorised for issue by the Board of Directors on 26 February 2024 and were signed on its behalf.

Approved by the Board

DocuSigned by:

Director: Glenn Sharpe
Date: 26 February 2024

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Called up share capital	Other reserves	Profit and loss account (deficit)/surplus	Shareholder's funds
	£'000	£'000	£'000	£'000
At 1 June 2021	10,200	233,605	(190,090)	53,715
Profit for the financial year	-	-	61,748	61,748
Other comprehensive income - net of tax	-	-	169,455	169,455
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>231,203</u>	<u>231,203</u>
Share based payment transaction (note 21)	-	27,042	-	27,042
As at 31 May 2022	<u>10,200</u>	<u>260,647</u>	<u>41,113</u>	<u>311,960</u>
Profit for the financial year	-	-	68,834	68,834
Other comprehensive income - net of tax	-	-	94,508	94,508
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>163,342</u>	<u>163,342</u>
Share based payment transaction (note 21)	-	34,235	-	34,235
As at 31 May 2023	<u>10,200</u>	<u>294,882</u>	<u>204,455</u>	<u>509,537</u>

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Oracle Corporation UK Limited is a private limited Company incorporated and domiciled in the United Kingdom with a registered address at Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1RA, United Kingdom.

The immediate parent undertaking and controlling party is Oracle Corporation UK Holdings Limited, a Company incorporated in England and Wales, whose principal place of business is Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1RA, United Kingdom. The ultimate parent undertaking and controlling party is Oracle Corporation, a Company incorporated in the State of Delaware, USA.

Oracle Corporation UK Limited (the Company) provides products and services that address enterprise Information Technology (IT) environments. The Company's products and services include enterprise 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). Accordingly, the Company offers choice and flexibility to customers and facilitate the product, service and deployment combinations that best suit customers' needs.

The Company's cloud and license business markets, sells and delivers a broad spectrum of enterprise applications and infrastructure technologies through cloud and license offerings.

The Company's cloud services offerings, which provide customers access to Oracle Cloud applications and infrastructure technologies via cloud-based deployment models that Oracle develops, provides unspecified updates and enhancements for, deploys, hosts, manages and supports and that customers access by entering into a subscription agreement for a stated period. The Company's cloud license and on-premise license deployment offerings include Oracle Applications, Oracle Database and Oracle Middleware software offerings, among others, which customers deploy within cloud-based, on-premise and other IT environments.

The Company's hardware products provide a broad selection of enterprise hardware products and hardware-related software products including Oracle Engineered Systems, servers, storage and industry-specific products, operating systems, virtualization, management and other hardware-related software, and related hardware support.

The Company also offers services to assist customers and partners to maximise the performance of their purchase.

The Company's customers include businesses of many sizes, government agencies, educational institutions and resellers that the Company market and sell to directly through the Company's sales force and indirectly through the Oracle Partner Network.

The Company continues to act as a principal in providing products and services. The distribution contract entered into by the Company covers the sale of licences and equipment (hardware) and the provision of support services and training.

The Company also provides consulting services and acts as an intermediate holding company relating to its investments in subsidiaries.

2. Summary of significant accounting policies

2.1 Going concern

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom (including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). In preparing the financial statements, the Directors consider it appropriate to continue to use the going concern assumption on the basis that the Company has sufficient sources of cash flow and the Company's ultimate parent company, Oracle Corporation, has indicated that it will provide such financial support to the Company to enable it to meet its obligations as they fall due up to 26 February 2025 but only in the event funds are not otherwise available to the Company to meet its liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.2 Basis of preparation

The financial information presented in these financial statements has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Boards (IASB) and with International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations.

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards issued by the Financial Reporting Council and the Companies Act 2006. The financial statements comply with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention unless otherwise stated. The Company has however availed of the following disclosure exemptions available under FRS 101:

- IAS 1 *Presentation of Financial Statements* paragraph 79 (a) (iv) and paragraph 134 to 136 - Information about its objectives, policies and processes for managing capital and puttable financial instruments, including:
 - 10(d), statement of cash flows
 - 16, statement of compliance with all IFRS
 - 38A, requirement for minimum of two primary statements, including cash flow statements
 - 111, cash flow statement information
- IAS 7 *Statement of Cash Flows*.
- IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* Paragraph 30 and 31 – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.
- IAS 16 *Property Plant and Equipment* paragraph 73 (e) – Reconciliation of the carrying amount at the beginning and end of the period.
- IAS 24 *Related Party Disclosures* paragraph 17 and 18A (disclosure of key management personnel) and the disclosure of related party transactions entered into between two or more members of a group as per paragraph 8(k) of FRS 101.
- IAS 36 *Impairment of Assets* paragraph 134 (d) to 134 (f) - Disclosures regarding detailed information about the estimates used to measure recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives.
- IAS 38 *Intangible Assets* paragraph 118 (e) - Reconciliation of the carrying amount at the beginning and end of the period.
- IFRS 2 *Share-based Payments* paragraph 45 (b) and 46 to 52 - The number and weighted average exercise price in respect of each category of movement in share options during the year.
- IFRS 3 *Business Combinations* paragraphs 62, B64 (d), (e), (g), (h), (j) – (m), (n – ii), (o-ii), (p), (q-ii), B66 and B67 – Disclosures outlining the primary reasons for the business combinations, a qualitative description of the factors that make up the goodwill, recognised goodwill, information in relation to any contingent consideration arrangements, fair value (and other related disclosures) of acquired receivables, information in relation to contingent liabilities, goodwill expected to be deductible for tax purposes, the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period.
- IFRS 7 *Financial Instruments Disclosures* – exemption available from all disclosures of this standard.
- IFRS 13 *Fair Value Measurement* paragraphs 91 to 99.
- IFRS 15 *Revenue from Contracts with Customers* – The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to 119(c), 120 to 127, and 129.
- IFRS 16 *Leases* – the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.2 Basis of preparation (continued)

Equivalent disclosures for disclosure exemptions are included in the Consolidated Financial Statements of Oracle Corporation and are available to the public and can be obtained from Oracle's website.

