

Splunk Services UK Limited
Annual report and financial statements
For the year ended 31 January 2023



Splunk Services UK Limited

Company Information

Directors

J A R Hodge (appointed 24 March 2022)
G H Morrison (appointed 24 March 2022)
J H Beckstoffer (appointed 24 August 2023)

Company secretary

LDC Nominee Secretary Limited (appointed 14 December 2022)

Registered number

07621282

Registered office

2 New Bailey
6 Stanley Street
Salford
Greater Manchester
M3 5GS

Independent auditors

PricewaterhouseCoopers LLP
40 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Splunk Services UK Limited

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Splunk Services UK Limited

Strategic report For the year ended 31 January 2023

The directors present their strategic report together with the audited financial statements for the year ended 31 January 2023.

Principal activities

Splunk Services UK Limited (the "Company" or "Splunk UK") is domiciled in the UK and is a wholly owned indirect subsidiary of Splunk Inc. (the "Parent Company" or "Splunk US"), a company incorporated in Delaware, USA and domiciled in the US.

The Company acts as a non-exclusive distributor of Splunk US enterprise software products and services in its designated territories and provides research and development services to Splunk US.

Business review

Revenue for the Company in the year totaled \$563,202,731 with a profit before tax for the financial year of \$8,886,360 whereas, in the previous year, revenue totaled \$449,264,075 with a profit before tax for the financial year of \$4,767,097.

The prior year financial statements have been restated to reflect a catch-up adjustment from a change in the timing of share-based compensation expense as a result of the correction, net of the impact on intercompany charges, see note 28 for further details.

Principal risks and uncertainties

The Company is a limited risk distributor. The key business risk and uncertainty affecting the Company relates to execution. Other risks the Company faces are described below.

Market Risks

Market risk is the risk that Splunk US products and services do not sell as expected. Market risk stems from many factors including brand, product performance, customer demand, pricing, reputation, sales team performance, competition and economic conditions. Splunk UK's market risk is contractually limited as Splunk UK operates at an arm's-length margin with any contractually required support provided by Splunk US.

With respect to the engineering services, Splunk US reimburses Splunk UK at an arm's-length margin for all services regardless of acceptance or success.

Software Development Risks

Software development risk is the risk that Splunk US's knowledge and available technology, which is distributed by Splunk UK, are insufficient to allow Splunk US to innovate and create new products. Splunk US bears all technology related risks.

Product Liability Risks

Product liability risk refers to a supplier's exposure to losses as a consequence of the failure of its products to perform as represented to customers. Splunk UK initially bears product liability risk as the legal seller of Splunk products and services. Splunk US contractually protects Splunk UK, so Splunk US bears virtually all product liability risks.

Credit and Collection Risks

Credit and collection risks are the risks that Splunk UK will not receive payment from its customers. Splunk UK bears credit risk initially, as it concludes contracts with third party customers in the EMEA markets. However, such risk is eliminated under the distribution agreement with Splunk US.

Splunk Services UK Limited

Strategic report (continued)
For the year ended 31 January 2023

Principal risks and uncertainties (continued)
Foreign Exchange Risk

Foreign exchange risk is the risk that unanticipated fluctuations in currency exchange rates could lead to financial loss when a company operates its business in countries with different currencies. It arises principally when a company receives compensation in one currency and accrues expenses in another. Splunk UK initially bears foreign exchange risks. However, such risks are eliminated under the distribution agreement with Splunk US.

Regulatory and Macro Environmental risk

The United Kingdom enacted a Data Protection Act in May 2018 that substantially implemented the GDPR and has implemented legislation referred to as the "UK GDPR" that generally provides for implementation of the GDPR in the United Kingdom. On June 28, 2021, the European Commission announced a decision that the United Kingdom is an "adequate country" to which personal data could be exported from the EEA, but this decision must be renewed and may face challenges in the future, creating uncertainty regarding transfers of personal data to the United Kingdom from the EEA. Additionally, we cannot fully predict how the Data Protection Act, the UK GDPR, and other United Kingdom data protection laws or regulations may develop in the medium to longer term nor the effects of divergent laws and guidance regarding how data transfers to and from the United Kingdom will be regulated in the future and how that may impact our business. The United Kingdom government proposed significant changes to its data protection regime in legislation introduced in March 2023, superseding a proposal that was published in July 2022. We are monitoring these developments.

Any ongoing impacts of COVID-19 pandemic and other global economic and political uncertainty may adversely impact Splunk UK or the businesses of our customers, partners and vendors.

Splunk UK's financial risk for regulatory and macro environmental risk is contractually limited as Splunk UK operates at an arm's-length margin with any contractually required support provided by Splunk US.

Financial key performance indicators

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

	2023	*As restated (note 28) 2022	Variance
	\$	\$	%
Revenue	563,202,731	449,264,075	25
Operating profit	6,135,467	4,876,134	26
Profit for the year	4,639,696	4,856,034	4
Average number of employees	576	520	11

Revenue has increased by 25% as a result of adding additional sales personnel, Splunk US designating additional products and services to be distributed by Splunk UK, new customers and increased purchases by existing customers.

Operating profit increased by 26%, primarily as a result of increased sales.

Profit of the year increased by 4%, primarily due to additional interest income from bank interest on new liquid cash investments, as well as a small increase in sales and offset by increase in tax expense.

The average headcount increased by 11% from 520 employees in 2022 to 576 in 2023. The increase was mostly due to increases in sales and support staff.

Splunk Services UK Limited

Strategic report (continued) For the year ended 31 January 2023

Directors' S172 statement of compliance with duty to promote the success of the Company

Splunk UK is required to provide information on how the Company's directors ("Directors") have performed their duty under Section 172 of the Companies Act 2006 ("S172"). This S172 statement explains how Directors have engaged with employees, suppliers, customers and others. In the statements set out below, noting the Directors' duty under S172 to act in good faith to promote the success of the Company for the benefit of its shareholders but having regard amongst other matters to the following:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Directors generally follow the initiatives and programs of Splunk US, as permitted under the relevant laws that govern the Company. Thus, the below discussion reflects the relevant actions undertaken by Splunk US that are applicable to the Company.

