

Registered number: 05094083

SALESFORCE UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**



SALESFORCE UK LIMITED

COMPANY INFORMATION

Directors	Lesa McDonagh (appointed 7 March 2022) Joachim Wettermark Nichole Gleason (Resigned 23 March 2022)
Company Secretary	Abogado Nominees Limited (Resigned 7 March 2022)
Registered number	05094083
Registered office	Floor 26 Salesforce Tower 110 Bishopgate London EC2N 4AY United Kingdom
Independent auditors	Ernst & Young Chartered Accountants The Atrium Maritana Gate Canada Street Waterford Ireland
Bankers	Deutsche Bank AG 6 Bishopgate London EC2N 4DA United Kingdom
Solicitors	Baker & McKenzie London 100 New Bridge Street London EC2N 4DA United Kingdom

SALESFORCE UK LIMITED

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SALESFORCE UK LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2023**

The Directors, in preparing this strategic report, have complied with Section 414C of the Companies Act 2006.

The immediate parent company of Salesforce UK Limited (the "Company") is Salesforce.com Sàrl, a company incorporated in Switzerland. The ultimate controlling party and the parent undertaking of both the largest and the smallest groups of undertakings of which the Company is a member and for which group financial statements are drawn up is Salesforce, Inc. a company incorporated in the United States of America. The Company is a member of the Salesforce, Inc. group of companies (the "Group", "we", "us" or "our").

REVIEW OF THE BUSINESS

The Company provides software as a service (SaaS) and other consulting and support services to assist organisations in the easy distribution of information to customers. The Company engages in ongoing research and development on behalf of another group entity SFDC Ireland Limited, an affiliate.

The Company acts as a contracting party with third party customers in the UK for subscriptions and renewals, reselling the solutions of another group entity SFDC Ireland Limited.

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

	2023	2022	Variation
	£000	£000	%
Turnover	1,548,249	1,605,417	(4)%
Total operating expenses	(1,527,061)	(1,576,466)	(3)%
Operating profit	21,188	28,950	(27)%
Profit before tax	29,831	30,266	(1)%
Shareholder's funds	328,891	317,870	3 %
Average number of employees	3,427	2,944	16 %

The statement of comprehensive income for the year ended 31 January 2023 and the balance sheet as at that date are set out on pages 23 and 24, respectively. The profit before tax for the year amounted to £29,831,262 (2022 - £30,265,885).

PRINCIPAL RISKS AND UNCERTAINTIES

Under UK Company Law (Section 417 – Companies Act 2006), the Company is required to give a description of the principal risks and uncertainties faced:

- The Company has policies in place to ensure that all customers demonstrate an appropriate payment history and satisfy credit worthiness procedures. The Company benefits from the Group's comprehensive credit insurance coverage.
- The Company aims to mitigate liquidity risk by managing cash generation via its operations and continuing support of the ultimate parent company, Salesforce, Inc..
- The Company manages its cash flow risk, where significant, by the use of derivatives and other financial instruments.
- The Company manages the risks associated with marketable securities through adoption of group policies.

SALESFORCE UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The Group's overall performance depends in part on worldwide economic and geopolitical conditions. The United States and other key international economies have experienced significant economic and market downturns in the past, and are likely to experience additional cyclical downturns from time to time in which economic activity is impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, inflation, bankruptcies and overall uncertainty with respect to the economy. These economic conditions can arise suddenly, as did the conditions associated with the COVID-19 pandemic, and the full impact of such conditions can be difficult to predict. In addition, geopolitical and domestic political developments, such as existing and potential trade wars and other events beyond our control, such as Russia's invasion of Ukraine, can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Moreover, these conditions have affected and may continue to affect the rate of IT spending; could adversely affect our customers' ability or willingness to attend our events or to purchase our enterprise cloud computing services; have delayed and may delay customer purchasing decisions; have reduced and may in the future reduce the value and duration of customer subscription contracts; and we expect these conditions will adversely affect our customer attrition rates. All of these risks and conditions could materially adversely affect our future sales and operating results.

As a result of the impact to date and the Group's current assumptions related to the extent to which the pandemic / geopolitical conditions will affect the business going forward, the Company expects its business in the UK in fiscal 2024 to grow. Additionally, no liquidity constraints have been identified at the Group or Company level. Hence, the Company does not believe that there is any impact to the going concern assumption for the Company.

THE COMPANY AND THE ENVIRONMENT

The Company is committed to conducting its activities with due care and regard for the environment and to making continual improvements to achieve a high standard of environmental performance. The Company is committed to managing and reducing its greenhouse gas emissions and their contribution to climate change. The Company is also committed to managing and reducing its water consumption and ensuring that all its wastewater is treated to the highest environmental standards. The Company is committed to reducing quantities of waste produced and actively uses recyclable products.

STATEMENT ON ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH COMPANY

The Company is a wholly owned subsidiary of Salesforce, Inc., a publicly traded company based in the United States. References may be made to the Form 10-K filed by the Group with the Securities Exchange Commission on 8 March 2023 (referred to as the "Form 10-K"), as well as the fiscal 2023 Stakeholder Impact Report. Both are published and accessible on the Group's corporate website under the Investor Relations section.

The Group is a global leader in customer relationship management ("CRM") technology that brings companies and their customers together. Founded in 1999, we enable companies of every size and industry to take advantage of powerful technologies to connect to their customers in a whole new way and help them transform their businesses around the customer in this digital-first world.

The Group is committed to a core set of values: trust, customer success, innovation, equality and sustainability. Foremost among these is trust, which is the foundation for everything we do. Our customers trust our technology to deliver the highest levels of security, privacy, performance, compliance and availability at scale. Customer success is at the core of our business and we align the entire company around our customers' needs to ensure their success and prove our value. We believe in continuous innovation, enabling our customers to access the latest technology advances so they can innovate and stay ahead in their industries. Equality is a core tenet of how we run our business. We value the equality of every individual at our company and in our communities. We believe that creating a diverse workplace that reflects the communities we serve and fostering an inclusive culture where everyone feels seen, heard and valued makes us a better company. Finally, we believe the world is in a

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

climate crisis and that sustainability, including bold climate action, is the only way forward. We are committed to ambitious climate leadership solutions, and we are bringing the full power of our products to help organisations achieve net zero.

We believe that our values create value, and the business of business is to make the world a better place for all of our stakeholders, including stockholders, customers, employees, partners, the planet and the communities in which we work and live. The Group is committed to giving back to our communities, closing the inequality gap and helping businesses grow while protecting the environment for future generations. We believe we have a broad responsibility to society, and we aspire to create a framework for the ethical and humane use of technology that not only drives the success of our customers, but also upholds the basic human rights of every individual. We are committed to transparent environmental, social and governance disclosures and maintaining programs that support the success of these initiatives.

As part of the Group, the Company is aligned with these values. The stakeholders of the Company generally mirror those of the Group and the Company's Board of Directors (the "Board") strives to thoughtfully consider these stakeholders in its decision-making process in line with Group policies and priorities.

The Board considers that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and items set out in s172 of the Companies Act 2006) during the year ended 31 January 2023 ("fiscal 2023").

The Board convenes board meetings on a quarterly cadence, and stakeholders from key business lines of the Company provide input into board papers, which are reviewed by the Directors in advance of the meetings. In order to supplement the Board's understanding of issues, risks and developments facing the Company, representatives/executives from the key functions of the business and advisors of the Company attend the board meetings to discuss such items and answer questions the Directors may have.

Details of the Company's engagement with the key stakeholder groups of the Company in the financial year are set out below:

Stakeholder	Engagement
Workforce	<p>The Group's core values are the foundation of its culture, which is fundamental to, and a competitive advantage in, the Group's approach to managing its workforce. The Group believes its company culture fosters open dialogue, collaboration, recognition and a sense of family, all of which allow us to attract and retain the best talent, which is critical for its continued success.</p> <p>We believe our efforts in managing our workforce have been effective. Our focus on our workplace environment and a strong company culture has led to recognition of the Group across the globe, as evidenced by the following acknowledgements: Fortune World's Most Admired Companies (2022 and for the eighth year in a row), Fortune 100 Best Companies to Work For (2022 and for the 13th year in a row), Human Rights Campaign Best Places to Work for LGBTQ Equality (2022) and Glassdoor Employees' Choice Best Place to Work in Canada, France, Germany, the United Kingdom and the United States (2022). The Group and the Company have a strong focus on employee engagement and maintaining ongoing communications and feedback between employees and leadership.</p> <p>Through the Company's quarterly board meetings, the Board is kept informed of results of employee engagement processes including Company town hall meetings, surveys, and other feedback forums.</p>

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

Stakeholder	Engagement
Workplace (continued)	<p>Equality</p> <p>Equality is one of our core values. We aim to create a workplace that reflects the diverse communities we serve and empowers our employees. Our key equality initiatives include investing in our future leaders, inclusive hiring and leadership training, equal pay for equal work, employee-led resource groups and a focus on accessibility in our products and workspaces. The Group and the Company strive to continue to build a diverse and inclusive workplace that reflects society around the globe.</p> <p>One way we create a culture of community and inclusion within Salesforce is through our 13 Equality Groups. We encourage every employee at Salesforce to participate as allies to build empathy, learn, and stand up for their colleagues. As a result, one in two employees of the Group is in one or more Equality Groups. Each Equality Group is financially empowered to drive forward important community initiatives and has an executive sponsor who supports and advocates for the community.</p> <p>We believe it is important to have a diverse team and that an inclusive workplace, and diversity of opinion, background, and culture makes us a more creative, innovative company. We do not base employment decisions like hiring, termination, and promotion on legally protected personal characteristics.</p> <p>To align and accelerate our equality, diversity and inclusion initiatives, beginning in fiscal 2023, all executive vice presidents, presidents and executive officers of the Group and Company will have a component of their incentive compensation plans tied to Environmental, Social and Governance measures, including employee diversity measures.</p> <p><i>Benefits</i></p> <p>We believe offering competitive compensation packages and robust benefits is an important factor in our ability to attract, retain, and motivate our employees and to help enhance their everyday wellbeing. We use a combination of fixed and variable cash compensation for all employees and award equity compensation to certain employees in the form of restricted stock units and performance-based restricted stock units. Eligible employees are also able to participate in our Employee Stock Purchase Plan, which allows employees to purchase our stock at a 15 percent discount up to U.S. Internal Revenue Code limits. We also match up to US\$5,000 (or local equivalent) of donations, per employee, to eligible nonprofit organisations.</p> <p>At the heart of our holistic wellbeing program are "Benefits Essentials." Benefits Essentials are fundamental benefits available to all employees and their families' needs, including: healthcare; mental health support and resources; life and disability coverage; retirement; time off; guidance on unplugging and more. In addition, we provide a range of programs related to each of our wellbeing pillars, so we can support employees at every stage of their life journey.</p> <p><i>Training and Development</i></p> <p>We drive high performance and business results by designing and executing employee-centred talent strategies, programs, and processes throughout the employee lifecycle. With an equitable lens, we enable employees to grow, develop, and achieve their best in a diverse and inclusive culture.</p>