The Company was, at the end of the year, a wholly-owned subsidiary of another company incorporated outside the EEA. In accordance with the exemption granted by Section 401 of the Companies Act 2006, the Company does not prepare consolidated financial statements as publicly available consolidated group financial statements are drawn up by the ultimate parent undertaking of the Company. As a result, these accounts present information relating to the Company as an individual undertaking and do not contain consolidated financial information as the parent of a group. The Company and its subsidiaries are included in the consolidated financial statements of Oracle Corporation, a company incorporated in the United States of America with principal place of business being 2300 Oracle Way, Austin, Texas 78741, USA.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.3 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 31 May 2022, except for the adoption of the following new standards and frameworks effective as of 1 January 2022 and adopted by the Company effective 1 June 2022.

The introduction of these standards did not have any material impact on the Company.

- Amendments to Onerous Contracts (Amendments to IAS 37).
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

2.4 Foreign exchange translation

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 'Pounds Sterling' which is the Company's functional currency and all values are rounded to the nearest thousand (£'000).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.5 Tangible fixed assets

All tangible assets are stated at historic cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of tangible fixed assets. Subsequent cost are included in the assets carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs, which do not meet these criteria, are recognised in the statement of Comprehensive Income during the financial period in which they are incurred. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

The carrying value of the assets are reviewed at the end of the reporting period and in the event that impairment exists, the book value of the asset is reduced to its recoverable amount. The recoverable amount is the greater of the fair value of the asset less costs to sell or the value in use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Freehold buildings	2.5% per annum
Leasehold buildings	8.33%-33% per annum or term of the lease whichever is shorter
Computer equipment	20% per annum
Office equipment	20% per annum
Office furniture	10%-20% per annum

An item of tangible assets and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of Comprehensive Income when the asset is derecognised. The residual values, useful lives and method of depreciation of tangible fixed assets are reviewed and adjusted, if appropriate, at each financial year-end.

2.6 Leases – the Company as a lessee

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 re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, 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; useful life of the asset, generally 2-8 years.
- Data centres and other equipment; useful life of the asset, generally 2-10 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.6 Leases – the Company as a lessee (continued)

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 re-measured 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 re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in the Statement of Comprehensive Income 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 recognised as an expense in the Statement of Comprehensive Income 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 within the Statement of Financial Position.

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

- Fulfilment 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.

2.7 Dilapidations provision - restructuring

Provision has been made, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, for the costs expected to be incurred in returning leasehold premises to their original state when exiting at the conclusion of the agreement. The provision has been estimated using information provided by property surveyors.

2.8 Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in shareholder's funds. In this case, the tax is also recognised in Other Comprehensive Income or directly in shareholders' funds, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Company shall offset current tax assets and current tax liabilities if the Company has a legally enforceable right to settle the current tax assets and liabilities, the current tax assets and liabilities relate to income taxes levied by the same taxation authority, and the Company intends to either settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.8 Income Taxes (continued)

combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, carried forward tax credits or tax losses can be utilised. In accordance with the requirements of IFRS 2, Share-based Payments, the Company recognises deferred taxes related to the excess of the tax deduction of share based payments over the cumulative remuneration expense charged to the Statement of Comprehensive Income directly to Equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.9 Financial Instruments

Financial assets

The Company classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial instrument and the contractual terms of the cash flows. For instruments measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Recognition and de-recognition

Financial assets are recognised on the Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss (FVTPL), directly attributable transaction costs. A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

Measurement

At initial recognition, the Company measures a financial asset at its fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. All the Company's debt instruments are measured at amortised costs as the assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Company's debt instruments consist of trade debtors and amounts owed by group undertakings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial Instruments (continued)

Financial assets (continued)

Impairment

For trade debtors and amounts owed by other group undertakings, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics. The Company uses judgment in making assumptions around the risk of default and expected loss rates, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The general expected credit loss model under IFRS 9 requires the calculation of '12 month expected credit losses' (losses based on defaults which are possible within 12 months of the reporting date) for financial assets, unless the asset at the reporting date is not considered to be 'low credit risk' and is deemed to have had a 'significant increase in credit risk' since initial recognition, in which case lifetime expected credit losses should be recorded.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities also include derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognised in the Statement of Comprehensive Income.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as a finance cost in the Statement of Comprehensive Income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.10 Investments

Investments in subsidiaries comprise investments in unquoted companies. They are accounted for in accordance with the requirements of IAS 27 *Separate Financial Statements* and are carried at cost less any provision for impairment.

2.11 Pensions and other post-employment benefits

The Company operates one pension plan, Oracle UK Pension Plan, which has both a defined contribution and defined benefit structure for membership.

The cost of providing benefits under the defined benefit portion of the plans are determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the Statement of Comprehensive Income on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occur, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the Statement of Comprehensive Income. Losses are measured at the date the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

The difference between the expected return on plan assets and the interest cost is recognised in the Statement of Comprehensive Income as interest payable and similar charges.

Actuarial gains and losses are recognised in full in Other Comprehensive Income in the period in which they occur.

The combined scheme asset or liability in the Statement of Financial Position comprises the total of the present value of the obligation (using an appropriate discount rate) less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities in the published bid price. The value of a net pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to the defined contribution portion of the "Oracle UK Pension" scheme are recognised in the Statement of Comprehensive Income in the period in which they become payable.

2.12 Share based payments

Employees of the Company receive remuneration in the form of share-based payment transactions under Oracle's Corporation Employee Option Plan, whereby employees render services as consideration for equity settled instruments (including restricted stock-based awards) of the Company's ultimate parent. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in the Statement of Comprehensive Income as an employee benefit expense with a corresponding increase in Equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the employees become fully entitled of the award ("the vesting date"), normally of four years.

The fair value is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of restricted stock-based awards is based on the market value of shares at grant date. Refer to Note 21 for additional information.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.12 Share based payments (continued)

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Company or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.13 Turnover

Revenue recognition from contracts with customers

The Company's sources of revenues include:

- cloud and license revenues, which include the sale of cloud services and license support; and cloud licenses and on-premise licenses, which typically represent perpetual software licenses purchased by customers for use in both cloud and on-premise IT environments;
- hardware revenues, which include the sale of hardware products, including Oracle Engineered Systems, servers and storage products, and industry-specific hardware; and hardware support revenues; and
- services revenues, which are earned from providing cloud, license and hardware-related services including consulting, advanced customer support and education services.

Cloud services revenues include revenues from Oracle Cloud Software-as-a-Service and Infrastructure-as-a-service (SaaS and IaaS, respectively, and collectively, Oracle Cloud Services), offerings, which deliver applications and infrastructure technologies, respectively, via cloud-based deployment models that the Company develops functionality for, provide unspecified updates and enhancements for, host, manage, upgrade and support that customers access by entering into a subscription agreement with the Company for a stated period.