Workforce and Diversity

Human capital management is foundational to the Ethical and Inclusive Growth pillar of Splunk's Global Impact Strategy. At the core of Splunk, we are a people-centric company. We believe that the best way to continue to deliver customer success and the best products and services is to focus on attracting the most qualified candidates to join our team (based on skills, knowledge and abilities). In turn, Splunkers benefit from, and contribute to, a company culture that is inviting and equitable, and that fosters personal and career growth.

We also spend time and energy supporting, retaining and developing our high-performing and innovative employees. Our commitment to diversity and inclusion is central to our core values. We strive to embrace each person's unique individual value and the communities that matter to them. This commitment is an integral part of our Diversity, Equity & Inclusion ("DEI") strategy.

We work to help provide access to new careers in technology with skills development and training, promoting a new generation of diverse talent through a global network of universities, community colleges and workforce partners like Hire Military. Splunk is regularly recognized as an employer of choice in the technology industry and within the various locations that we operate. Additional information on our diversity and inclusion strategy, diversity metrics and programs can be found in our Parent's Company Diversity Annual Report posted on our website.

Splunk provides a comprehensive and competitive compensation and benefits package to attract, retain and engage the talented employees that make our company successful. For the year ended 31 January 2023, we provided employees with competitive base salaries, incentive compensation and equity awards in the form of RSUs, as well as, the opportunity to participate in our Employee Stock Purchase Plan, which allowed employees to purchase Splunk stock at a discount.

In the UK, our offerings are health benefits, retirement benefits, holidays, and paid time off (i.e. vacation, sick, disaster and epidemic time off, military leave, maternity/paternity leave top up, and global rest days). In addition, we have a comprehensive wellbeing program that offers counseling, personal coaches, financial professionals, fertility and family planning, and reimbursements for wellbeing related items.

We believe in leadership and learning and invest in the development of all of our employees. Employees take advantage of live courses, leadership programs, online training, product training, sales training, technical training, mentor programs, team building events, seminars, conferences, lectures, university programs, peer-to-peer and manager-led training and other learning opportunities across the Company.

Splunk Services UK Limited

Strategic report (continued) For the year ended 31 January 2023

Directors' S172 statement of compliance with duty to promote the success of the Company (continued)

Compliance and Ethics

As part of our system of corporate governance, Splunk US's board of directors has adopted a code of business conduct and ethics. The code applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions), agents and representatives, including our independent directors and consultants, who are not employees of the Company, with regard to their Splunk-related activities.

Our Customers

As of January 31, 2023, Splunk US has customers in more than 130 countries and our offerings have been deployed by over 95 of the Fortune 100 companies. We provide offerings to customers of varying sizes, including enterprises, educational institutions and government entities. Our current customer base spans numerous industry verticals, including education, financial services, government, healthcare/pharmaceuticals, industrials/manufacturing, media/entertainment, retail/ecommerce, technology, and telecommunications.

Our Shareholders

Splunk routinely engages with shareholders via conferences and virtual meetings. These quarterly engagements are primarily focused on company background, strategy, fundamentals, financials and competitive position.

We believe that effective corporate governance includes regular, constructive conversations with our shareholders. We are committed to maintaining an active dialogue to understand the priorities and concerns of our stockholders and believe that ongoing engagement builds mutual trust and understanding with our stockholders. Stockholder engagement and feedback are critical components of our corporate governance practices and inform our decisions and programs.

Community

We engage with the community of Splunk users, including Splunk employees, partners, and customers, through a variety of online and in-person forums to assist with Splunk skills development. Additionally, our engagement with users empowers the development of Customer and Partner solutions, drives cross-pollination of experiences and best practices, and provides feedback on current and planned future offerings and capabilities.

Our primary online forums include Splunk Answers, Splunk User Groups, and Splunk Ideas. In Splunk Answers, users share best practices about how to build searches, create data visualizations, build implementations to address specific use-cases and configure and deploy our cloud services and license offerings.

Comprehensive enablement for Customer and Partner solutions developers is provided on our Splunk Dev portal. Splunk Dev contains resources for building apps, integrations, and other Customer and Partner solutions content that extends the Splunk offerings to new data, insights, and use cases. Developers can sign up for free licenses or access to support both their on-premises and cloud-native application needs.

Our Social Impact pillar encompasses programs, commitments and initiatives that help us engage communities, employees, businesses, non-profits and academia, and empower traditionally underrepresented members of society, providing pathways to thrive in the data age.

Splunk Services UK Limited

Strategic report (continued)
For the year ended 31 January 2023

Streamlined Energy and Carbon Reporting (SECR)