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

Stakeholder	Engagement
Workplace (continued)	<p>We offer our employees various talent development programs to create a culture of continuous learning. Learning and development opportunities include Trailhead, our learning platform available for all employees, in-person and virtual classes, guides and workbooks and more. We also encourage our employees to seek personal and professional development opportunities with external organisations and offer yearly education reimbursement to employees</p> <p>who wish to continue job-related education from accredited institutions or organisations.</p> <p><i>Corporate Governance Structure</i></p> <p>The Company has maintained an average of more than 2,000 employees over fiscal 2023. In accordance with The Companies (Miscellaneous Reporting) Regulations 2018, the Company has adopted as its corporate governance code The Wates Corporate Governance Principles for Large Private Companies. The Company's Corporate Governance Statement, setting out the Company's corporate governance controls, policies and procedures during fiscal 2023, is included in the Directors' Report.</p> <p><i>Human Rights</i></p> <p>We honour the principles of internationally recognized human rights, and are committed to working with all stakeholders including governments, industry, civil society, shareholders, customers, and our employees to promote inalienable rights and avoid human rights abuses. We seek to improve our communities and our company through our own compliance efforts, our intentional innovation, and our dedication to advancing equity. The Group is a signatory to the United Nations Global Compact and we believe that business plays an essential role in respecting, upholding, and promoting human rights. We actively participate in the Tech Company Community of Practice (CoP), an initiative of the UN Human Rights B-Tech Project, to advance business respect for human rights in the technology industry. We are responsible for understanding how our products are used, and we are committed to creating a safe and inclusive platform for every individual.</p> <p>Our global Code of Conduct sets guiding principles based on our core values and ensures there are consequences, such as termination of employment, for any violations of this Code. The Group uniquely has an Office of Ethical and Humane Use to guide on human rights matters and we also leverage external expertise through human rights professionals and our Ethical Use Advisory Council.</p> <p>We only use voluntary labour. We do not use forced or involuntary labour of any type (e.g. forced, bonded, indentured or involuntary prison labour), or any form of human trafficking. This includes transporting, harbouring, recruiting, transferring or receiving any person by means of threat, force, coercion, abduction or fraud for the purpose of exploitation. We do not use child labour. "Child" is any person employed under the minimum age for employment in the relevant country. These guiding principles are outlined in the Group's Business Conduct Principles.</p> <p>The Company is also committed to ensuring that there is no slavery and human trafficking anywhere in the business or supply chain of the Company. The Company aligns its stance against modern slavery and human trafficking, and the Board reviews and approves a statement detailing the actions of the Company and the Group in accordance with the provisions of the Modern Slavery Act 2015.</p>

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

Stakeholder	Engagement
Workplace (continued)	<p>As the crisis in Ukraine persists, we continue to support human rights efforts in the region. Together with our employees and partners, the Group donated more than \$7 million and 14,000 volunteer hours to provide critical aid, support refugees, and advance food security across Ukraine and bordering countries through organisations like World Central Kitchen, USA for UNHCR (the UN Refugee Agency), the International Committee of the Red Cross, and Blue Road Academy. We have also partnered with Flexport.org to send the equivalent of a planeload of supplies – including hospital beds, medical kits, and school supplies – to Eastern Europe. The Group has also provided more than \$10 million in philanthropic giving to refugee-serving organisations worldwide.</p> <p><i>Anti-Corruption</i></p> <p>Our Code of Conduct prohibits our Employees from offering, making, or accepting bribes, kickbacks, or other improper payments. Our Global Anti-Corruption Policy elaborates on that prohibition and provides detailed standards on the rules related to bribery outlined in the Code of Conduct and Employee Handbook. In addition to the Code of Conduct, all of our employees are required to comply with the U.S. Foreign Corrupt Practices Act, the United Kingdom's Bribery Act, and other relevant anti-bribery laws.</p>
Customers	<p>The Group sells to businesses of all sizes and in almost every industry worldwide. We are committed to providing the most secure, compliant enterprise cloud on the market. To demonstrate our commitment to compliance with global data protection laws and standards, we maintain a comprehensive set of compliance certifications and attestations.</p> <p>Our robust privacy program meets the highest standards in the industry. As part of that program, we offer various transfer mechanisms to transfer personal data around the globe within the relevant legal frameworks. Helping our customers operate on a global scale is something we do every day. We continuously monitor the global privacy landscape and adapt our privacy program accordingly.</p> <p>In fiscal 2023, we prepared for the launch of the Hyperforce EU Operating Zone offering, which ensures that Customer Data is stored and processed within the EU with 24/7 support delivered by EU-based personnel.</p> <p>In addition, all customers must comply with Acceptable Use and External-Facing Services Policy and any violations are considered a material breach of the relevant agreement governing the customer's use of the services. The Group does not sell any products or services that are intended to directly impact the health or safety of its customers and does not track its compliance with local regulations regarding such impacts.</p> <p>The privacy and security of customer data is a top priority for the Group. As part of this commitment, we strive to offer our customers the tools they need to meet their regulatory requirements. To that end, in fiscal 2023 we made an important update to our Data Processing Addendum ("DPA") incorporating the UK's international data transfer addendum to the European Commission's standard contractual clauses ("EU SCCs") for international data transfers ("UK addendum"). This update allows customers to use the EU SCCs for transfers of personal data from the UK to non-adequate countries. Following its departure from the European Union, the UK did not automatically benefit from the EU SCCs introduced by the European Commission in 2021. The UK addendum amends the EU SCCs to ensure that the mechanism works for UK data transfers, thus enabling the data owners to enjoy the same protections offered by the EU SCCs.</p>

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

Stakeholder	Engagement
Customers (continued)	<p>The Company's customers were required to implement the UK addendum into their contracts by either September 22, 2022 for new agreements signed on or after that date, or until March 21, 2024 for existing agreements. To incorporate the UK addendum into customer contracts, our customers may choose to execute a new DPA, or simply sign an addendum agreement (either one that incorporates the UK addendum alone or one that includes the new EU SCCs and the UK addendum agreement).</p> <p>The implementing strategy of the Company is guided by the policies of the Group and the Board is kept informed of the service provision by the Company through presentations provided from key parts of the business to the Board in the quarterly board meetings.</p> <p>As the Company provides services to other entities within the Group the customers of the Company also include other Group companies. All relationships with other Group companies are governed by intercompany agreements on arm's-length terms. All intercompany agreements are reviewed and approved by the Directors and the terms of the intercompany agreements are routinely reviewed to ensure that they are at arm's-length.</p>
Suppliers	<p>Our suppliers are a critical part of our ecosystem.</p> <p>The Group outlines our global supply chain expectations in our Global Supplier Code of Conduct, which serves as a guide to ethical supplier conduct. We require all third-party suppliers of products or services that are paid directly by the Group to acknowledge our Supplier Code of Conduct. Should we become aware of any policy violations, we would consult with our Legal Department to ensure that appropriate measures are taken, which may include reporting this information to authorities and terminating our relationship with the supplier.</p> <p>The Board is focused on ensuring the Company treats suppliers fairly, and has received regular presentations on the payment practices of the Company and in particular the transparent implementation of the requirements of the Payment Practices Regulations 2017. The Company actively participates in industry associations to gain insight and research common best practices to optimise its processes, and reports this back to the Board.</p> <p><i>Supplier Sustainability</i></p> <p>We work with companies that share our commitment to sustainability and are willing to engage with us to drive meaningful climate action. By setting ambitious expectations, engaging strategically with our suppliers, and elevating sustainability in our purchasing decisions, we can create a cascade of impact in our entire value chain and accelerate global progress to net zero.</p> <p>We aim to fully integrate sustainability into our procurement strategies, operations, and decision-making – from supplier selection to contracting, performance evaluation, and risk monitoring. For example, we have a formal framework for integrating sustainability into our supplier selection process, and sustainability is a key performance indicator in strategic supplier business reviews. The keystone in our Supplier Sustainability programs is the Salesforce Sustainability Exhibit, a set of contract provisions that introduce specific, binding climate obligations into our supplier agreements.</p>