License support revenues are typically generated through the sale of license support contracts related to cloud license and on-premise licenses purchased by customers at their option. License support contracts provide customers with rights to unspecified software product upgrades, maintenance releases and patches released during the term of the support period and include internet access to technical content, as well as internet and telephone access to technical support personnel. License support contracts are generally priced as a percentage of the net cloud license and on-premise license fees. Substantially all customers elect to renew their license support contracts annually.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.13 Turnover (continued)

Revenue recognition from contracts with customers (continued)

IaaS offerings also include Oracle Managed Cloud Services, which are designed to provide comprehensive software and hardware management, maintenance and security services for customer cloud-based, on-premise or other IT infrastructure for a fee for a stated term.

Cloud license and on-premise license revenues represent fees earned from granting customers licenses, generally on a perpetual basis, to use our database and middleware and our applications software products within cloud and on-premise IT environments and are generally recognised up front at the point in time when the software is made available to the customer to download and use.

Revenues from the sale of hardware products represent amounts earned primarily from the sale of Oracle Engineered Systems, computer servers, storage, and industry-specific hardware. Hardware support offerings generally provide customers with software updates for the software components that are essential to the functionality of the hardware products purchased, and can also include product repairs, maintenance services and technical support services. Hardware support contracts are generally priced as a percentage of the net hardware products fees.

The Company's services are offered to customers as standalone arrangements or as a part of arrangements to customers buying other products and services. Consulting services are designed to help customers to, among others, deploy, architect, integrate, upgrade and secure their investments in Oracle applications and infrastructure technologies. Advanced customer support services are offered as standalone arrangements or as a part of arrangements to customers buying other products and services. The Company offer these advance customer support services to Oracle customers to enable increased performance and higher availability of Oracle products and services. Education services include instructor-led, media-based and internet-based training in the use of cloud, software and hardware products.

IFRS 15 is a single standard for revenue recognition that applies to all cloud, licence, hardware and services arrangements and generally requires revenues to be recognised upon the transfer of control of promised goods or services provided to the Company's customers, reflecting the amount of consideration it expects to receive for those goods or services. Pursuant to IFRS 15, revenues are recognised upon the application of the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenues when, or as, the contractual performance obligations are satisfied.

The timing of revenue recognition may differ from the timing of invoicing customers. The Company records an unbilled receivable which is included within accounts receivable on the Statement of Financial Position, when revenue is recognised prior to invoicing. The Company records deferred revenues on the Statement of Financial Position when revenues are recognised subsequent to cash collection for an invoice. The standard payment terms are generally net 30 days but may vary. Invoices for cloud license and on-premise licenses and hardware products are generally issued when the license is made available for customer use or upon delivery to the customer of the hardware product. Invoices for license support and hardware support contracts are generally invoiced annually in advance. Cloud SaaS and IaaS contracts are generally invoiced annually, quarterly or monthly in advance. Services are generally invoiced in advance or as the services are performed. Most contracts that contain a financing component are contracts financed through the financing division. The transaction price for a contract that is financed through the Company's financing division is adjusted to reflect the time value of money and interest revenue is recorded as a component of non-operating income, net within the Statement of Comprehensive Income based on market rates. Revenue arrangements generally include standard warranty or service level provisions that the Company arrangements will perform and operate in all material respects as defined in the respective agreements, the financial impacts of which have historically been and are expected to continue to be insignificant. The Company's arrangements generally do not include a general right of return relative to the delivered products or services. The Company recognises revenues net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.13 Turnover (continued)

Revenue Recognition for Cloud Services

Revenues from cloud services provided on a subscription basis are generally recognised ratably over the contractual period that the services are delivered, beginning on the date the service is made available to the Company's customers. The Company recognises revenue ratably because the customer receives and consumes the benefits of the cloud services evenly throughout the contract period. Revenues from cloud services provided on a consumption basis, such as metered services, are generally recognised based on the utilisation of the services by the customer.

Revenue Recognition for License Support and Hardware Support

The Company's primary performance obligations with respect to license support contracts are to provide customers with technical support as needed and unspecified software product upgrades, maintenance releases and patches during the term of the support period, if and when they are available. The Company is obligated to make the license and hardware support services available continuously throughout the contract period. Therefore, revenues for license support contracts and hardware support contracts are generally recognised ratably over the contractual periods that the support services are provided.

Revenue Recognition for Cloud License and On-Premise License

Revenues from distinct cloud license and on-premise license performance obligations are generally recognised upfront at the point in time when the software is made available to the customer to download and use. Revenues from usage-based royalty arrangements for distinct cloud licenses and on-premise licenses are recognised at the point in time when the software end user usage occurs. For usage-based royalty arrangements with a fixed minimum guarantee amount, the minimum amount is generally recognised upfront when the software is made available to the royalty customer.

Revenue Recognition for Hardware Products

The hardware product and related software, such as an operating system or firmware, are highly interdependent and interrelated and are accounted for as a combined performance obligation. The revenues for this combined performance obligation are generally recognised at the point in time that the hardware product is delivered to the customer and ownership is transferred to the customer.

Revenue Recognition for Services

Services revenues are generally recognised over time as the services are performed. Revenues for fixed price services are generally recognised over time applying input methods to estimate progress to completion. Revenues for consumption-based services are generally recognised as the services are performed.

Allocation of the Transaction Price for Contracts that have Multiple Performance Obligations

Many of the Company's contracts include multiple performance obligations. Judgment is required in determining whether each performance obligation is distinct. Oracle products and services generally do not require a significant amount of integration or interdependency; therefore products and services are generally not combined.

The Company allocates the transaction price for each contract to each performance obligation based on the relative standalone selling price (SSP) for each performance obligation within each contract.

The Company use judgment in determining the SSP for products and services. For substantially all performance obligations except cloud licenses and on-premise licenses, the Company is able to establish SSP based on the observable prices of products or services sold separately in comparable circumstances to similar customers. The Company typically establish an SSP range for products and services which is reassessed on a periodic basis or when facts and circumstances change. Cloud licenses and on-premise licenses have not historically been sold on a standalone basis as the vast majority of all customers elect to purchase license support contracts at the time of a cloud license and on-premise license purchase.