ESTIMATED UK ENERGY CONSUMPTION DATA TO CALCULATE EMISSIONS (All energy consumption data in this table is normalised to kilowatt hours, 'kWh')	Year to 31 January 2023	Year to 31 January 2022
Purchased electricity and natural gas		
Gas combustion converted to kWh	153,654	291,600
Purchased electricity kWh	306,002	191,474
Total purchased electricity and natural gas	459,656	483,074
Transport fuel¹		
Fuel related to UK business travel (air and vehicle)	5,524,384	191,474
Fuel related to employee commuting (personal vehicle and public transportation)	1,227,848	223,373
Fuel related to home work / work-from-home (electricity and natural gas)	925,884	1,156,714
Total transport fuel	7,678,116	1,571,561
Total kWh energy consumption, all types:	8,137,772	2,054,635
ESTIMATED UK TOTAL GROSS GREENHOUSE GAS EMISSIONS (GHGs); SCOPE 1, 2 AND 3 (reported in metric tonnes CO2 equivalents - 'MTCO2e')		
Scope 1: Direct Emissions²		
Scope 1: Stationary combustion (heaters)	27	52
Scope 1: Refrigerants (HFC134a)	12	12
Total Scope 1 emissions:	39	64
Scope 2: Indirect Emissions		
Scope 2: Purchased office electricity: (Location based accounting)	59	41
Total Scope 2 emissions:	59	41
Scope 3: Other Indirect Emissions³		
Category 6: Employee business travel	834	187
Category 7: Employee commuting	8	49
Home Working: Employee work-from-home emissions (electricity and natural gas consumption estimates)	184	230
Total Scope 3 emissions:	1,026	466
Total gross greenhouse gas emissions (Scopes 1, 2 and 3) 4, 5:	1,124	571
ESTIMATED INTENSITY-BASED RATIO		
Per full-time equivalent employee (UK Brunel Building Scope 1 and 2 / avg. annual FTEs)	0.32	0.33

1 Estimated transport fuel reflects the following sources: UK business travel, which comprises air travel data converted to kWh (based on travel miles for all jet and seating class and fuel types for each type of airplane, using the average UK SECR conversion factor for all air travel fuel types factor 0.4477 kWh per air mile traveled); car travel (based on multiple classes of vehicles, estimated travel mileage and fuel types for each class of vehicle, converted to kWh using the UK SECR conversion factor for average car with unknown fuel type factor of 1.1217 kWh per miles driven). Data omits rail travel, which is de minimis. UK employee commuting is based on personal vehicle and public transportation miles converted to kWh using the UK SECR conversion factor for average car with unknown fuel type factor of 1.1217 kWh per miles driven.

Splunk Services UK Limited

Strategic report (continued) For the year ended 31 January 2023

Streamlined Energy and Carbon Reporting (SECR) (continued)

1 Fuel related to home work: Splunk UK home work (work from home) employees' estimated electricity consumption estimate of 201,372.29 kWh and estimated natural gas consumption of 724,512.05 kWh. Differences in column sums are due to whole number rounding.

2 Natural gas consumption of 27.26 MTCO_{2e}, converted to carbon dioxide equivalents from 13,522.71 cubic meters of natural gas used for stationary combustion (heating) of the London Brunel Building. Refrigerants are estimated based on proxy calculations and estimates of equipment capacity, usage and 2% leakage rate per year, following GHG Protocol Tool Calculating HFC and PFC Emissions from the Manufacturing, Servicing, and/or Disposal of Refrigeration and Air-Conditioning Equipment (V1.0) and Protocol AR4, IPCC Sixth Assessment Report (2021): Chapter 7.

3 Employee business travel data comprises air, car and rail travel as well as hotel stays; due to the aggregated nature of the source data used to calculate employee business travel data, some data was aggregated at a global level (air travel) and regional level (car and rail), while other data (hotel stays) was aggregated at the UK/country level. For this reason, UK-level reporting for employee business travel categories for air, car and rail is estimated based on the percentage of Splunk employees working out of the UK Brunel Building (based on average estimated full time equivalent employees in FY23); that percentage was applied to the global air, car and rail emissions and added to the UK hotel stays data to derive the final figure.

4 Scope 3 emissions estimates for UK share of Category 6, 7 and Home Working follow the activity based GHG accounting methodology.

5 Commentary on overall performance: Declines in purchased electricity and natural gas and Scope 1 stationary combustion building emissions from the prior year are generally attributable to energy efficiency improvements. Increases in transportation fuel and Scope 3 employee business travel is generally attributable to post-pandemic increase in business travel and employee commuting; increases in Scope 2 purchased electricity is generally attributable to post-pandemic increase in building occupancy.

Methodology

Reporting boundary: Operational and financial control: Scopes 1 and 2 reflect our main UK office building located in London (the Brunel Building, 1 & 2 Canalside Walk, London W2 1DG, United Kingdom); data sourced from utility bills, internally assured and externally audited between September and October 2023. The Brunel building is 50,195 square feet of office space; this property is a direct lease for Splunk and therefore a part of Splunk's operational and financial control boundaries.

Reporting framework and quality assurance: Splunk's Global FY23 Emissions Inventory, which includes UK energy and emissions data, was developed using the methodologies outlined by the Greenhouse Gas Protocol's Corporate Standard, Scope 1 & 2 GHG Inventory Guidance, and Technical Guidance for Calculating Scope 3 Emissions. UK data was further converted to required output units of measure following UK guidelines and conversion factors, which are detailed in the table footnotes and in the paragraph below. The data is internally audited and externally assured. Reference Splunk.com for the third-party Splunk FY23 Greenhouse Gas Statement of Verification available at this url: https://www.splunk.com/en_us/pdfs/global-impact/splunk-ghgverification-statement.pdf.

Emissions and/or conversion factors used to develop the inventory include: DEFRA 2021 Emission Factors, IEA Emission Factors 2021 (Purchased March 11, 2022), IPCC AR6 GWP Values, IPCC AR5 GWP Values, DEFRA (07/2020) GHG reporting: conversion factors 2020 (for CO_{2e} conversions of car rentals, business air travel, rail, and bus transit data), DEFRA: Conversion factors 2021: condensed set (for most users) - revised January 2022 Fuels - Aviation Turbine Fuel row 63 (for CO_{2e} conversions of aviation fuel from private jet travel). UK Government GHG Conversion Factors for Company Reporting (conversion-factors-2021-condensed-set-most-users.xlsx) was used to convert transport fuel to kilowatt hours (converting passenger miles to kilowatt hours, as detailed in footnotes to the Estimated UK Energy Consumption Data to Calculate Emissions (normalized to kilowatt hours) data table.