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

Stakeholder	Engagement
Suppliers (continued)	<p><i>Supplier Diversity</i></p> <p>A culture based on equality includes our supply chain. We seek to actively identify, develop, and do business with diverse and small business suppliers as an essential component of our supply chain activities. Salesforce is committed to mentoring, promoting, and engaging with diverse businesses in our supply chain. We believe that diverse businesses create the greatest economic impact in our communities and offer innovative, high-quality, cost-effective solutions for Salesforce to better serve our customers.</p> <p>The Company has successfully increased its diverse spend within the UK in fiscal 2023. We onboarded a new Women Owned Enterprise (WBE) with a significant contract. In addition, we set expectations with our partner suppliers to utilise diverse suppliers within their own supply chain. The Supplier Diversity initiative is expanding globally, and the Company is an active partner with Minority Supplier Development UK.</p>
Environment and Community	<p><i>Environment</i></p> <p>Sustainability is a core company value at Salesforce. That means sustainability plays a crucial role in the decisions we make across the company.</p> <p>Our sustainability vision is to leverage the full power of Salesforce to accelerate the world to net zero. We support the nature positive movement through 1t.org, invest in the ecopreneur revolution, drive the energy transition in partnership with our customers, while aiming to reduce the Group's value chain emissions by 50% by 2030. The Group supports science-based climate policies and decarbonization actions intended to limit the global average temperature increase to 1.5°C above pre-industrial levels.</p> <p>In fiscal 2023, we maintained net zero residual emissions across our full value chain and we continued to procure electricity from renewable energy resources equivalent to 100 percent of the energy used globally.</p> <p>We're holding ourselves accountable through public commitments outlined in our Climate Action Plan. This includes reducing our emissions to achieve a just and equitable transition to a 1.5°C future. We actively engage policymakers, peers, partners, suppliers, and customers to accelerate our collective impact up and down value chains. We're committed to helping others with the tools we've built and the knowledge we've gained along the way.</p> <p>Further, the Board discusses compliance with the UK Energy Savings Opportunity Scheme and the Company's obligations in relation to the same. The Board was advised during the quarterly meetings that the Company is fully compliant with the requirements for fiscal 2023.</p> <p><i>Community</i></p> <p>Since the beginning, we have aspired to be a different kind of company – from our subscription-based software model to our 1-1-1 philanthropic model, which puts community service at the centre of our culture. Our founders created the 1-1-1 model, which commits 1% of our equity, technology, and employees' time to build a more equitable and sustainable world. Through fiscal 2023, together with our Foundation, the Group has donated over \$614 million in grants, has had employees spend over 7.8 million hours volunteering, and has provided technology to over 50,000 nonprofit and higher education customers.</p>

SALESFORCE UK LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

Stakeholder	Engagement
Environment and Community (continued)	<p>We also celebrated giving over £1.1 million in grants throughout 2022. This included £600K being donated to Absolute Return on Kids and a further £520K for the Big Education Trust — two charities that do so much to give disadvantaged young people the chance to learn work and life skills.</p> <p>In fiscal 2023, the Group and the Company announced \$5 million in workforce development grants to seven organisations that widen opportunity and create pathways for people with nontraditional backgrounds to build successful careers in technology in the United States and the UK. This brings Salesforce's total philanthropic investment in workforce development to \$39 million to date. The Group's and the Company's grant to Catch 22 will support scaling the Digital Leap program, which upskills and reskills unemployed and underemployed young people in London, Manchester, and North West England. Salesforce made a further grant during fiscal 2023 to the Diana Award which supports a mentoring program to young people in the UK to help develop their confidence in work-related skills, improve their overall wellbeing, and increase their social mobility.</p> <p>The Group runs employability programs in the UK focusing on career exposure, networking, and skill-building for young adults from underserved backgrounds. Ranging from two weeks to 45 days, the programs aim to help young adults realise their potential, catalyse their career journey, and gain skills to make it through recruiting processes. One such program is Movement to Work, a two week virtual work experience program in collaboration with Catch 22 that supports young adults in developing skills, networks, and experience to kick-start their careers and reach their full potential. Participants are aged 18–30, come from backgrounds typically underrepresented in tech, and are not currently in education, employment, or training.</p> <p>The Company also offers Approved Workforce Development programs and partnerships through Salesforce Talent Alliance, focused on getting people to work, and through that work is helping organisations realise the potential of digitisation.</p>

This report was approved by the Board on 24 October, 2023 and signed on its behalf.

DocuSigned by:

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Joachim Wettermark
 Director

SALESFORCE UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2023**

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

RESULTS FOR THE YEAR, DIVIDEND AND STATE OF AFFAIRS

The statement of comprehensive income, balance sheet, statement of changes in equity and related notes for the year ended 31 January 2023 are set out on pages 23 to 54.

The Directors do not propose a dividend and therefore the profit after taxation for the year of £14,063,790 (2022 £29,000,122) is credited to reserves.

SIGNIFICANT EVENTS OF THE YEAR

On 18 March 2022, the Company took over the contracts from Tableau International, Unlimited Company and will continue to deliver the related services under these contracts, as well as acting as a reseller for the Tableau products and services going forward. Hence, all rights and obligations under these contracts were transferred to the Company. The price paid for the contracts in progress is recorded under 'contract assets' and 'costs to obtain the contract' (for the deferred commission portion). Both are amortised over the remaining contract term.

On 6 October 2022 Slack UK Ltd distributed a dividend to the Company in the amount of £10,470,897. Slack UK Limited was dissolved on 31 January, 2023.

FUTURE DEVELOPMENTS

There are no developments requiring comment.

GOING CONCERN

On the basis of current financial projections, available funds and facilities and taking into consideration the impact of COVID-19 on the Company and the related safeguards the Company has put in place, the Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future and therefore consider it appropriate to prepare the financial statements on the going concern basis.

DIRECTORS

The Directors of the Company who served during the year and up to the date of signing the Financial Statements were:

Lesa McDonagh (appointed 7 March 2022)

Joachim Wettermark

Nichole Gleason (resigned 23 March 2022)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no contribution to political parties during the year. Charitable contributions amounted to £3,616,129 (2022 - £2,896,554).

RESEARCH AND DEVELOPMENT

The Company engages in ongoing R&D on behalf of another group entity. The R&D expenses amounted to £6,739,466 (2022 - £7,094,193).

SALESFORCE UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

POST BALANCE SHEET EVENTS

On 4 January 2023, Salesforce, Inc. announced a restructuring plan intended to reduce operating costs, improve operating margins, and continue advancing the Group's ongoing commitment to profitable growth. The plan includes a reduction of the Group's workforce by approximately 10 percent and select real estate exits and office space reductions. This restructuring will affect the employees of Salesforce UK Limited and the Company's operations and will be considered and implemented by the Company during the following financial year.

FINANCIAL INSTRUMENTS

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. We seek to minimize the impact of certain foreign currency fluctuations by hedging certain balance sheet exposures with foreign currency forward contracts. Any gain or loss from settling these contracts is offset by the loss or gain derived from the underlying balance sheet exposures. In accordance with our policy, the hedging contracts we enter into have maturities of less than three months. Additionally, by policy, we do not enter into any hedging contracts for trading or speculative purposes.

The Company aims to mitigate liquidity risk by managing cash generation via its operations.

DISCLOSURE OF INFORMATION TO AUDITORS

Having made the requisite enquiries, so far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and the Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

REAPPOINTMENT OF AUDITORS

Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office as auditor and in accordance with Section 485 of the Companies Act 2006, a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible be identical to that of other employees.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The Company, through its ultimate parent, Salesforce, Inc., operates a number of share option plans (the "Option Plans"). Some employees are entitled to a grant of options or other share awards once they commence employment. Employees are also entitled to participate in a stock purchase plan.

SALESFORCE UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

This report covers UK operations only as required by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018; the latter commonly referred to as Streamlined Energy & Carbon Reporting ("SECR") for non-quoted large companies.

The Company's Scope 1 and Scope 2 greenhouse gas emissions, reportable under SECR in the financial year ended 31 January 2023 were 1,159 tonnes CO₂e (2022 - 1,218 tonnes CO₂e) under the 'location-based' reporting methodology. Location-based reporting does not take into account the electricity supply contracts a company has and instead uses a national carbon emissions factor for electricity. The Company's energy consumption reportable under SECR in the financial year ended 31 January 2023 was 5,964,178 kilowatt-hours ("kWh") (2022 - 6,116,993 kWh).

Summary Data

Metric (Units)	FY23	FY22
Total Energy Consumption (kWh)	5,964,178	6,116,993
Scope 1 Emissions (Metric tons of carbon dioxide equivalent (MTCO ₂ e)) ¹	0	0
Scope 2 Location-based Emissions (MTCO ₂ e)	1,159	1,218
Intensity Ratio (Scope 1 and 2 location-based emissions in MTCO ₂ e per employee)	0.338	0.414
Intensity Ratio (Scope 1 and 2 location-based emissions in MTCO ₂ e per million £ in revenue)	0.749	0.759
Scope 3 business travel emissions from rental cars and employee mileage reimbursement (MTCO ₂ e)	433	70

1) For both fiscal years, our scope 1 emissions were zero in the UK. All operations do not have any stationary or mobile combustion of fuels.

Boundaries, Methodology and Exclusions

The operational control approach was used for the greenhouse gas inventory boundary defined by the Greenhouse Gas Protocol. Under this approach, all direct emissions (scope 1 and 2) from operations and assets that Salesforce UK Limited has operational control over have been included. We define operational control as having the authority to introduce and implement operational policies over an asset or a location. Salesforce UK Limited was the only entity included in this report as all other subsidiaries operating in the UK are not under operational control or influence from Salesforce UK Limited.

The global Salesforce fiscal year 2023 greenhouse gas emissions inventory which has been independently assured by a third-party auditor was used as a basis to prepare emissions for Salesforce UK Limited.

The emissions factors used to calculate the global Salesforce greenhouse gas emissions include the U.S. Environmental Protection Agency (EPA) Emissions & Generation Resource Integrated Database (eGRID), EPA GHG emission factors hub, United Kingdom Department of Food & Rural Affairs (DEFRA) conversion factors, International Energy Agency emission factors, and AIB European residual mixes.

SALESFORCE UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

Energy Efficiency Initiatives

Core to the Group's climate action journey is the continued reduction of our absolute emissions.