License support contracts are generally priced as a percentage of the net fees paid by the customer to access the license. The Company is unable to establish SSP for its cloud licenses and on-premise licenses based on observable prices given the same products are sold for a broad range of amounts (that is, the selling price is highly variable) and a representative SSP is not discernible from past transactions or other observable evidence. As a result, the SSP for a cloud license and an on-premise license included in a contract with multiple performance obligations is determined by applying a residual approach whereby all performance obligations within a contract are first allocated a portion of the transaction price based upon their respective SSPs with any residual amount of transaction price allocated to cloud license and on-premise license revenues.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.13 Turnover (continued)

Deferred Sales Commissions

The Company defer sales commissions earned by its sales force that are considered to be incremental and recoverable costs of obtaining a cloud, license support and hardware support contract. Initial sales commissions for the majority of these aforementioned contracts are generally deferred and amortised on a straight-line basis over a period of benefit that the Company estimate to be four to five years. The Company determines the period of benefit by taking into consideration the historical and expected durations of customer contracts, the expected useful lives of technologies, and other factors. Sales commissions for renewal contracts relating to cloud-based arrangements are generally deferred and then amortised on a straight-line basis over the related contractual renewal period, which is generally one to three years.

Remaining Performance Obligations from Contracts with Customers

Trade receivables, net of allowance for doubtful accounts, and deferred revenues are reported net of related uncollected deferred revenues in the Statement of Financial Position.

Remaining performance obligations represent contracted revenues that had not yet been recognised, and include deferred revenues, invoices that have been issued to customers but were uncollected and have not been recognised as revenues, and amounts that will be invoiced and recognised as revenues in future periods.

Segmental analysis is not provided as in the opinion of the Directors the disclosures required by paragraph 68 of Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (“the Regulations”) would be seriously prejudicial to the interest of the Company and the Directors have availed of the exemption contained within paragraph 68(5) of Schedule 1 of the Regulations.

2.14 Research and development costs

Research and development expenditure, other than on fixed assets, is expensed to the Statement of Comprehensive Income in the year in which it is incurred.

2.15 Restructuring provision

Provision for restructuring costs are made in accordance with IAS 37 *Provisions, contingent liabilities and contingent assets*. The amount recognised is the discounted value of the estimated future charge. The provision is reviewed annually and any unutilised provision is released to the Statement of Comprehensive Income.

2.16 Business combinations

The Company applies the acquisition method in accounting for business combinations apart from business combinations under common control as described below. The consideration transferred by the Company to acquire the net assets is calculated as the sum of the acquisition-date fair value of assets transferred and liabilities incurred which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognised identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree’s financial statements prior to the acquisition.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred over the acquisition date fair values of identifiable net assets.

Goodwill is carried at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.17 Intangible assets

Intangible assets acquired as part of a business combination that qualify for separate recognition are recognised initially at their fair value.

UK Company law requires that goodwill is written off over a period of time which does not exceed its useful economic life. However, the Company does not believe this gives a true and fair view because not all goodwill declines in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortisation of goodwill over an arbitrary period does not reflect the economic reality. The Company considers goodwill an indefinite-lived intangible asset that is not amortised over an arbitrary period, rather, the Company accounts for goodwill in accordance with FRS 101.

Therefore in order to present a true and fair view of the economic reality under FRS 101, goodwill is considered indefinite-lived and is not amortised. The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful economic life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known. The Company performs a qualitative assessment at the end of each reporting period to determine if any events or circumstances exist, such as an adverse change in business climate or a decline in the overall industry that would indicate that it would more likely than not reduce the fair value of a reporting unit below its carrying amount, including goodwill.

All intangible assets are accounted for subsequently using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual value and useful lives are reviewed at each reporting date. The following useful lives are applied:

Customer relationships	4.75 years
Software support agreements	11.75 years
Other support agreements	8.75 years

2.18 Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Goodwill is tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Summary of significant accounting policies (continued)

2.19 Current versus non-current classifications

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current. Deferred tax assets classified as non-current assets.

3. Critical accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Useful economic lives of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 10 for the carrying amount of the tangible fixed assets, and Note 2.5 for the useful economic lives for each class of assets.

b) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. See Note 19 for the disclosures of the defined benefit pension scheme.

c) Impairment of financial, non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and use an interest rate to discount them. Estimated uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Critical accounting estimates and judgments (continued)

d) 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 judgment 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 data centres are typically not included as part of the lease term as these are not reasonably certain to be exercised.

e) Share Based Payments

Employees of the group receive remuneration in the form of stock options awarded under the equity plan. As part of the preparation of the financial statements, management need to make judgments, estimates and assumptions on elements of the valuation model to calculate a share based payment expense, see Note 21 for the disclosures of the share based payment expense.

4. Staff costs

Particulars of employees (including executive directors) are shown below:

	2023 £'000	2022 £'000
Employee costs during the year amounted to:		
Wages and salaries	325,788	304,859
Social security costs	37,954	34,941
Pension costs	12,504	11,724
Share based payment transaction (Note 21)	34,235	27,042
	<u>410,481</u>	<u>378,566</u>

The average monthly number of persons employed by the Company during the year was as follows:

	2023 Number	2022 Number
Sales	2,217	2,169
Research and development	18	18
General and administration	384	364
Marketing	47	54
	<u>2,666</u>	<u>2,605</u>

The remuneration of the Directors was as follows:

	2023 £'000	2022 £'000
Emoluments	734	711
Company contributions to money purchase pension scheme	51	56
	<u>785</u>	<u>767</u>

The above amounts do not include any gains made on the exercise of share options. There were no directors who exercised share options during the year or prior year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Staff costs (continued)

The number of directors who were members of pension schemes was as follows:

	<i>2023</i>	<i>2022</i>
	<i>Number</i>	<i>Number</i>
Money purchase and defined benefit schemes	<u>3</u>	<u>3</u>

The amounts above for remuneration include the following in respect of the highest paid director:

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Emoluments	277	243
Company contributions to money purchase pension scheme	30	26
	<u>307</u>	<u>269</u>

The highest paid director did not exercise share options during the year.