Splunk Services UK Limited

Strategic report (continued)
For the year ended 31 January 2023

Streamlined Energy and Carbon Reporting (SECR) (continued)

Completed Carbon Reduction Initiatives

We have undertaken the following initiatives during the reporting period:


Enterprise-level Strategic Initiatives that include Splunk Services UK Limited entity

- Completed a comprehensive internal climate risk assessment.
- Modeled the resilience of the business relative to three projected climate scenarios.
- Evaluated potential net zero transition tactics and pathways based on cost, timing and carbon reduction potential.
- Identified potential near-term climate targets in line with the Science Based Target initiative for Scopes 1, 2 and 3.

UK-specific Physical Improvements at the UK Brunel Building

- Borehole & Reclaim System – Using “free heating” from rejected heat from chiller condenser and ground sourced heat to create a false heat load so borehole chiller can provide heat into LTHW system.
- Loading Bay lighting - Loading bay lights were on 24/7, a control system was installed and lights are being switched off manually by security to save energy.
- Chiller and Boiler Set Points – Variable LTHW setpoints dependent on demand of building to have the most energy efficient but effective heating for building, chillers set points have been raised by a degree.
- Thermal wheels- to provide free heating/cooling using heat from tenant spaces to pre cool/heat air supplied from the AHU's.

This report was approved by the board on 8 May 2024 and signed on its behalf.

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J H Beckstoffer
Director

Splunk Services UK Limited

Directors' report For the year ended 31 January 2023

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

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Branches

The Company has one overseas branch outside of the United Kingdom in Italy.

Results and dividends

The profit for the year, after taxation, amounted to \$4,639,696 (2022: as restated (note 28) \$4,856,034).

The directors do not recommend the payment of any dividends (2022: none).

Splunk Services UK Limited

Directors' report (continued) For the year ended 31 January 2023

Principal risks and uncertainties

The details of the financial risk management of the Company are included in the Strategic Report on pages 1 to 4.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

T Emanuelson (resigned 25 August 2023)
M A B Fann (resigned 06 June 2023)
J A R Hodge (appointed 24 March 2022)
G H Morrison (appointed 24 March 2022)
J H Beckstoffer (appointed 24 August 2023)

Future developments

Splunk UK intends to continue to distribute and support Splunk US products and services in the region.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005.

During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through periodic All Hands meeting where management provides updates to employees about the business, as well as an annual EKO (Employee Kick Off) event in which employees are encouraged to present their suggestions and views on performance. Regular meetings are held between the Company's management and employees to allow a free flow of information and ideas.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Qualifying third party indemnity provisions

Splunk Inc., the ultimate parent entity during the year, has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force during the year and at the date of approving the directors' report.

Splunk Services UK Limited

Directors' report (continued) For the year ended 31 January 2023

Post balance sheet events

On the 24th of August 2023 the Company appointed a new Director, Jay Beckstoffer. The new Director is an employee of the Parent Company and does not receive emoluments in the UK.

On the 25th of August 2023 the Company removed from office as a Director, Timothy Curtis Emanuelson, who was also an employee of the Parent Company and did not receive any emoluments in the UK.

On September 20, 2023, Splunk Inc., the ultimate parent entity during the year, entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Splunk Inc., Cisco Systems, Inc., a Delaware corporation ("Cisco"), and Spirit Merger Corp., a Delaware corporation and wholly owned subsidiary of Cisco ("Merger Sub"). Pursuant to the Merger Agreement, the merger closed on March 18, 2024 and Merger Sub merged with and into Splunk Inc. (the "Merger"), with Splunk Inc. surviving the Merger as a wholly owned subsidiary of Cisco. As a result of the completion of the acquisition, Splunk Inc. stock ceased trading on NASDAQ and there was a change of the ultimate controlling party of Splunk UK.

In October 2023, we entered into an agreement to assign and terminate our lease in London, United Kingdom. As we identified a tenant to assume our remaining lease obligation of \$34 million, we were relieved of any termination penalties under the lease. As a result of the termination, we recognized an expense of \$12 million, that primarily consists of the net impact of an inducement fee paid to the new tenant related to their assumption of our remaining commitment under the lease, broker fees, acceleration of depreciation on leasehold improvements, and the derecognition of the related ROU asset and lease liability.

Going concern

The Company's business activities, together with the factors which the directors foresee will impact upon the future commercial success of the Company, are set out in the financial statements. In addition, the directors have considered the principal risks and challenges to the continued trading of the Company up to and including the month of signature of these financial statements.

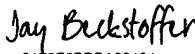
The Company has considerable financial resources with which to meet its cost commitments for the foreseeable period. The directors therefore believe that the Company is well placed to manage its business risks. The directors have a reasonable expectation that the Company has adequate resources to continue its operation existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require us to update our estimates, judgments or adjust the carrying value of our assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and will be recognized in the financial statements as soon as they become known.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 May 2024 and signed on its behalf.

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J H Beckstoffer
Director

Splunk Services UK Limited

Independent auditors' report to the members of Splunk Services UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Splunk Services UK Limited's financial statements:

- give a true and fair view of the state 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 (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 January 2023; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Splunk Services UK Limited

Independent auditors' report to the members of Splunk Services UK Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 January 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Splunk Services UK Limited

Independent auditors' report to the members of Splunk Services UK Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of results through fraudulent journal entries or management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Obtaining an understanding of the entity's policies and procedures on compliance with laws and regulations;
- Obtaining an understanding of the entity's policies and procedures on fraud risks;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Discussions with management, including consideration of any known or suspected instances of non-compliances with laws and regulations and fraud;
- Reviewed board minutes to determine if any known or suspected fraud has been identified;
- Challenged assumptions made by management in its key accounting estimates; and
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Splunk Services UK Limited

Independent auditors' report to the members of Splunk Services UK Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Imran Younus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
8 May 2024

Splunk Services UK Limited

Statement of comprehensive income
For the year ended 31 January 2023

	Note	2023 \$	*As restated 2022 \$
Turnover	4	563,202,731	449,264,075
Operating costs		(557,427,173)	(444,150,781)
Net Impairment gain/(loss) on financial assets	5	359,909	(237,160)
Operating profit	6	6,135,467	4,876,134
Finance income	9	2,868,390	-
Finance expense	10	(117,497)	(109,037)
Profit before tax		8,886,360	4,767,097
Tax on profit	11	(4,246,664)	88,937
Profit for the financial year		4,639,696	4,856,034

There was no other comprehensive income for 2023 (2022: \$nil).