To identify the most impactful opportunities to lower our carbon footprint, we looked across our entire business, including our scope 1, 2 and 3 emissions, as defined by the Greenhouse Gas Protocol, and identified select categories to focus our reduction strategies. These categories include:

- **Global Campus**- Our vision is to have the world's most sustainable Global Campus model, which includes decarbonizing our real estate, employee commute, and home offices. In FY23, we continued on our office decarbonization journey by studying opportunities for energy efficiency and electrification in the long-term plan for our real estate portfolio. Additionally, we developed tools that aligned incentives, prioritized these opportunities, and publicized resources to help others along their journey.
- **Infrastructure** - Salesforce products run on cloud infrastructure, including leased data center space in shared "colocation" facilities and public cloud "infrastructure-as-a-service." Central to our core business, this category comprises most of our emissions. To reduce emissions, we focus on increasing operational efficiency while collaborating with our public cloud suppliers to optimize our deployment.
- **Business Travel** - We build robust programs to change behavior, grow the market for Sustainable Aviation Fuel, electrify ground transportation, and optimize travel booking technology and reporting to enable responsible travel choices.
- **Supplier Enablement** - We've committed that suppliers representing 60 percent of our scope 3 greenhouse gas emissions will set their own science-based targets by fiscal 2025, and we are invested in supporting our suppliers in achieving their targets. To help accelerate global action at the rate the planet needs and achieve our sustainability goals, we work to include specific climate obligations, such as setting Science-Based Targets (SBTs), in our supplier contracts with our Sustainability Exhibit. To accelerate action, we connected executive compensation to the successful implementation of the Sustainability Exhibit.

Some emissions can't be avoided or reduced in the near term. That's why we invest in a portfolio that compensates for remaining scope 1, 2, and 3 emissions with high-quality carbon credits, transitioning to removals only credits over time. This portfolio contains high-impact projects that aim to improve people's lives, deliver environmental impact, and reduce or remove carbon today.

In addition, a critical step in our sustainability journey is supporting the world's transition to clean and renewable sources. In FY22, we achieved 100 percent renewable energy. While achieving 100 percent renewable energy is an important milestone for us, our ultimate goal is to have clean and renewable energy directly supplying our operations 24 hours a day and 7 days a week. To that end, we've been working to speed up the global transition to clean and renewable sources of electricity so that one day renewable energy will be able to power the world around the clock. Additional information on the group sustainability strategy can be found through our Climate Action Plan at https://www.salesforce.com/content/dam/web/en_us/www/assets/pdf/reports/salesforce-climate-action-plan.pdf.

SALESFORCE UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2023

CORPORATE GOVERNANCE STATEMENT

This statement sets out the Company's corporate governance controls, policies and procedures as required by The Companies (Miscellaneous Reporting) Regulations 2018. During the financial year ended 31 January 2023, the Company has adopted as its corporate governance code The Wates Corporate Governance Principles for Large Private Companies (the "Wates Principles").

Summary of Wates Principles

1. **Purpose and Leadership:** an effective board develops and promotes the purpose of the Company and ensures its values, strategy and culture align with that purpose.
2. **Board Composition:** an effective chair and a balance of skills, backgrounds, experience and knowledge.
3. **Director Responsibilities:** directors should have a clear understanding of their accountability and responsibilities.
4. **Opportunity and Risk:** a board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value and mitigate risk.
5. **Remuneration:** executive remuneration should align with the long-term sustainable success of the Company.
6. **Stakeholder Relationships and Engagement:** stakeholder relationships should align with the Company's purpose and the board should seek meaningful engagement with stakeholders, and having regard to their views when making decisions.

Set out below is an explanation of how the Company has applied the Wates Principles during the financial year.

Principle	Application
Principle 1 - Purpose and Leadership	<p>The Group is a global leader in customer relationship management ("CRM") technology that brings companies and their customers together in the digital age (the "Purpose").</p> <p>In addition, the Company is committed to a core set of values: trust, customer success, innovation, equality and sustainability (the "Core Values") which are communicated and applied by the Company and across the wider Group on an ongoing basis.</p> <p>Foremost among these values is trust, which is the foundation for everything we do. Our customers trust our technology to deliver the highest levels of security, privacy, performance, compliance and availability at scale. Customer success is at the core of our business and we align the entire company around our customers' needs to ensure their success and prove our value. We believe in continuous innovation, enabling our customers to access the latest technology advances so they can innovate, build and stay ahead in their industries. Equality is a core tenet of how we run our business. We value the equality of every individual at our company and in our communities. We believe that creating a diverse workplace that reflects the communities we serve and fostering an inclusive culture where everyone feels seen, heard and valued makes us a better company. Finally, we believe the world is in a climate crisis and that sustainability, including bold climate action, is the only way forward. We're bringing the full power of Salesforce to help organisations achieve net zero emissions.</p>

SALESFORCE UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

Principle	Application
<p>Principle 1 - Purpose and Leadership (continued)</p>	<p>We believe that our values create value, and the business of business is to make the world a better place for all of our stakeholders, including stockholders, customers, employees, partners, the planet and the communities in which we work and live. The Group is committed to giving back to our communities, closing the inequality gap and helping businesses grow while protecting the environment for future generations. We believe we have a broad responsibility to society, and we aspire to create a framework for the ethical and humane use of technology that not only drives the success of our customers, but also upholds the basic human rights of every individual. We are committed to transparent environmental, social and governance disclosures and maintaining programs that support the success of these initiatives.</p> <p>The board of directors of the Company (the "Board") promote the Purpose and Core Values through the development of the Company's long and short term business strategy which is informed by the Group's multiple year financial and business planning. This process by the directors ensures that the Company's values, strategy and culture align with the Purpose.</p> <p>Some examples of how the Company applies the Core Values and Purpose can be found in the s. 172 statement in the Strategic Report at page 1, including how the Company promotes Equality through hiring and training practices, and Sustainability through supplier selection, contracting, performance evaluation, and risk monitoring.</p> <p>The Company adheres to the Group's Code of Conduct, and its guiding principles which aim to embody the Core Values and protect against misconduct and unethical practices within the Group. The Company also complies with the Group's Global Environment Policy, further ensuring alignment with the Core Values, with a particular focus on Sustainability, Trust and Customer Success. These policies apply to all employees across the Group. The Purpose and Core Values are conveyed to employees throughout the organisation through recurring Company employee updates and global communications, including regular All Hands presentations and internal Slack announcements.</p>
<p>Principle 2 - Board Composition</p>	<p>The size and composition of the Board is reflective of the Company's belief that effective decision-making facilitates the successful business of the Company and its stakeholders. The Board believes that its current size and composition provides an effective balance of skills, background and experience to allow each director to oversee the success of the Company.</p> <p>The Board is composed of two directors. One director is the Executive Vice President and Treasurer of the Group and during fiscal 2023 a Go-to-Market Finance Vice President within the Group replaced a previous appointee. The directors work together to prioritise effective collaboration and strong communication between themselves and key stakeholders within the Company.</p> <p>The Board has a range of expertise and skill, primarily focused in finance and business. The criteria for appointment focuses on relevant expertise and business experience, and also considers the Group's policy on equality alongside government initiatives and prevailing industry practice; in particular the Board maintains its gender balance by having both a male and female director. These considerations were fundamental to the selection and appointment of the Board's newest director during fiscal 2023, following an internal approval process. The composition of the Board remains balanced and appropriate to meet the strategic needs of the Company.</p>

SALESFORCE UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

Principle	Application
<p>Principle 3 - Directors' Responsibilities</p>	<p>The Board executes its leadership responsibilities with reference to the Group's framework and approach to governance. The Board considers material matters and approves key decisions while delegating day-to-day responsibilities to appropriate stakeholders. The Board maintains oversight of the Company's activities through detailed reports and analyses from those stakeholders, including data on financial performance, key metrics and other industry indicators, workforce data and the results of significant business initiatives. This robust system ensures that transparency, reliability and integrity remain at the forefront of the Board's governance practices.</p> <p>The Board holds meetings on a quarterly cadence and at other times as needed. In advance of each board meeting, the directors determine relevant agenda items in collaboration with key legal, business, tax and finance stakeholders within the Company and the Group. The directors require periodic updates on material items and developments, which they receive both during and outside of the regular board meetings.</p> <p>The Group's Global Governance team supports the Board through the preparation of the meeting agendas and corresponding materials, ensuring the timely delivery of these materials to the Board in advance of each meeting. Presenters and those contributing to board materials are required to set forth the details of each agenda item including a robust analysis of each matter, the anticipated impact on the Company and on the UK operations, the anticipated impact on stakeholders, and an evaluation of the expected future developments. Any specific action or decision required from the Board is set out for consideration.</p> <p>The Board periodically delegates certain activities and responsibilities to key stakeholders by way of written powers of attorney. The Company and the Group maintain policies to ensure that any such delegation is appropriately managed and regulated.</p>
<p>Principle 4 - Opportunity and Risk</p>	<p>The Company has a well-developed system for identifying opportunities to promote the long-term sustainable success of the business, as well as internal committees and control processes to identify, manage and mitigate risk. The Principal Risks and Uncertainties section of the Strategic Report details specific examples from fiscal 2023 on page 1 and 2.</p> <p>The Board regularly considers material risk issues that may impact the Company, its Purpose, culture, and stakeholders, and takes action where appropriate. The Board ensures regular oversight over the Company's product offerings by reviewing and approving its customer and pricing strategy.</p> <p>As part of the Company's approach to monitoring and managing its financial and non-financial risks, the Company leverages the work and resources of the Group's global enterprise risk management ("ERM") process. The Group maintains an ERM process that includes consultations with a wide array of cross-functional internal stakeholders and external benchmarking and follows a clearly-defined process to identify and assess risks. The Company and the Group also initiates task forces within the EMEA region which are composed of various stakeholders within the Group in order to develop strategies to mitigate specific risks that are identified as impacting the Group, Company and stakeholders thereof.</p> <p>Each year the Group produces a comprehensive Stakeholder Impact Report ("SIR") so that its key stakeholders can stay informed and track its progress against key Environmental Social Governance ("ESG") related goals and targets. This report is informed by regular ESG materiality assessments, which identify key topics that are most important to its stakeholders and to its success as a business for the Group. The SIR promotes corporate transparency and serves as a foundation for the Company's own approach to reporting.</p>

SALESFORCE UK LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023

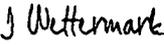
CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Application
Principle 4 - Opportunity and Risk (continued)	The Group has a Global Advisory Board informing strategic decisions of the Company; further information on the role of this body can be found in the s. 172 statement in the Strategic Report at page 6.
Principle 5 - Remuneration	<p>Remuneration policies are determined at Group level and the Group's Equal Pay policy is applied globally, including by the Company.</p> <p>The salaries and bonuses of the Company's workforce are reviewed on an annual basis to ensure everyone is paid equally for equal work, to close any unexplained gaps, and to ensure our Company's workforce is paid fairly. These pay gap assessments are provided to the Board, which set out the Company's approach to pay and focus on achieving a more regulated and transparent approach to remuneration. The Group and Company are committed to delivering the Group's Equal Pay policy and prioritise equal pay and advocate for pay fairness.</p> <p>Further information on the Company's relationships and engagement with its workforce can be found in the s. 172 statement in the Strategic Report at page 2-9.</p> <p>Further details on remuneration can be found at note 11.</p>
Principle 6 - Stakeholders	Further information on the Company's relationships and engagement with its key stakeholders can be found in the s. 172 statement in the Strategic Report at pages 2-9.