The highest paid director had accrued entitlements under a defined benefit pension scheme as follows:

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Accrued pension	<u>62</u>	<u>117</u>

5. Interest receivable and similar income

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Interest receivable from other group undertakings	5,403	1,031
Owned building lease income	135	971
Bank interest receivable	2,285	300
Other interest	192	66
	<u>8,015</u>	<u>2,368</u>

6. Interest payable and similar charges

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
On loans from other group undertakings	3,620	816
Operating lease interest accretion (Note 12)	3,837	1,577
Other finance costs (Note 19)	6,351	7,684
Bank interest expense	-	67
Other	-	23
	<u>13,808</u>	<u>10,167</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/ (crediting):

	2023 £'000	2022 £'000
Depreciation of tangible assets owned (Note 10)	114,893	135,396
Amortisation of Right of Use assets (Note 12)	26,327	26,765
Amortisation of intangible assets (Note 9)	284	284
Operating lease rentals - plant and machinery	-	9
Auditor's remuneration	219	191
Research and development expenditure	25,697	25,421
Restructuring costs	12,479	5,036
Defined pension contributions (Note 4)	12,504	11,724
Foreign exchange gains	<u>(8,110)</u>	<u>(6,130)</u>

The statutory auditor did not provide any tax advisory or non-audit services to the company during the current period and prior period.

Restructuring costs above relate to a restructuring initiative. The total expense of £12,479,000 (2022: £5,036,000) includes an expense of £nil (2022: £87,000) due to dilapidation provision which had a tax impact of £nil (2022: £17,000) and an expense of £12,479,000 (2022: £4,949,000) due to severance which had a tax impact of £2,496,000 (2022: £940,000).

8. Taxation (credit)/charge on profit on ordinary activities

<i>a) Analysis of charge in the year:</i>	2023		2022	
	£'000	£'000	£'000	£'000
<i>Current tax</i>				
UK corporation tax for the year	6,516		10,996	
Adjustments in respect of previous periods	(707)		338	
Foreign tax	748		193	
Total current tax	<u>6,557</u>		<u>11,527</u>	
<i>Deferred tax</i>				
Origination and reversal of timing differences	(16,361)		(7,738)	
Adjustments in respect of previous periods	160		144	
Effect of changes in tax rates	3,432		(3,103)	
	<u>(12,769)</u>		<u>(10,697)</u>	
Tax (credit)/charge on profit on ordinary activities	<u>(6,212)</u>		<u>830</u>	

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Taxation (credit)/charge on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year:

The tax assessed on the profit on ordinary activities for the year is different than the standard rate of UK corporation tax of 20% (2022: 19%). The differences are reconciled below:

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	<u>62,622</u>	<u>62,578</u>
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 20% (2022: 19%)	12,526	11,890
<i>Effects of:</i>		
Recognition of deferred tax assets	(695)	705
Expenses not deductible for tax purposes	1,227	978
Adjustments in respect of previous periods	(547)	482
Effect of change in tax rates	3,432	(3,103)
Group relief not paid for	(387)	(120)
Foreign tax	748	193
Share based payments	(3,780)	(2,395)
Unrecognised deferred tax asset	(18,736)	(7,800)
Total tax (credit)/charge for the year	<u>(6,212)</u>	<u>830</u>

The recognition of deferred tax assets on tax losses forward and share based payment credits is further described in Note 17.

c) Factors that may affect future tax charges

Based on current capital investment plans, the Company expects to claim capital allowances in excess of depreciation in future years.

d) Tax rate

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase in the corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax balances have been remeasured accordingly where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Intangible assets

	<i>Goodwill</i>	<i>Customer relationships</i>	<i>Software support agreements</i>	<i>Other support agreements</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Cost:</i>					
At 1 June 2022	380,170	6,367	2,600	548	389,685
Additions	518	-	-	-	518
At 31 May 2023	<u>380,688</u>	<u>6,367</u>	<u>2,600</u>	<u>548</u>	<u>390,203</u>
<i>Amortisation:</i>					
At 1 June 2022	215,900	6,367	1,658	472	224,397
Charged during the year	-	-	221	63	284
At 31 May 2023	<u>215,900</u>	<u>6,367</u>	<u>1,879</u>	<u>535</u>	<u>224,681</u>
<i>Net book value:</i>					
At 31 May 2023	<u>164,788</u>	<u>-</u>	<u>721</u>	<u>13</u>	<u>165,522</u>
At 31 May 2022	<u>164,270</u>	<u>-</u>	<u>942</u>	<u>76</u>	<u>165,288</u>

The useful lives of all intangible assets, other than goodwill, are finite and disclosed in the accounting policies Note 2.17.

10. Tangible assets

	<i>Freehold Land</i>	<i>Freehold Buildings</i>	<i>Leasehold Buildings</i>	<i>Computer Equipment</i>	<i>Office Equipment</i>	<i>Office Furniture</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Cost:</i>							
At 1 June 2022	9,258	55,466	80,924	934,474	3,991	202	1,084,315
Additions	-	3,163	2,491	159,217	177	11	165,059
Disposals	-	-	-	(24,430)	(71)	-	(24,501)
At 31 May 2023	<u>9,258</u>	<u>58,629</u>	<u>83,415</u>	<u>1,069,261</u>	<u>4,097</u>	<u>213</u>	<u>1,224,873</u>
<i>Depreciation:</i>							
At 1 June 2022	-	34,207	47,788	601,260	3,277	149	686,681
Charge for the year	-	4,207	2,859	107,470	336	21	114,893
Disposals	-	-	-	(21,430)	(71)	-	(21,501)
At 31 May 2023	<u>-</u>	<u>38,414</u>	<u>50,647</u>	<u>687,300</u>	<u>3,542</u>	<u>170</u>	<u>780,073</u>
<i>Net book value:</i>							
At 31 May 2023	<u>9,258</u>	<u>20,215</u>	<u>32,768</u>	<u>381,961</u>	<u>555</u>	<u>43</u>	<u>444,800</u>
At 31 May 2022	<u>9,258</u>	<u>21,259</u>	<u>33,136</u>	<u>333,214</u>	<u>714</u>	<u>53</u>	<u>397,634</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investments

	2023 £'000	2022 £'000
<i>Cost:</i>		
At 1 June and 31 May	3,146	3,146
<i>Impairment</i>		
At 1 June and 31 May	(3,146)	(3,146)
At 31 May	<u>-</u>	<u>-</u>

Impairment charge

In accordance with IAS 36 'Impairment of assets' the carrying value of the subsidiary at 31 May 2023 has been compared to the recoverable amount. Impairment charge represents the deficit between the carrying value and the recoverable amount at 31 May 2023. The recoverable amount was determined based on the fair market value less cost of disposal of the investment at 31 May 2023.