All amounts relate to continuing operations.

*The 2022 financial statements have been restated, see note 28 for further details.

The notes on pages 19 to 48 form part of these financial statements.

Splunk Services UK Limited
Registered number: 07621282

Balance sheet
As at 31 January 2023

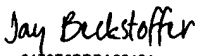
	Note	2023 \$	*As restated 2022 \$
Fixed assets			
Property, plant and equipment	12	9,950,204	11,806,164
Right of use asset	13	23,756,816	28,182,767
		<u>33,707,020</u>	<u>39,988,931</u>
Current assets			
Debtors: amounts falling due after more than one year	14	111,237,494	91,137,075
Debtors: amounts falling due within one year	14	305,773,854	252,553,113
Cash and cash equivalents	15	236,842,443	169,623,829
		<u>653,853,791</u>	<u>513,314,017</u>
Creditors: amounts falling due within one year	16	(417,854,283)	(311,941,244)
Net current assets		<u>235,999,508</u>	<u>201,372,773</u>
Total assets less current liabilities		<u>269,706,528</u>	<u>241,361,704</u>
Creditors: amounts falling due after more than one year	17	(42,269,538)	(49,416,032)
		<u>227,436,990</u>	<u>191,945,672</u>
Provisions for liabilities	21	(1,506,340)	(1,870,473)
Net assets		<u><u>225,930,650</u></u>	<u><u>190,075,199</u></u>
Capital and reserves			
Called up share capital	23	1	1
Foreign exchange reserve	24	633,210	633,210
Other reserves	24	194,694,449	163,478,694
Profit and loss account	24	30,602,990	25,963,294
Total equity		<u><u>225,930,650</u></u>	<u><u>190,075,199</u></u>

Splunk Services UK Limited
Registered number: 07621282

Balance sheet (continued)
As at 31 January 2023

The financial statements on pages 15 to 48 were approved and authorised for issue by the board and were signed on its behalf on 8 May 2024.

*The 2022 financial statements have been restated, see note 28 for further details.

DocuSigned by:

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J H Beckstoffer
Director

Splunk Services UK Limited

Statement of changes in equity
For the year ended 31 January 2023

	Called up share capital	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 February 2021 (as restated, note 28)	1	633,210	132,131,502	21,107,260	153,871,973
Profit for the year	-	-	-	4,856,034	4,856,034
Share-based payment charge	-	-	31,535,618	-	31,535,618
Deferred taxation	-	-	(188,426)	-	(188,426)
At 31 January 2022 (as previously stated, note 28)	1	633,210	142,030,129	37,262,983	179,926,323
Prior year adjustment - correction of error (note 28)	-	-	21,448,565	(11,299,689)	10,148,876
At 31 January 2022 and 1 February 2022 (as restated, note 28)	1	633,210	163,478,694	25,963,294	190,075,199
Profit for the year	-	-	-	4,639,696	4,639,696
Share-based payment charge	-	-	31,326,036	-	31,326,036
Deferred taxation	-	-	(110,281)	-	(110,281)
At 31 January 2023	1	633,210	194,694,449	30,602,990	225,930,650

The notes on pages 19 to 48 form part of these financial statements.

Splunk Services UK Limited

Notes to the financial statements For the year ended 31 January 2023

1. General information

Splunk Services UK Limited is a private company limited by shares which is incorporated in the United Kingdom under the Companies Act 2006 and is registered and domiciled in England. Splunk Services UK Limited's registered office address is 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, M3 5GS.

2. Accounting policies

2.1 Statement of compliance and basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The Company's financial statements are presented in US Dollars (\$) and rounded to the nearest dollar.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2023. These policies have been consistently applied, unless otherwise stated.

2.2 Going concern

The Company's business activities, together with the factors which the directors foresee will impact upon the future commercial success of the Company, are set out in the financial statements. In addition, the directors have considered the principal risks and challenges to the continued trading of the Company up to and including the month of signature of these financial statements.

The Company has considerable financial resources with which to meet its cost commitments for the foreseeable period. The directors therefore believe that the Company is well placed to manage its business risks. The directors have a reasonable expectation that the Company has adequate resources to continue its operation existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require us to update our estimates, judgments or adjust the carrying value of our assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and will be recognized in the financial statements as soon as they become known.

2.3 Financial Reporting Standard 101 - reduced disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

Splunk Services UK Limited

Notes to the financial statements For the year ended 31 January 2023

2. Accounting policies (continued)

2.3 Financial Reporting Standard 101 - reduced disclosure exemptions (continued)

- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).

The following paragraphs of IAS 1, 'Presentation of financial statements':

- 10(d) (statement of cash flows) applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
- 16 (statement of compliance with all IFRS);
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 40A-D (requirements for a third statement of financial position);
- 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total.

New standards, amendments and IFRIC interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities; and
- IAS 41 Agriculture – Taxation in fair value measurements.

These amendments had no material impact on the financial statements of the Company.

Splunk Services UK Limited

Notes to the financial statements For the year ended 31 January 2023

2. Accounting policies (continued)

2.4 Revenue

The Company generates revenues primarily in the form of software license, related maintenance fees, cloud services and other service fees. Licenses for on-premises software are typically term licenses and provide the customer with a right to use the software. When purchasing a license, a customer also purchases maintenance for the term of the license period.