STATEMENT ON ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH COMPANY

The Section 172(1) statement in the strategic report summarizes how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regards including on the principal decisions taken by the Company during the financial year.

This report was approved by the Board on 24 October, 2023 and signed on its behalf.

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Joachim Wettermark
 Director

SALESFORCE UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under 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 of the Company for that period.

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

- select suitable accounting policies for the Company's Financial Statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

This report was approved by the Board on 24 October, 2023 and signed on its behalf.

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Joachim Wettermark
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALESFORCE UK LIMITED

Opinion

We have audited the financial statements of Salesforce UK Limited (the "Company") for the year ended 31 January 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26, 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 January 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, 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:

- We confirmed, through management enquiry, our understanding of management's going concern assessment process. We also engaged with management early to ensure all key risks and factors were considered in their assessment.
- We obtained management's going concern assessment which assesses current profitability and the projections of the Company. Management's assessment includes forecasts and sensitivity analysis, covering up to 31 October 2024.
- We considered the appropriateness of the methods used to calculate the forecast and determined through inspection and testing of the methodology and calculations that the methods utilized were appropriate to be able to make an assessment for the Company.
- We read the Company's going concern disclosures included in the financial statements in order to assess whether the disclosures were appropriate and in conformity with the 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 of 12 months from when the financial statements are authorised for issue.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALESFORCE UK LIMITED (continued)

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALESFORCE UK LIMITED (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, 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 those that relate to the Companies Act 2006 and the reporting framework (FRS 101) and the relevant direct and indirect tax legislation in the UK. In addition, the Company should also comply with laws and regulations relating to its operations, including health and safety, employees, data protection, and anti-bribery and corruption.
- We understood how Salesforce UK Limited is complying with those frameworks by making enquiries of management to understand how the Company determines and implements its policies and procedures in these areas and corroborated this by inspecting supporting documentation. We inspected correspondence with relevant authorities. We inspected board minutes to identify non-compliance with laws and regulations, and we inspected significant agreements impacting the Company in the financial year.
- 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.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journals identified by specific risk criteria.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SALESFORCE UK LIMITED (continued)

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.



Ronan Clinton (Senior statutory auditor)
for and on behalf of Ernst & Young Chartered Accountants, Statutory Auditor
Waterford, Ireland

Date: 26 October 2023

SALESFORCE UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2023

	Note	2023 £	2022 £
Turnover	4	1,548,249,244	1,605,416,549
Gross profit		1,548,249,244	1,605,416,549
Distribution costs		(813,941,967)	(778,710,202)
Administrative expenses		(713,082,725)	(797,651,811)
Other expenses		(36,802)	(104,405)
Operating profit	5	21,187,750	28,950,131
Interest receivable and similar income	8	10,258,337	3,562,916
Interest payable and similar charges	9	(1,614,825)	(2,247,162)
Profit on ordinary activities before income tax		29,831,262	30,265,885
Tax on profit on ordinary activities	12	(15,767,472)	(1,265,763)
Profit for the financial year		14,063,790	29,000,122
Fair value movement on current asset investments	22	(89,789)	(793,321)
Total comprehensive income for the year		13,974,001	28,206,801

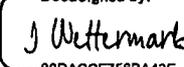
The Notes on pages 26 to 54 form part of these financial statements.

SALESFORCE UK LIMITED
REGISTERED NUMBER: 05094083

BALANCE SHEET
AS AT 31 JANUARY 2023

	Note	2023 £	2022 £
Non current assets			
Property, plant and equipment	13	24,245,961	29,783,004
Right-of-use assets	14	60,442,035	76,580,845
Investments	15	95,492	8,917,420
Goodwill	16	10,114,707	10,114,707
		<u>94,898,195</u>	<u>125,395,976</u>
Current assets			
Debtors: amounts falling due after more than one year	17	171,284,282	131,233,798
Debtors: amounts falling due within one year	17	1,310,532,228	1,089,102,663
Current asset investments	20	5,277,017	41,519,328
Cash and cash equivalents		355,163	15,742,691
		<u>1,487,448,690</u>	<u>1,277,598,480</u>
Creditors: amounts falling due within one year	18	(1,188,965,408)	(1,006,127,590)
Net current assets		<u>298,483,282</u>	<u>271,470,890</u>
Total assets less current liabilities		393,381,477	396,866,866
Creditors: amounts falling due after more than one year	19	(64,490,676)	(78,996,517)
Net assets		<u>328,890,801</u>	<u>317,870,349</u>
Capital and reserves			
Called-up share capital	21	1	1
Fair value reserve	22	—	89,789
Retained earnings	22	328,890,800	317,780,559
Shareholders' funds		<u>328,890,801</u>	<u>317,870,349</u>

The financial statements of Salesforce UK Limited were approved and authorised for issue by the Board and were signed on its behalf on 24 October, 2023.

DocuSigned by:

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Joachim Wettermark
Director

SALESFORCE UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2023

	Called-up share capital	Fair value reserve	Retained Earnings	Total shareholders' funds
	£	£	£	£
At 1 February 2022	1	89,789	317,780,559	317,870,349
Comprehensive income for the year				
Profit for the year	—	—	14,063,790	14,063,790
Other comprehensive income (Note 23)	—	(89,789)	—	(89,789)
Total comprehensive income for the year	—	(89,789)	14,063,790	13,974,001
Share based payments transactions (Note 24)	—	—	(2,953,549)	(2,953,549)
Balance at 31 January 2023	1	—	328,890,800	328,890,801

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2022

	Called-up share capital	Fair value reserve	Retained Earnings	Total shareholders' funds
	£	£	£	£
At 1 February 2021	1	883,110	212,473,624	213,356,735
Comprehensive income for the year				
Profit for the year	—	—	29,000,122	29,000,122
Other comprehensive income (Note 23)	—	(793,321)	—	(793,321)
Total comprehensive income for the year	—	(793,321)	29,000,122	28,206,801
Share based payments transactions (Note 24)	—	—	76,306,813	76,306,813
Balance at 31 January 2022	1	89,789	317,780,559	317,870,349

The Notes on pages 26 to 54 form part of these financial statements.

SALESFORCE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023****1. General presentation**

Salesforce UK Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the Company information page. The Company provides software as a service (SaaS) and other consulting and support services to assist organisations in the easy distribution of information to customers. The Company engages in ongoing research and development on behalf of another group entity. The Company acts as a contracting party with third party customers in the UK for subscriptions and renewals, reselling the solutions of another group entity SFDC Ireland Limited.

As of April 4 2022, salesforce.com, inc. ("The ultimate Parent Company") has changed its legal name to Salesforce, Inc.

The financial statements of Salesforce UK Limited ("the Company") for the year ended 31 January 2023 were authorised for issue by the board of Directors ("the Board") on 24 October, 2023 and the balance sheet was signed on the Board's behalf by Joachim Wettermark. The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

The Company's financial statements are presented in Sterling. The amounts disclosed in the Financial Statements are not rounded off, except where otherwise indicated.

2.1 Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council. These financial statements including the comparative figures were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework ("FRS 101") as issued by the Financial Reporting Council and in accordance with Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except where otherwise indicated. The principal accounting policies adopted are set out below.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a. the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payments*;
- b. the requirements of IFRS 7 Financial Instruments: Disclosures*;
- c. the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement*;
- d. the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- e. the requirement of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- f. the requirements of IAS 7 Statement of Cash Flows;
- g. the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- h. exemption from the requirements of the second sentence of paragraph 110 and paragraph 113(a), 114, 115, 118, 199(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers;
- i. The requirements of paragraph 52 and 58 of IFRS 16 Leases;
- j. the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- k. Exemption for consolidated accounts.

SALESFORCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

2. Accounting policies (continued)

2.1 Basis of accounting (continued)

- I. the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

*Equivalent disclosures are provided in the consolidated financial statements of Salesforce, Inc.

The Company's immediate parent Company is Salesforce.com Sàrl, a Company incorporated in Switzerland.

The ultimate controlling party and the parent undertaking of both the largest and the smallest groups of undertakings of which the Company is a member and for which group financial statements are drawn up is Salesforce, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements may be obtained from Salesforce, Inc., Salesforce Tower, 415 Mission Street, 3rd Floor, San Francisco, CA 94105, United States of America or at the following website: <http://investor.salesforce.com>.

The Company is included in the consolidated financial statements of its ultimate parent, Salesforce, Inc., which are publicly available.

2.2 New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 January 2023 that have a material impact on the company's financial statements.

2.3 Going concern

On the basis of current financial projections, available funds and taking into consideration the impact of COVID-19 on the Company and the related safeguards the Company has put in place, the Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future and therefore consider it appropriate to prepare the financial statements on the going concern basis.

SALESFORCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

2. Accounting policies (continued)**2.4 Tangible fixed assets**

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. All tangible assets are recognised initially at cost and thereafter carried at cost less depreciation and impairment charged subsequent to the date of the revaluation.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Leasehold improvements	Shorter of 10 years or the lease term
Fixtures & fittings	5 years
Computer hardware	3 - 4 years
Software	3 years
Right-of-use assets	Shorter of the lease term or the underlying asset's useful life

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Impairment losses are recognised in the profit and loss account as incurred.