At 31 May 2023 and 31 May 2022, the following material subsidiary is directly owned by the Company:

Subsidiary undertakings	Country of incorporation	Interest in ordinary shares	Principal activity
MF UK FC Limited	United Kingdom	100%	Holding Company

At 31 May 2023 and 31 May 2022, the following material subsidiaries were indirectly owned:

Indirect subsidiary undertakings	Country of incorporation	Interest in ordinary shares	Principal activity
MICROS Systems Holdings GmbH	Germany	100%	Holding Company
Torex Retail Holdings Limited	United Kingdom	100%	Non-Trading Company
Micros Retail Holdings Europe Limited	United Kingdom	100%	Non-Trading Company
Torex Retail Solutions UK Limited	United Kingdom	100%	Dormant Company
Micros Retail Services UK Limited	United Kingdom	100%	Dormant Company
Hugin Sweda International Limited	United Kingdom	100%	Dormant Company
Anker Limited	United Kingdom	100%	Dormant Company

12. Right of use assets/ leases

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

	<i>Facilities</i> (£'000)	<i>Data centres</i> (£'000)	<i>Total</i> (£'000)
As at 1 June 2022	369	94,414	94,783
Additions	-	59,074	59,074
Disposals	-	(622)	(622)
Amortisation expense	(369)	(25,958)	(26,327)
As at 31 May 2023	<u>-</u>	<u>126,908</u>	<u>126,908</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Right of use assets/ leases (continued)

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

	<i>Facilities</i>	<i>Data centres</i>	<i>Total</i>
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
As at 1 June 2022	381	98,109	98,490
Additions	-	59,074	59,074
Disposals	-	(622)	(622)
Accretion of interest	1	3,836	3,837
Payments	(382)	(24,161)	(24,543)
As at 31 May 2023	-	136,236	136,236
Current	-	21,058	21,058
Non-current	-	115,178	115,178

The following are the amounts recognised in the Statement of Comprehensive Income:

	<i>Facilities</i>	<i>Data centres</i>	<i>Total</i>
	<i>(£'000)</i>	<i>(£'000)</i>	<i>(£'000)</i>
Amortisation expense of right-of-use assets	369	25,958	26,327
Interest expense on lease liabilities	1	3,836	3,837
Total amount recognised in the Statement of Comprehensive Income	370	29,794	30,164

Set out below are the undiscounted potential future lease payments and when they fall due:

	<i>2023</i>	<i>2022</i>
	<i>(£'000)</i>	<i>(£'000)</i>
<i>Within 1 year</i>	24,894	18,712
<i>Between 2-5 years</i>	77,506	53,762
<i>Over 5 years</i>	48,697	32,996
	<u>151,097</u>	<u>105,470</u>
<i>Discounted Interest</i>	(14,861)	(6,981)
<i>Total</i>	<u>136,236</u>	<u>98,489</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Debtors

	2023 £'000	2022 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	595,514	594,824
Amounts owed by other group undertakings	208,631	200,990
Prepayments	38,978	36,955
Corporation tax	10,899	14,209
Deferred commission payments	59,253	53,322
Other current assets	621	621
	<u>913,896</u>	<u>900,921</u>
<i>Amounts falling due after one year:</i>		
Other debtors	49,079	39,886
Deferred commission payments	70,770	66,278
Deferred tax asset (Note 17)	86,099	88,517
	<u>205,948</u>	<u>194,681</u>

The Company currently holds loans receivable with other group undertakings that consist of a loan of £112,906,885 (2022: £109,165,973) with OEMEA Holdings Limited and a loan of £9,308,413 (2022: £9,059,235) with OCUK Holdings Limited, both loans are unsecured and bear interest at current effective interest rates plus 0.375% and are due in May 2024. The Company also has a loan of £40,830,897 (2022: £39,478,058) with MF UK FC Limited that is unsecured and bears interest at current effective interest rates plus 0.375% which is due on demand. The remaining amounts owed by other group undertakings falling due within one year are unsecured and non-interest bearing which are due on demand.

During the year, £67,449,767 (2022: £58,212,058) of amortisation was recognised on deferred commissions.

The Directors consider the carrying amount of the above financial assets to be a reasonable approximation of its fair value.

14. Restricted cash

Included in cash at bank is a bank balance of £66,320,599 (2022: £50,940,145) which has restricted usage based on the security agreement in place between Oracle Corporation UK Limited and the Trustees of Oracle UK Pension Plan.

15. Creditors

	2023 £'000	2022 £'000
<i>Amounts falling due within one year:</i>		
Trade creditors	29,527	41,450
Amounts owed to other group undertakings	485,922	490,236
Other taxes and social security	57,576	58,741
Deferred revenue	673,034	651,705
Accruals	57,028	53,527
Provisions for lease liabilities (Note 12)	21,058	17,242
	<u>1,324,145</u>	<u>1,312,901</u>
<i>Amounts falling due after one year:</i>		
Deferred revenue	38,530	20,516
Amounts owed to other group undertakings	32	31
Provision for lease liabilities (Note 12)	115,178	81,248
	<u>153,740</u>	<u>101,795</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors (continued)

Outstanding amounts in respect of the defined contribution scheme payable at the Statement of Financial Position date were £nil (2022: £nil). Amounts owed to other group undertakings are unsecured, due on demand and are non-interest bearing or bear interest at current effective interest rates plus a margin of 0.375%.

The amount of revenue recognised during the year ended 31 May 2023 that was included in the closing deferred revenues balance as of 31 May 2022 was approximately £651,705,000 (2022: £607,105,000).

16. Provisions for liabilities

	<i>Restructuring Provision £'000</i>	<i>Dilapidation Provision £'000</i>	<i>Total Provision £'000</i>
At 1 June 2021	30	756	786
Charged to the Statement of Comprehensive Income	-	87	87
Transfer of provisions and effect of change in the discount rates & change in cost/square metre	-	(667)	(667)
Unwinding of discount	-	-	-
Settled during the year	(30)	-	(30)
At 1 June 2022	-	176	176
Charged to the Statement of Comprehensive Income	-	47	47
Settled provisions	-	(223)	(223)
At 31 May 2023	-	-	-

The restructuring provision in prior year related to lease termination costs and provision for onerous lease payments discounted using real pre-tax discount rates ranging from 0.65% to 0.91% in accordance with IAS 37. This provision is reviewed annually. Any unutilised provision is released at the time that the Directors do not expect any further charges to occur.