Cloud services are provided on a subscription basis and give customers access to cloud solutions, which include related customer support. Other services include training and professional services that are not integral to the functionality of the licenses or cloud services.

The Company's contracts with customers often contain multiple performance obligations, which may include a combination of licenses, related maintenance and support services, cloud services and professional services including training. The Company applies significant judgment in identifying and accounting for each performance obligation, as a result of evaluating the terms and conditions in contracts. For these contracts, the Company accounts for licenses, maintenance and support, cloud services and other services as separate performance obligations as they are each distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. The Company determines the SSP based on an observable standalone selling price when it is available, as well as other factors, including the price charged to customers, discounting practices, and overall pricing objectives, while maximizing observable inputs. In situations where pricing is highly variable, the Company estimates the SSP using the residual approach.

Revenue is recognized when the performance obligations are satisfied. Revenue is recorded net of applicable taxes. The Company's specific revenue recognition policies are as follows:

Licenses

License revenues consist of revenues from term software licenses, and to a much lesser extent perpetual licenses, under which we generally recognize the license fee portion of the arrangement at a point in time, assuming all revenue recognition criteria are satisfied. License revenues reflect the revenues recognized from sales of licenses to new customers and additional licenses to existing customers, including sales from the renewal of term licenses. The Company satisfies the obligation and recognizes revenue for licenses upon transfer of control of the licenses, which occurs at delivery of the license key to customers, or when the license term commences, if later.

Maintenance, professional and training services

Maintenance and services revenues consist of revenues from maintenance agreements and professional services and training.

When a term license is purchased, maintenance is bundled with the license for the term of the license period. While the Company only sells perpetual licenses on an exception basis, for any existing perpetual license customers, maintenance is usually renewed on an annual basis. Customers with maintenance agreements are entitled to receive support and unspecified upgrades and enhancements when and if they become available during the maintenance period. The Company satisfies maintenance and support performance obligations and recognizes revenue ratably over the maintenance and support term, consistent with the pattern of benefit to the customer of such services.

Splunk Services UK Limited

**Notes to the financial statements
For the year ended 31 January 2023**

2. Accounting policies (continued)

2.4 Revenue (continued)

Maintenance, professional and training services (continued)

The Company has a professional services organization focused on helping customers deploy their software in highly complex operational environments and train their personnel. Training and professional services have stated billing rates per service hour or are provided on a subscription basis, accordingly, revenues are recognized as services are delivered or ratably over the subscription period.

With respect to contracts that include customer acceptance provisions, revenue is recognized upon customer acceptance.

Cloud Services

Cloud services allow customers to use hosted software over the contract period without taking possession of the software.

The Company satisfies cloud service performance obligations over the associated contract term and recognizes the associated revenue ratably over the term of the contract once access is provided to the customer, consistent with the pattern of benefit to the customer of such services.

Receivables

Most of the Company's multi-year license and cloud services contracts are invoiced annually. The Company records a receivable for multi-year license contracts, whether or not invoiced, to the extent they have an unconditional right to receive payment in the future related to those licenses. A receivable for multi-year cloud services is generally recorded upon invoicing.

The non-current portion of these receivables, primarily consisting of unbilled receivables, is included in "Debtors: Amounts falling due after more than one year".

Payment terms and conditions vary by contract type, although the Company's terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of payment, the Company has determined their contracts generally do not include a significant financing component. The primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing products and services, not to receive financing from their customers or to provide customers with financing.

Deferred Revenues

Deferred revenues or contract liabilities are recorded when the Company invoice a contract or deliver a license prior to recognizing revenue. It is comprised of balances related to maintenance, cloud services, training and professional services invoiced at the beginning of each service period, as well as licenses that were delivered prior to the license term commencing.

Provision of services

The Company earns revenue from the provision of Research and Development services to Splunk Inc..

Splunk Services UK Limited

**Notes to the financial statements
For the year ended 31 January 2023**

2. Accounting policies (continued)

2.5 Deferred sales commission

Sales commissions paid to our sales force and the related payroll taxes are considered incremental and recoverable costs of obtaining a contract with a customer. Costs related to new cloud services and term license contracts are amortized in proportion to the transfer of related services and delivery of licenses, including renewals, over the average period of benefit. We have determined that the average period of benefit related to these costs is five years, which is longer than our customers' initial contract periods, but reflects the average period of benefit, including expected contract renewals. In arriving at this average period of benefit we considered the nature of our customer contracts, the duration of our relationships with customers, and the estimated life cycles of our technology. Costs related to renewals are amortized over the contract period. In capitalizing and amortizing deferred commissions, we have elected to apply a portfolio approach.

2.6 Plant, property & equipment

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company, the carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold buildings	- Over the length of the lease
Fixtures & fittings	- 5 years straight-line
Computer equipment	- 3 years straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Splunk Services UK Limited

**Notes to the financial statements
For the year ended 31 January 2023**

2. Accounting policies (continued)

2.7 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 unbilled receivables.

To measure the expected credit losses, trade receivables and unbilled accounts receivables have been grouped based on shared credit risk characteristics and the days past due. The unbilled accounts receivables relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled receivables.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss; financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Splunk Services UK Limited

Notes to the financial statements For the year ended 31 January 2023

2. Accounting policies (continued)

2.9 Financial instruments (continued)

(a) 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.

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

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

- Debt investments that do not qualify for measurement at either amortised cost (see note 2.9(a) above).
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial Liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

2.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Splunk Services UK Limited

**Notes to the financial statements
For the year ended 31 January 2023**

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is US Dollars (\$).

Transactions and balances

Foreign currency transactions are translated using the month end rate of the previous month.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

2.12 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. These finance costs relate to the unwinding of the dilapidation provision of a lease.