An item of tangible fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. Impairment losses are recognised in the profit and loss account as incurred.

An item of tangible fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the profit and loss account in the period of derecognition.

2.5 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the year. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

SALESFORCE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023****2. Accounting policies (continued)****2.6 Goodwill**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2.7 Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets, investments and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Goodwill is tested for impairment at the level of the cash generating unit to which it belongs. An impairment loss recognised for goodwill cannot be reversed in a subsequent period.

2.8 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

SALESFORCE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023****2. Accounting policies (continued)****2.8 Taxation (continued)**

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Revenue recognition

The Company derives its revenues from the following sources:

- a. subscription revenues, which are comprised of subscription fees from customers accessing Salesforce, Inc.'s enterprise cloud computing services ("the SaaS Services") and from customers paying for additional support beyond the standard support that is included in the basic subscription fees;
- b. consulting and professional services such as process mapping, project management, implementation services and other revenue. "Other revenue" consists primarily of training and support fees;
- c. license revenue which is recognised up front as the Company provides the right of use to the customer; and
- d. the provision of services to related parties under cost plus arrangements.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the services supplied (as outlined above), stated net of value added taxes. The Company recognizes revenue when performance obligations have been satisfied and for the Company this is when the services have transferred to the customer and the customer has control of these.

SALESFORCE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023****2. Accounting policies (continued)****2.9 Revenue recognition (continued)**

The Company determines the amount of revenue to be recognised through 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 revenue when or as the Company satisfies the performance obligations.

The Company's subscription service arrangements are non-cancelable and do not contain refund-type provisions.

The Company generally invoices customers annually. Typical payment terms provide that the customers pay within 30 days of invoice.

Subscription and support revenues

Subscription and support revenues are recognised rateably over the contract term beginning on the commencement date of each contract, which is the date the SaaS Services are made available to the customer.

Professional services and other revenues

The Company's professional services contracts are on a time and material basis or fixed price basis. When these services are not combined with subscription revenues as a single unit of accounting, as discussed above, these revenues are recognised as the services are rendered for time and material contracts, and when the milestones are achieved and accepted by the customer for fixed price contracts. Training revenues are recognised as the services are performed.

Multiple deliverable arrangements

The Company enters into arrangements with multiple deliverables that generally include multiple subscriptions, premium support and professional services.

A performance obligation is a promise in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment. Cloud Services and software licenses are distinct as such offerings are often sold separately. In determining whether professional services are distinct, we consider the following factors for each professional services agreement:

- Availability of services from other vendors.
- The nature of the professional services.
- The timing of when the professional services contract was signed in comparison to the subscription start date.
- The contractual dependence of the service on the customer's satisfaction with the professional services work.

To date, we have concluded that all of the professional services included in contracts with multiple performance obligations are distinct.

SALESFORCE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023****2. Accounting policies (continued)****2.9 Revenue recognition (continued)**

The Company allocates the transaction price to each performance obligation on a relative standalone selling price ("SSP") basis. The SSP is the price at which it would sell a promised product or service separately to a customer.

Related party services revenue

The Company invoices related parties for services provided under the applicable intercompany agreements quarterly in arrears. Revenue is recognised in the period to which it refers and is not deferred.

Contract balances***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Cost to obtain a contract

Deferred commissions and the associated PRSI are the incremental costs that are directly associated with non-cancellable subscription contracts with customers and consist of sales commissions paid to the direct sales force of the Company or related entities. These costs are deferred and amortized over the non-cancellable terms of the related customer contracts.

2.10 Pension

For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

2.11 Foreign currency

The financial statements are presented in Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

SALESFORCE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023****2. Accounting policies (continued)****2.11 Foreign currency (continued)**

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

2.12 Leases

The Company leases various properties. Rental contracts are typically made for fixed periods of 1 to 15 years but may have extension options.

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specific asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct use of the asset.

The Company recognises right-of-use assets and lease liabilities at the lease commencement dates, except for: short term leases of 12 months or less; leases with a remaining lease term of less than 12 months at transition date; and low value asset leases which are expensed in the statement of statement of comprehensive income on a straight-line basis over the lease term.

Contracts may contain both lease and non-lease components. However, for leases of properties for which the Company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Under IFRS 16, at lease commencement, the lease payments (which determine the lease liability) consist of all of the following payments relating to the use of the underlying asset during the lease term:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

SALESFORCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

2. Accounting policies (continued)**2.12 Leases (continued)**

Right-of-use assets are measured at cost comprising the following:

- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs
- The amount of the initial measurement of lease liability

The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The right-of-use asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

Right-of-use assets are included in the heading "Right-of-use assets" and the lease liabilities in the headings "Creditors amounts falling due within one year" and "Creditors amounts falling due after more than one year".

2.13 Finance costs

As explained below, where financial liabilities are measured at amortized cost using the effective interest method, interest expense is recognized on an effective yield basis in the statement of comprehensive income within finance costs.

2.14 Financial instruments**Initial recognition**

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss

(i) Financial assets

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.14 Financial instruments (continued)

(b) Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

(c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVTPL):

- debt investments that do not qualify for measurement at either amortized cost or FVOCI.
- equity investments that are held for trading,
- equity investments for which the entity has not elected to recognize fair value, and
- gains and losses through OCI.

(ii) Financial liabilities

The basic financial liabilities of the entity are trade and other creditors, amounts owed to group undertakings, and bank overdrafts.

Trade and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities is (i) contingent consideration that may be paid by an acquirer as part of a business combination, (ii) held for trading, or (iii) it is designated as at fair value through profit or loss (FVTPL).

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Financial liabilities subsequently measured at amortized cost.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**2. Accounting policies (continued)****2.14 Financial instruments (continued)**

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(v) Derecognition of financial assets and liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

SALESFORCE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023****2. Accounting policies (continued)****2.15 Share based payments**

Stock-based compensation expense is measured based on grant date at fair value using the Black-Scholes option pricing model for stock options and the grant date closing stock price for restricted stock awards. The Company recognizes stock-based compensation expense related to stock options and restricted stock awards on a straight-line basis, net of estimated forfeitures, over the requisite service period for each separately vesting portion of the award. Generally the full vesting term of the awards is four years. The estimated forfeiture rate applied is based on historical forfeiture rates.

Stock-based compensation expense related to the Group's Amended and Restated 2004 Employee Stock Purchase Plan ("ESPP" or "2004 Employee Stock Purchase Plan") is measured based on grant date at fair value using the Black-Scholes option pricing model. The Company recognizes stock-based compensation expense related to shares issued pursuant to the 2004 Employee Stock Purchase Plan on a straight-line basis over the offering period, which is 12 months. The ESPP allows employees to purchase shares of Salesforce, Inc. ("CRM")'s common stock at a 15 percent discount from the lower of the stock price on (i) the first day of the offering period or on (ii) the last day of the purchase period and also allows employees to reduce their percentage election once during a six-month purchase period (December 15 and June 15 of each fiscal year), but not increase that election until the next one-year offering period. The ESPP also includes a reset provision for the purchase price if the stock price on the purchase date is less than the stock price on the offering date.

Stock-based compensation expense related to performance share grants, which are awarded to executive officers and other members of senior management and vest, if at all, based on the Group's performance over a three-year period relative to the Nasdaq 100. Performance share grants are measured based on grant date at fair value using a Monte Carlo simulation model and expensed on a straight-line basis, net of estimated forfeitures, over the service period of the awards, which is generally the vesting term of three years

At each balance sheet date before vesting, the cumulative expense is calculated to represent the extent to which the vesting period has expired and also to reflect management's best estimate of the achievement or otherwise of non market conditions. Stock-based compensation expense is recognised in the statement of comprehensive income with a corresponding entry in equity.

The company has entered into a Stock Option Reimbursement Agreement with Salesforce, Inc., pursuant to which the Company pays to Salesforce, Inc. in respect of awards that vest or are exercised during each accounting period an amount equal to the expense related to all stock awards and plans then in force and awarded to the employees of the Company. The intercompany recharge is booked to equity.

3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**3. Judgements and key sources of estimation uncertainty (continued)**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

IAS 1.122 requires disclosures of the significant judgments that affect the amounts recognised in the financial statements. This does not mean that every accounting judgment should be disclosed. However, disclosure would be appropriate in cases where the accounting outcome is materially different dependent on the judgment taken. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Impairment of trade receivables

When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See Note [17](#) for the net carrying amount of the receivables and associated impairment provision.

Taxation

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note [12](#).

Performance obligations

Judgment is required to determine the SSP (standalone selling price) for each distinct performance obligation. The Company determines SSP by considering our overall pricing objectives and market conditions. Significant pricing practices taken into consideration include the Company's discounting practices, the size and volume of our transactions, the customer demographic, the geographic area where services are sold, price lists, our go-to-market strategy, historical sales and contract prices. As its go-to market strategies evolve, it may modify its pricing practices in the future, which could result in changes to SSP. In certain cases, it is able to establish SSP based on observable prices of products or services sold separately in comparable circumstances to similar customers. The Company use a single amount to estimate SSP when it has observable prices. If SSP is not directly observable, for example when pricing is highly variable, it uses a range of SSP. The Company determines the SSP range using information that may include market conditions or other observable inputs. The Company typically has more than one SSP for individual products and services due to the stratification of those products and services by customer size and geography.

Share based compensation

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The models used for estimating fair value for share-based payment transactions are outlined in accounting policy 2.15.

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

4. Turnover

An analysis of the Company's turnover is as follows:

	2023	2022
	£	£
SaaS subscription services	1,063,620,928	1,201,662,454
Professional consulting and other services	333,320,235	213,862,665
License Revenue	90,394,131	18,860,276
Related party services	60,913,950	171,031,154
	<u>1,548,249,244</u>	<u>1,605,416,549</u>

The Company's primary source of revenue is subscription revenue related to the sale of SFDC Ireland Limited services to third party customers and other related services. In addition, the Company continues to provide services to other related parties.

Turnover by geographical segment has not been disclosed in accordance with part 3 paragraph 68 of Statutory Instruments 2008 no.410.

Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	2023	2022
	£	£
Trade receivables (see note 17)	654,998,076	519,428,931
Contract assets (see note 17)	31,644,227	33,846,306
Contract liabilities (see note 18, 19)	<u>807,719,188</u>	<u>729,912,087</u>

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period related to carried-forward contract liabilities

	2023	2022
	£	£
Amounts included in contract liabilities at the beginning of the year (see notes 18, 19)	<u>729,912,087</u>	<u>830,393,182</u>

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

4. Turnover (continued)

(ii) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the Company has also recognised an asset in relation to costs to fulfil long term contracts.

	2023	2022
	£	£
Asset recognised from costs incurred to fulfil a contract at 31 January	248,371,151	204,421,911
Amortisation and impairment loss recognised as cost of providing services during the period	<u>119,789,341</u>	<u>137,106,868</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Staff costs (see note 10)	735,785,068	716,028,600
Amortisation and impairment loss recognised as cost of providing services during the period	119,789,341	137,106,868
Depreciation of tangible fixed assets (see notes 13,14)	20,979,377	20,953,931
Expense relating to variable lease payments not included in lease liabilities	9,559,128	9,732,661
Foreign exchange gain	(1,928,647)	(4,001,084)
Impairment of right-of-use assets	4,237,901	—
Impairment of contract assets	2,314	86,819

6. Financial instruments

The Company has the following assets measured at fair value through profit or loss or at fair value through other comprehensive income:

	2023	2022
	£	£
Market fund investments	—	38,473,036
Derivative financial assets	<u>5,277,017</u>	<u>3,046,292</u>

The Company has the following financial liabilities measured at fair value through profit or loss:

	2023	2022
	£	£
Derivative financial liabilities	<u>1,636,024</u>	<u>1,401,901</u>

SALESFORCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

7. Auditor's remuneration

Fees payable to auditor for the statutory audit of the Company's financial statements were £75,580 (2022 - £88,711). There were no non-audit services provided by the Company's statutory auditor during the fiscal year.

8. Interest receivable and similar income

	2023	2022
	£	£
Interest receivable from group companies	7,752,033	—
Other interest	2,506,304	3,562,916
	<u>10,258,337</u>	<u>3,562,916</u>

9. Interest payable and similar expenses

	2023	2022
	£	£
Interest payable on lease liabilities	1,565,702	1,810,805
Bank interest payable	49,123	230,474
Interest payable to group companies	—	205,883
	<u>1,614,825</u>	<u>2,247,162</u>

10. Staff costs

	2023	2022
	£	£
Wages and salaries	534,455,453	491,870,773
Social security costs	88,393,390	80,943,469
Other pension costs	24,575,991	20,143,099
Share-based payments (Note 24)	88,360,234	123,071,259
	<u>735,785,068</u>	<u>716,028,600</u>

The average monthly number of employees during the year was as follows:

	2023	2022
	No.	No.
Management	1	1
Administration	1,148	977
Sales	2,278	1,966
	<u>3,427</u>	<u>2,944</u>

SALESFORCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

11. Directors' remuneration and transactions

	2023	2022
	£	£
Remuneration of the highest paid Director	—	186,038
Directors' emoluments	—	186,038

The Directors' remuneration is borne other group entities.

12. Taxation**(a) Taxation on profit**

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	13,097,657	18,242,795
Adjustments in respect of previous periods	251	(9,691)
Foreign tax relief/other relief	(201,125)	(149,340)
Total current tax	12,896,783	18,083,764
Deferred tax		
Current year	2,286,401	(11,944,028)
Adjustments in respect of prior periods	(137,734)	(4,906,725)
Effect of changes in tax rates	722,022	32,752
Total deferred tax	2,870,689	(16,818,001)
Taxation on profit	15,767,472	1,265,763

(b) Tax included within equity

	2023	2022
	£	£
Current tax	991,595	7,700,046
Deferred tax current year charge	(5,193,864)	(1,490,252)
Total tax included in equity	(4,202,269)	6,209,794

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

12. Taxation (continued)

(c) Reconciliation of the tax charge

The tax expense in the statement of comprehensive income for the year is the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are reconciled below:

	2023	2022
	£	£
Profit before tax	<u>29,831,262</u>	<u>30,265,885</u>
<i>Tax rate</i>	19%	19%
Profit multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	5,667,940	5,750,518
Effects of:		
Expenses not deductible for tax purposes	2,003,224	558,591
Effects of group relief/other relief	(929,002)	(296,843)
Adjustments to tax charge in respect of prior periods	(137,483)	23,061
Exempt amounts	246,512	—
Share options	8,589,015	1,830,686
Tax rate changes	722,022	(4,906,725)
Foreign tax relief/other relief	(201,126)	(149,339)
Transfer of trade	—	(999,723)
Income not taxable	(193,630)	(544,463)
Total tax expense	<u>15,767,472</u>	<u>1,265,763</u>

(d) Factors that may affect future tax charges

An increase to the main UK corporation tax rate from 19% to 25% from 1 April 2023 was announced in the March 2021 budget and was substantively enacted on 24 May 2021. Deferred tax is therefore provided at 25% in the 2023 accounts.

SALESFORCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

12. Taxation (continued)**Deferred taxation**

The Company expects to have continued taxable profits in the year ended 31 January 2023 and future periods. On this basis, a deferred tax asset has been recognised in the financial statements for the current period. To the extent that the future tax deduction associated with share based payments exceeds the cumulative book expense for outstanding unvested, unreleased and/or unexercised share options and awards, the related deferred tax asset has been recognised in the statement of changes in equity.

The deferred tax included in the Company's balance sheet is as follows:

	2023	2022
	£	£
Deferred taxation		
At beginning of year	27,101,854	11,774,105
Charged to profit or loss	(3,008,424)	16,850,753
Prior year adjustment	137,732	(32,752)
Charged to equity	(5,193,864)	(1,490,252)
At end of year	19,037,298	27,101,854

The deferred tax asset is made up as follows:

	2023	2022
	£	£
Book depreciation in excess of capital allowances	(295,081)	(865,771)
Other temporary differences	505,291	546,686
Share based payments	18,094,721	26,236,029
Losses	732,367	1,184,910
	19,037,298	27,101,854

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

13. Property, plant and equipment

	Leasehold Improvements £	Fixtures and furniture £	Computer hardware £	Software £	Total £
Cost					
At 31 January 2022	42,634,985	5,005,608	16,670,831	39,483	64,350,907
Additions	618,528	100,650	3,147,953	1,179	3,868,310
Disposals	(510,803)	—	(541,790)	(2,293)	(1,054,886)
At 31 January 2023	<u>42,742,710</u>	<u>5,106,258</u>	<u>19,276,994</u>	<u>38,369</u>	<u>67,164,331</u>
Depreciation					
At 31 January 2022	19,160,517	3,863,567	11,511,289	32,530	34,567,903
Charge for the year	4,722,207	598,298	3,751,208	6,756	9,078,469
Disposals	(239,380)	—	(486,894)	(1,728)	(728,002)
At 31 January 2023	<u>23,643,344</u>	<u>4,461,865</u>	<u>14,775,603</u>	<u>37,558</u>	<u>42,918,370</u>
Net book value					
At 31 January 2023	<u>19,099,366</u>	<u>644,393</u>	<u>4,501,391</u>	<u>811</u>	<u>24,245,961</u>
At 31 January 2022	<u>23,474,468</u>	<u>1,142,041</u>	<u>5,159,542</u>	<u>6,953</u>	<u>29,783,004</u>

Asset retirement obligations (ARO) are included in the leasehold improvements for which the cost at 31 January 2023 amounts to £600,532 (2022 - £600,532).

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

14. Right-of-use assets

	Buildings £
Cost	
At 31 January 2022	110,100,865
Disposals	(1,029,081)
At 31 January 2023	<u>109,071,784</u>
Depreciation	
At 31 January 2022	33,520,020
Depreciation charge for the year	11,900,908
Impairment	4,237,901
Disposals	(1,029,080)
At 31 January 2023	<u>48,629,749</u>
Net book value	
At 31 January 2023	<u>60,442,035</u>
<i>At 31 January 2022</i>	<u>76,580,845</u>

The total cash outflow for leases in 2023 amounted to £16,009,369 (2022 - £13,366,238).

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

15. Investments

	Shares in group companies
	£
Cost	
At 1 February 2022	8,917,420
Disposals	<u>(8,821,928)</u>
At 1 February 2023	<u>95,492</u>
Net book value	
At 31 January 2023	<u>95,492</u>
At 31 January 2022	<u>8,917,420</u>

The disposal during the year relates to Slack UK Ltd. which was dissolved via voluntary strike off on 31 January, 2023.

The Company holds issued ordinary shares in each of the following companies:

Name	Country of incorporation	Class of shares	Holding %		Nature of business	Registered Address
			2023	2022		
Slack UK Limited	UK	Ordinary	—	100 %	Support to a Group company	Floor 26, Salesforce Tower 110 Bishopsgate London EC2N 4AY United Kingdom
salesforce.com France SAS	France	Ordinary	11 %	11 %	Reseller of Salesforce products	3 rue Octave Gréard 75007 Paris France

16. Goodwill

On 25 August 2021, Slack Technologies Ireland Limited sold its shares held in Slack UK Limited to Salesforce UK Limited for an amount of £18,936,635. Subsequently, on 1 October 2021, the Company entered into a business transfer agreement with Slack UK Limited. This transferred assets and liabilities to the Company and was settled in cash for an amount of £8,821,928. After this business transfer agreement, the services previously provided by Slack UK Limited were taken over by the Company. The difference between the price paid for the shares and the cash received by Slack UK Limited for the business transfer agreement was assigned to goodwill for an amount of £10,114,707. This represents the know-how of the personnel of Slack UK Limited and the expected synergies with the Salesforce Group.

SALESFORCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**

17. Debtors

	2023	2022
	£	£
Due after more than one year		
Contract costs - Long term	149,855,701	104,131,944
Deferred taxation (Note 21)	19,037,298	27,101,854
Contract assets - Long term	2,391,283	—
	<u>171,284,282</u>	<u>131,233,798</u>
	2023	2022
	£	£
Due within one year		
Trade debtors	654,998,076	519,428,931
Amounts owed by group undertakings (interest free)*	8,552,577	98,428,843
Amounts owed by group undertakings (interest bearing)**	514,811,190	333,095,616
Contract assets	29,252,944	33,846,306
Other debtors	2,337,957	423,565
Prepayments - Short term	2,064,034	3,589,438
Contract costs - Short term	98,515,450	100,289,964
	<u>1,310,532,228</u>	<u>1,089,102,663</u>

*Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

**Amounts owed by group undertakings are unsecured, interest bearing at a variable rate and are repayable on demand. The calculation of the interest is based upon interest rates which are reset monthly. The applicable rate is composed by a Base Rate of GBP (SONIA) – 1 Month with a floor of 0 plus a spread of 0.03%.

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

18. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	8,587,240	4,175,884
Amounts owed to group undertakings	61,125,646	30,008,558
Other taxation and social security	63,942,671	64,727,868
Defined contribution pension scheme accrual	3,630,829	3,816,413
Accruals	230,871,144	164,893,162
Contract liabilities	801,114,973	721,501,508
Derivative liabilities (Note 6)	1,636,024	1,401,901
Lease liabilities	14,930,461	13,031,064
Corporation tax	3,126,420	2,571,232
	<u>1,188,965,408</u>	<u>1,006,127,590</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

19. Creditors: Amounts falling due after more than one year

	2023	2022
	£	£
Amounts falling due after more than one year and less than five years:		
Contract liabilities	6,604,215	8,410,579
Lease liabilities	45,002,851	46,825,048
	<u>51,607,066</u>	<u>55,235,627</u>
Amounts falling due after more than five years:		
Lease liabilities	12,883,610	23,760,890
	<u>64,490,676</u>	<u>78,996,517</u>

20. Current asset investments

	2023	2022
	£	£
Short term investments		
Market fund investments	—	38,473,036
Derivative financial assets	5,277,017	3,046,292
	<u>5,277,017</u>	<u>41,519,328</u>

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

21. Called-up share capital

CALLED-UP SHARE CAPITAL	2023	2022
	£	£
Shares classified as equity		
Authorised		
1,000- (2022 - 1,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1- (2022 - 1) Ordinary share of £1	<u>1</u>	<u>1</u>

22. Other reserves

Fair value reserve

The fair value reserve represents the aggregate of the cumulative unrealized gains and losses on current asset investments.

Retained earnings

The profit and loss account represent the profits and losses retained in the current and prior periods.

The movement in cumulative expense in relation to share based payments since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity, see Note 24 for further information on share based payments.

23. Retirement benefit schemes

The Group operates a defined contribution pension scheme in which the majority of employees participate. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the scheme and amounted to £24,575,991 (2022 - £20,143,099). Total employer and employee contributions outstanding at year-end amounted to £3,630,829 (2022 - £3,816,413) payable by the Company (Note 18).

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**24. Share based payments**

The Group maintains the following stock plans: the 2013 Equity Incentive Plan and the 2014 Inducement Equity Incentive Plan ("2014 Inducement Plan"). Under these plans, the Company is authorized to issue restricted stock units ("RSUs"), performance-based restricted stock units ("PSUs"), restricted stock awards ("RSAs"), and stock options. In addition, the Company maintains an Amended and Restated 2004 Employee Stock Purchase Plan ("ESPP" or "2004 Employee Stock Purchase Plan") which allows employees to purchase CRM stock at a discount.

Stock options, RSUs and RSAs

Stock-based expense is measured based on grant date at fair value using the Black-Scholes option pricing model for stock options and the grant date closing stock price for restricted stock units and restricted stock awards (collectively restricted stock awards).

For options, the Company estimated the future stock price volatility considering both its observed option-implied volatilities and its historical volatility calculations. Management believes this is the best estimate of the expected volatility over the expected life of its stock options and stock purchase rights.

Options issued have terms of seven years and the estimated life for the stock options was based on an analysis of historical exercise activity. The risk-free interest rate is based on the rate for a U.S. government security with the same estimated life at the time of the option grant and the stock purchase rights. The Group does not anticipate paying any cash dividends in the foreseeable future and therefore uses an expected dividend yield of zero in the option pricing model.

Calculating the fair value of employee stock options requires estimates and significant judgment. The Company uses the Black-Scholes pricing model to estimate the fair value of equity plan. The fair value of the equities are estimated on the date of the grant using the Black-Scholes pricing model, and is not remeasured as a result of subsequent stock price fluctuations.

Assumptions used in the Black Scholes valuation model were as:

	2023
Volatility	39.80%
Expected Life (years)	3.49
Forfeiture Rate	10.31%
Risk-free interest rate (based on Bloomberg as at 31 January, 2023)	3.798

The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions and fair value per share:

	Weighted average share price on date of release (USD) 2023	Number 2023	Weighted average share price on date of release (USD) 2022	Number 2022
Stock option				
Released	\$81.4563	35,488	\$136.2966	179,269
Closing balance	—	634,105	—	623,735

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023**24. Share based payments (continued)**

The range of exercise prices for options outstanding at the end of the year was \$3.38 - 252.80 (2022: \$0.76 - 252.80). The weighted average recognition period for the remaining stock options is 2.73 years (2022 - 2.66 years).

	Weighted average share price on date of release (USD) 2023	Number 2023	Weighted average share price on date of release (USD) 2022	Number 2022
RSU				
Released	\$190.8551	402,423	\$152.2648	412,222
Closing balance	—	926,965	—	894,254

The weighted average recognition period for the remaining RSUs is 2.65 years (2022 - 2.53 years).

The Company recognizes stock-based expense related to stock options and restricted stock awards on a graded basis, over the requisite service period of the awards, which is generally the vesting term of four years. Stock-based expense is reduced by an estimated forfeiture rate based on historical forfeiture rates.

Performance Share Unit (PSU)

The Company grants performance-based restricted stock unit awards to certain employees. The performance-based restricted stock unit awards are subject to vesting based on a market-based condition and a service-based condition. At the end of the three-year service period, based on CRM's share price performance, these performance-based restricted stock units will vest in a percentage of the target number of shares between 0 and 200 percent, depending on the extent the performance condition is achieved. The Company used a Monte Carlo simulation model to estimate the fair value of the PSUs on the grant date.

Assumptions used in the Monte Carlo simulation model were as follows:

	2023	2022
Valuation Date Stock Price	\$218.21	\$215.17
Simulation Term (years)	3	3
Expected Volatilities	37.49%	36.00%
Risk-Free Rate	2.37 %	0.32%

Stock-based expense is recognized on a straight-line basis, net of estimated forfeitures, over the service period of the awards, which is generally the vesting term of three years.

SALESFORCE UK LIMITED

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FOR THE YEAR ENDED 31 JANUARY 2023**

24. Share based payments (continued)

	Weighted average share price on date of release (USD) 2023	Number 2023	Weighted average share price on date of release (USD) 2022	Number 2022
PSUs				
Released	—	—	\$129.6500	2,779
Closing balance	—	9,548.00	—	16,728

For the remaining PSUs at year end the market price on release date is yet to be established. The weighted average recognition period for the remaining PSUs is 1.98 years (2022 - 2.21 years).

ESPP

The ESPP allows employees to purchase shares of the CRM's common stock at a 15 percent discount from the lower of the CRM stock price on (i) the first day of the offering period or on (ii) the last day of the purchase period and also allows employees to reduce their percentage election once during a six-month purchase period (December 15 and June 15 of each fiscal year), but not increase that election until the next one-year offering period. The ESPP also includes a reset provision for the purchase price if the stock price on the purchase date is less than the stock price on the offering date.

Stock-based expense related to the 2004 Employee Stock Purchase Plan is measured based on grant date at fair value using the Black-Scholes option pricing model. The Company recognizes stock-based expense related to shares issued pursuant to the 2004 Employee Stock Purchase Plan on a straight-line basis over the offering period, which is 12 months.

	Weighted average share price on date of release (USD) 2023	Weighted average share price on date of release (USD) 2022
ESPP		
Exercised	\$123.9113	\$217.4001

The expense recognised for share-based payments in respect of employee services received during the year to 31 January 2023, is £88,360,234 (2022 - £123,071,260). An amount of £1,248,721 (2022 - £6,154,137) relating to stock-based expense has been booked in equities. The weighted average recognition period for the outstanding balance is 0.24 years (2022- 0.58 years) .

The exercise price disclosures are given in US Dollars (US\$) as this is the currency in which the options are exercisable and the underlying stocks are quoted.

SALESFORCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2023

Share types	Number of shares outstanding 31 Jan, 2022	Awarded / Granted	Released / Exercised	Forfeited / Expired	Number of shares outstanding 31 Jan, 2023
Stock options	623,735	356,115	(35,488)	(310,257)	634,105
RSU	894,254	620,292	(402,423)	(185,158)	926,965
PSU	16,728	22,578	—	(29,758)	9,548
ESPP	—	—	(176,125)	—	—

25. Controlling party

The Company's immediate parent Company is Salesforce.com Sàrl, a Company incorporated in Switzerland.

The ultimate controlling party and the parent undertaking of both the largest and the smallest group of undertakings of which the Company is a member and for which group financial statements are drawn up is Salesforce, Inc. a Company incorporated in the United States of America. Copies of its consolidated financial statements may be obtained from Salesforce, Inc., Salesforce Tower, 415 Mission Street, 3rd Floor, San Francisco, CA 94105, United States of America or at the following website: <http://investor.salesforce.com>.

26. Post balance sheet events

On 4 January 2023, Salesforce, Inc. announced a restructuring plan intended to reduce operating costs, improve operating margins, and continue advancing the Group's ongoing commitment to profitable growth. The plan includes a reduction of the Group's workforce by approximately 10 percent and select real estate exits and office space reductions. This restructuring will affect the employees of Salesforce UK Limited and the Company's operations and will be considered and implemented by the Company during the following financial year.