17. Deferred taxation

	<i>2023 £'000</i>	<i>2022 £'000</i>
Deferred tax asset excluding deferred tax on pension liability	69,074	54,825
Deferred tax asset on pension liability (see Note 19)	17,025	33,692
At 31 May	86,099	88,517
	<i>2023 £'000</i>	<i>2022 £'000</i>
At 1 June	88,517	98,803
Charge to the Statement of Comprehensive Income (see Note 8(a))	12,929	10,841
Adjustment in respect of prior years (see Note 8(a))	(160)	(144)
Charge to Other Comprehensive Income	(15,187)	(20,983)
At 31 May	86,099	88,517

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Deferred taxation (continued)

	2023 £'000	2022 £'000
<i>Net deferred tax assets:</i>		
Capital allowances in excess of depreciation	39,001	29,329
Short term timing differences	3,691	2,416
Deferred tax asset on unused losses	12,333	14,293
Deferred tax asset on pension liability (see Note 19)	17,025	33,692
Deferred tax asset on share based payments	14,049	8,787
At 31 May	<u>86,099</u>	<u>88,517</u>

The deferred tax asset is based on a corporation tax rate of 25% (2022: 25%).

The Company now has tax losses of £127,763,666 (at 25% - £31,940,917) (2022: £136,355,497 at 25% - £34,088,874) available for offset against future trading profits. The company has a history of trading losses but has been profitable for the past 7 years. The Directors believe that it is appropriate to recognise a deferred tax asset based on the projected taxable profits for the next five years.

There was an unrecognised deferred tax asset as at 31 May 2023 for unrecognised losses of £19,608,475 at the enacted rate of 25% (2022: £19,795,505 at the enacted rate of 25%) not expected to be recovered in the next 5 years.

There was an unrecognised deferred tax asset as at 31 May 2023 for other temporary differences of £nil at the enacted rate of 25% (2022: £27,866,971 at the enacted rate of 25%) not expected to be recovered in the next 5 years.

18. Called up share capital

	2023 £'000	2022 £'000
<i>Authorised:</i>		
20,000,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
<i>Allotted, called up and fully paid:</i>		
10,200,000 Ordinary shares of £1 each	<u>10,200</u>	<u>10,200</u>

Other reserves relate primarily to the share-based payments made to employees of the Company.

The profit and loss account reserve represents accumulated comprehensive income for the financial year and prior financial years

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Pension and other post-employment benefits

The Company operates a pension plan for employees, the Oracle UK Pension Plan. The plan was significantly restructured with effect from 1 June 2004, with a defined contribution and benefit structure for membership after that date. Contributions prior to 1 June 2004 are referred to as Section 1 contributions. Contributions paid after 31 May 2004 are referred to as Section 2 contributions. The Oracle UK Pension Plan is a money purchase plan but with a minimum defined benefits pension underpin that applies to Section 1 benefits only. The minimum defined benefits pension underpin does not apply to Section 2 benefits.

Under the Oracle UK Pension Plan there are no informal practices giving rise to constructive obligations that are required to be included in the measurements of scheme liabilities. The scheme does not invest in the Company's own financial instruments, including property or other assets owned by the Company.

A full actuarial valuation of the Oracle UK Pension Plan was carried out on 31 May 2022 and was the basis used to assess all the liabilities of the scheme at 31 May 2023. Scheme assets are stated at their market values at the respective Statement of Financial Position dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

	2023 £'000	2022 £'000
Scheme assets at fair value		
Cash, cash equivalents and investment funds	<u>112,865</u>	<u>96,754</u>
Fair value of scheme assets	112,865	96,754
Present value of scheme liabilities	<u>(180,965)</u>	<u>(288,199)</u>
Defined benefit pension scheme deficit	(68,100)	(191,445)
Related deferred tax asset (Note 17)	<u>17,025</u>	<u>33,692</u>
Net liability in the Statement of Financial Position at 31 May	<u><u>(51,075)</u></u>	<u><u>(157,753)</u></u>

The amounts recognised in the Statement of Comprehensive Income and Other Comprehensive Income for the year are analysed as follows:

	2023 £'000	2022 £'000
<i>Recognised in Statement of Comprehensive Income</i>		
Expected return on scheme assets	3,800	1,810
Interest obligation	<u>(10,151)</u>	<u>(9,494)</u>
Total interest cost	<u>(6,351)</u>	<u>(7,684)</u>
Total recognised in the Statement of Comprehensive Income	<u><u>(6,351)</u></u>	<u><u>(7,684)</u></u>
	2023 £'000	2022 £'000
<i>Taken to Other Comprehensive Income</i>		
Return on plan assets (excluding interest income)	(11,341)	(6,497)
Effect of changes in demographic assumptions	(784)	-
Effect of experience adjustments on plan liabilities	(31,535)	(35,337)
Changes in assumptions underlying the present value of scheme liabilities	<u>153,355</u>	<u>232,272</u>
Total pension expense recognised in Other Comprehensive Income	<u><u>109,695</u></u>	<u><u>190,438</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Pension and other post-employment benefits (continued)

The major assumptions used by the actuary were:	2023	2022
	%	%
<i>Main assumptions:</i>		
Rate of salary increases	3.90	4.20
Rate of increase in pensions in payment	2.85	2.80
Discount rate	5.30	3.50
<i>Expected rates of return on scheme assets:</i>		
Equities, Diversified growth funds	5.75	5.70
Inflation assumption	3.15	3.20
<i>Post-retirement mortality:</i>		
Current pensioners at 60-65 –male	24.30	24.20
Current pensioners at 60-65 –female	25.90	25.80
Future pensioners at 40 –male	26.30	26.20
Future pensioners at 40 –female	<u>27.90</u>	<u>27.80</u>

Changes in the present value of the plan liability are analysed as follows:

	2023	2022
	£'000	£'000
At 1 June	288,199	473,784
Interest cost	10,151	9,494
Benefits paid	3,653	1,856
Actuarial gains	<u>(121,038)</u>	<u>(196,935)</u>
At 31 May	<u><u>180,965</u></u>	<u><u>288,199</u></u>

Changes in the fair value of plan assets are analysed as follows:

	2023	2022
	£'000	£'000
At 1 June	96,754	79,584
Expected return on plan assets	3,800	1,810
Benefits received	3,653	1,856
Actuarial losses	(11,341)	(6,497)
Employer contributions	<u>20,000</u>	<u>20,001</u>
At 31 May	<u><u>112,866</u></u>	<u><u>96,754</u></u>

The sensitivity of the present value of the benefit obligation to changes in the weighted principal assumptions are:

	GBP 000's	Sensitivities from Base FY 2023 (one item changed with all other things held constant)			
	Base FY 2023	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate
Present value of benefit obligations	180,965	13,857	-12,780	-15,879	17,319

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Pension and other post-employment benefits (continued)

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Statement of Financial Position.