2.13 Share-based payments

Where share options and restricted stock units (RSU's) are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options and RSU's are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Splunk Services UK Limited

Notes to the financial statements For the year ended 31 January 2023

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Other finance costs

Other finance costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

Splunk Services UK Limited

Notes to the financial statements For the year ended 31 January 2023

2. Accounting policies (continued)

2.19 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, long-term incentive plans and paid holiday arrangements.

(a) Short-term benefits

Short-term benefits including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(b) Annual bonus plans

The Company operates annual bonus and sales commission plans for employees. An expense is recognised in the statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

In addition to the above benefits, the Company also offers private medical care, dental care, life assurance, pension and income protection to its employees.

2.20 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is included in 'Creditors' on the Balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Splunk Services UK Limited

**Notes to the financial statements
For the year ended 31 January 2023**

2. Accounting policies (continued)

2.20 Leases (continued)

Right of use asset

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, initial direct costs and estimated costs for dismantling, removing and restoring. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the period of the lease term. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

3. Significant judgements and accounting estimates

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. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Revenue Recognition

Contracts with customers often contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The Company applies significant judgment in identifying and accounting for each performance obligation, as a result of evaluating the terms and conditions in contracts. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. The Company determines the SSP based on an observable standalone selling price when it is available, as well as other factors, including the price charged to customers, discounting practices, and overall pricing objectives, while maximizing observable inputs. In situations where pricing is highly variable, the Company estimates the SSP using the residual approach. Naturally if there is a change in the allocation between performance obligations recognized at different times, this would change the revenue recognition in any given year.

Deferred Sales Commissions

Sales commissions paid to our sales force and the related payroll taxes are considered incremental and recoverable costs of obtaining a contract with a customer. Costs related to new cloud services and term license contracts are amortized in proportion to the transfer of related services and delivery of licenses, including renewals, over the average period of benefit. We have determined that the average period of benefit related to these costs is five years, which is longer than our customers' initial contract periods, but reflects the average period of benefit, including expected contract renewals. In arriving at this average period of benefit we considered the nature of our customer contracts, the duration of our relationships with customers, and the estimated life cycles of our technology. Costs related to renewals are amortized over the contract period. In capitalizing and amortizing deferred commissions, we have elected to apply a portfolio approach. If the average period of benefit were to be lower this would result in a higher annual amortization charge.

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

3. Significant judgements and accounting estimates (continued)
Share-based payments

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 options granted to employees. 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 assumptions and method used for estimating fair value for share-based payment transactions are discussed in note 22.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023	2022
	\$	\$
License	316,950,333	261,649,139
Maintenance, professional and training services	123,058,836	108,855,193
Cloud services	116,229,670	71,841,001
Provision of services	6,963,892	6,918,742
	<u>563,202,731</u>	<u>449,264,075</u>

All turnover arose within the United Kingdom.

5. Net Impairment gain/(loss) on financial assets

	2023	2022
	\$	\$
Expected credit (gains)/losses	<u>(359,909)</u>	<u>237,160</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

6. Operating profit

The operating profit is stated after charging:

	2023	*As restated (note 28) 2022
	\$	\$
Depreciation of property, plant and equipment (note 12)	2,255,255	2,659,929
Loss on disposal of property, plant and equipment (note 12)	-	278,818
Auditors' remuneration - fees payable for audit	207,593	201,020
Depreciation on right of use assets (note 13)	4,425,951	2,992,859
Operating lease charges	-	433,098
Staff costs (note 7)	146,203,787	137,509,998
Exchange differences	2,221,734	29,762
	<u>146,203,787</u>	<u>137,509,998</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023	*As restated (note 28) 2022
	\$	\$
Wages and salaries	92,736,103	90,798,939
Social security costs	20,512,167	13,458,738
Share-based payments (see note 22)	31,326,036	31,535,618
Other pension costs	1,629,481	1,716,703
	<u>146,203,787</u>	<u>137,509,998</u>

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

	2023	2022
	Number	Number
Human resources	21	16
Marketing	16	18
Sales	308	284
Support	156	133
R&D	43	37
Finance	3	12
Facilities and IT	16	10
Legal	13	10
	<u>576</u>	<u>520</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

8. Directors' emoluments

	2023 \$
Directors' emoluments	1,031,065
Vested amounts under long term incentive schemes (Share Base Payments)	388,922
Company contributions to defined pension schemes	37,046
	<u>1,457,033</u>

* includes amounts paid to Directors as of date of appointment.

Directors' emoluments are related to J A R Hodge (appointed 24th March 2022) and G H Morrison (appointed 24th March 2022), who were both payrolled in the UK. J H Beckstoffer (appointed 24 August 2023) is payrolled within the US and therefore not included.

In 2022, the emoluments of the Company's directors were paid by Splunk Inc., the Company's ultimate parent entity during the year, which makes no recharge to the Company. The Company's directors are employees of the Parent Company and the directors of other Parent Company's subsidiaries. Thus, it is not possible to make an accurate apportionment of their emoluments in respect of each of the Parent Company's subsidiaries. Accordingly, no emoluments of the Company's directors are disclosed.

During the year retirement benefits were accruing to two directors, (2022: nil) in respect of defined pension schemes.

The highest paid director received remuneration of \$583,545 (2022: \$nil).

The value of the Company's contributions paid to a defined pension scheme in respect of the highest paid director amounted to \$21,818 (2022: \$nil).

9. Finance income

	2023 \$	2022 \$
Other interest receivable	<u>2,868,390</u>	<u>-</u>

The net increase in interest income is due to higher activity in highly liquid cash investments.