20. Business combinations

On 1 October 2022, Oracle Corporation UK Limited acquired employees, and certain assets and liabilities of Cerner Ireland Limited for the consideration £11,277,401. Cerner is a supplier of health information technology services, devices and hardware.

	<i>Book Value</i> (£'000)	<i>Fair Value</i> (£'000)	<i>Goodwill</i> (£'000)
Cerner Ireland Limited			
Tangible Fixed Assets	10,883	10,883	-
Other debtors	32	32	-
Creditors due within 1 year	(156)	(156)	-
Total Acquired	10,759	10,759	-
Consideration	-	(11,277)	-
Goodwill arising from acquisitions		518	

21. Share based payments

The ultimate parent undertaking, Oracle Corporation awards stock options under the equity plan. Generally, stock options vest from one to four years from the date of grant, have a 10 year option life, and the exercise price equals or exceeds the market price on the date of grant.

The share based payment expense was £34,234,751 for the year ended 31 May 2023 (2022: £27,041,977).

During the year ended 31 May 2023, the Company had one share-based payment scheme, which is described below:

	2023	2022
Date of grant	n/a	n/a
Number granted	-	-
Contractual life	-	-
Type of arrangement	General employee share option plan	
Vesting conditions	25% annually on anniversary of grant date	

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Share based payments (continued)

There were no share options granted during the year.

The Company uses the implied volatility of its publicly traded, longest-term options in order to estimate future stock price trends as the Company believes that implied volatility is more representative of future stock price trends than historical volatility. The fair value of the unvested portion of share-based payments granted is recognised over the remaining service period using the accelerated expense attribution method, net of estimated forfeitures. In determining whether an award is expected to vest, the Company uses an estimated, forward-looking forfeiture rate based upon the historical forfeiture rates. Stock-based compensation expense recorded using an estimated forfeiture rate is updated for actual forfeitures annually. The expected life input is based on historical exercise patterns and post vesting termination behaviour. The risk-free interest rate input is based on United States Treasury Instruments. The expected dividend rate was zero prior to the first dividend declaration by Oracle Corporation on 18 March 2009 as Oracle Corporation did not historically pay cash dividends on its common stock and did not anticipate doing so for the foreseeable future for grants issued prior to 18 March 2009. For grants issued subsequent to 18 March 2009, an annualised dividend yield based on the per share dividend declared by the Oracle Corporation Board of Directors was used.

The following table illustrates the number and weighted average exercise prices (WAEP) of Restricted Stock Units (all assumed as part of the business combinations) outstanding at the end of the year.

	2023	2023	2022	2022
	No.	WAEP (£)	No.	WAEP (£)
Outstanding at 31 May	1,680,214	56.45	1,407,311	55.13

The specific exercise prices and weighted average remaining contractual life of options outstanding as at the balance sheet date are as follows:

Range of exercise prices	Number ('000)	Weighted average remaining contractual life	Range of exercise prices	Number ('000)	Weighted average remaining contractual life
2023	2023	2023	2022	2022	2022
0.23 – 3.00	-	-	0.29 – 3.71	-	-
3.19 – 4.70	-	-	3.94 – 5.81	-	-
4.75 – 5.29	-	-	5.87 – 6.51	-	-
5.36 – 6.80	-	-	6.63 – 8.40	-	-
6.91 – 8.10	-	-	8.54 – 10.01	-	-
8.24 – 9.47	-	-	10.19 – 11.70	-	-
9.55 – 11.06	-	-	11.80 – 13.66	-	-
11.10 – 12.39	-	-	13.71 – 15.30	-	-
12.74 – 15.75	0.02	1.74	15.74 – 19.46	0.02	3.09
15.82 – 18.34	-	-	19.55 – 22.65	-	-
18.57 – 47.06	83.66	2.79	22.94 – 58.13	194	3.73
	<u>83.68</u>	<u>2.79</u>		<u>194</u>	<u>3.73</u>

In terms of the staff share incentive scheme, share options are offered on a combined option and deferred sale basis. Options vest over a period of four years (depending on the option type), as long as the employee is in the employment of the company on the anniversary of the grant date. All shares must be taken up by way of payment to the group of the exercise prices and any applicable withholding taxes or pursuant to a broker assisted “cashless exercise arrangement” by no later than 10 years after the date of grant. The exercise price is not less than the market value of the ordinary shares of Oracle Corporation.

In the case of termination of service due to a termination or retirement, any vested shares must be exercised by the earlier of 3 months or the original expiration date with unvested shares being forfeited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Share based payments (continued)

In the event of termination due to disability or death, vested shares must be exercised by the earlier of 12 months or the original expiration date, with unvested shares being forfeited (with the exception that terminations due to death allow accelerated vesting of 2 years).

22. Events since the year end

On 1 October 2023, the Company acquired customer contracts, and certain assets and liabilities from Cerner Ireland Limited for the consideration £547,463.

On 1 December 2023, the company acquired employees, and certain assets and liabilities of Next Technik Limited for the consideration £23,090.

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

23. Related party disclosures

As a wholly owned subsidiary undertaking of Oracle Corporation, the Company has taken advantage of the exemption contained in FRS 101 paragraph 8(k), and has therefore not disclosed details of transactions or balances with wholly owned members of the parent company. The consolidated financial statements of Oracle Corporation can be obtained from 2300 Oracle Way, Austin, Texas 78741, USA.

24. Immediate and ultimate parent undertaking

The immediate parent Company and controlling party is Oracle Corporation UK Holdings Limited, a Company incorporated in England and Wales, whose principal place of business is Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1RA, United Kingdom.

The smallest and largest group in which the results of Oracle Corporation UK Limited are consolidated is that headed by Oracle Corporation, a Company incorporated in the State of Delaware, USA, whose principal place of business is 2300 Oracle Way, Austin, Texas 78741, USA. The consolidated financial statements of Oracle Corporation are available to the public from this address. Copies of Oracle Corporation's consolidated financial statements are also available on the Oracle website:

<http://www.oracle.com/us/corporate/investor-relations/index.html>.

The ultimate parent undertaking and controlling party is Oracle Corporation, a Company incorporated in the State of Delaware, USA.

25. Approval of financial statements

The Directors approved the financial statements and authorised them for issue on 26 February 2024.