10. Finance expense

	2023 \$	2022 \$
Unwinding of dilapidation provisions	<u>117,497</u>	<u>109,037</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

11. Tax on profit

	2023	*As restated (note 28) 2022
	\$	\$
Corporation tax		
Current tax on profits for the year	4,068,133	813,618
Adjustments in respect of previous periods	(352,503)	1,171,662
Foreign tax relief/other relief	(65,517)	(4,068)
Foreign tax suffered	386,589	287,194
Total current tax	<u>4,036,702</u>	<u>2,268,406</u>
Deferred tax		
Origination and reversal of timing differences	311,568	(1,463,384)
Adjustment in respect of previous periods	-	835,506
Effect of changes in tax rates	(101,606)	(1,729,465)
Total deferred tax	<u>209,962</u>	<u>(2,357,343)</u>
Tax on profit	<u>4,246,664</u>	<u>(88,937)</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

11. Tax on profit (continued)**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023	*As restated (note 28) 2022
	\$	\$
Profit before tax	8,886,360	4,767,097
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	1,688,408	905,748
Effects of:		
Expenses not deductible for tax purposes	199,969	337,261
Income not taxable	(162,471)	(106,349)
Tax rate changes	(101,606)	(1,729,465)
Effects of overseas tax rates	290,903	239,862
Donations reversed out	-	95,000
Adjustments in respect of prior periods	(352,503)	2,007,167
Share options	2,683,964	(1,838,161)
Total tax charge/(credit) for the year	4,246,664	(88,937)

Factors that may affect future tax charges

UK Finance Act 2021 was substantively enacted on 24th May 2021, which included the increased to the main rate of UK corporation tax from 19% to 25%, effective 1st April 2023. The impact of this change in the tax rate is reflected in the calculation of deferred tax balances as at 31st January 2023.

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

12. Property, plant and equipment

	Leasehold buildings \$	Fixtures & fittings \$	Computer equipment \$	Assets under construction \$	Total \$
Cost					
At 1 February 2022	12,156,688	2,048,311	2,613,343	-	16,818,342
Additions	-	-	80,943	318,352	399,295
Disposals	-	-	(10,059)	-	(10,059)
At 31 January 2023	<u>12,156,688</u>	<u>2,048,311</u>	<u>2,684,227</u>	<u>318,352</u>	<u>17,207,578</u>
Accumulated depreciation					
At 1 February 2022	2,187,853	829,766	1,994,559	-	5,012,178
Charge for the year on owned assets	1,300,244	409,662	545,349	-	2,255,255
Disposals	-	-	(10,059)	-	(10,059)
At 31 January 2023	<u>3,488,097</u>	<u>1,239,428</u>	<u>2,529,849</u>	<u>-</u>	<u>7,257,374</u>
Net book value					
At 31 January 2023	<u>8,668,591</u>	<u>808,883</u>	<u>154,378</u>	<u>318,352</u>	<u>9,950,204</u>
At 31 January 2022	<u>9,968,835</u>	<u>1,218,545</u>	<u>618,784</u>	<u>-</u>	<u>11,806,164</u>

Splunk Services UK Limited

**Notes to the financial statements
For the year ended 31 January 2023**

13. Right of use asset

	Land & Buildings \$
Cost	
At 1 February 2022	<u>37,079,803</u>
At 31 January 2023	<u>37,079,803</u>
Accumulated depreciation	
At 1 February 2022	<u>8,897,036</u>
Charge for the year	<u>4,425,951</u>
At 31 January 2023	<u>13,322,987</u>
Net book value	
At 31 January 2022	<u>28,182,767</u>
At 31 January 2023	<u>23,756,816</u>

14. Debtors

	2023 \$	*As restated (note 28) 2022 \$
Amounts falling due after more than one year		
Unbilled accounts receivable	70,619,205	59,464,232
Contract costs (note 18)	33,062,035	23,796,346
Deferred taxation (note 20)	7,556,254	7,876,497
	<u>111,237,494</u>	<u>91,137,075</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

14. Debtors (continued)

	2023	*As restated (note 28) 2022
	\$	\$
Amounts falling due within one year		
Trade debtors	244,990,788	194,772,202
Amounts owed by group undertakings	3,664,801	2,283,523
Unbilled accounts receivable	40,791,959	45,461,142
Prepayments and accrued income	1,808,771	1,632,125
Contract costs (note 18)	14,517,535	8,404,121
	<u>305,773,854</u>	<u>252,553,113</u>

All amounts owed by group undertakings are non-interest bearing and repayable on demand.

15. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	<u>236,842,443</u>	<u>169,623,829</u>

16. Creditors: Amounts falling due within one year

	2023	*As restated (note 28) 2022
	\$	\$
Contract liabilities (note 18)	197,416,678	168,126,431
Trade creditors	438,358	150,253
Amounts owed to group undertakings	176,535,925	106,782,588
Corporation tax	798,077	1,216,706
Other taxation and social security	15,584,632	11,779,824
Lease liabilities (note 25)	2,684,298	1,862,529
Accruals	24,396,315	22,022,913
	<u>417,854,283</u>	<u>311,941,244</u>

All amounts owed to group undertakings are payable on demand, unsecured and non-interest bearing.

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

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

	2023	2022
	\$	\$
Lease liabilities (note 25)	27,024,704	32,381,493
Other creditors	558,032	1,156,046
Contract liabilities (note 18)	14,686,802	15,878,493
	<u>42,269,538</u>	<u>49,416,032</u>

18. Contract costs and liabilities

The movement of contract costs during the year ended 31 January 2023 is as follows:

	At 1 February 2022	Additions	Amortisation	Reclassifications	At 31 January 2023
	\$	\$	\$	\$	\$
Non-current contract costs (note 14)	23,796,346	23,783,224	-	(14,517,535)	33,062,035
Current contract costs (note 14)	8,404,121	11,297,660	(19,701,781)	14,517,535	14,517,535
Total	<u>32,200,467</u>	<u>35,080,884</u>	<u>(19,701,781)</u>	<u>-</u>	<u>47,579,570</u>

Contract costs are related to the capitalised sales commissions paid to our sales force and the related payroll taxes and are considered incremental and recoverable costs of obtaining a contract with a customer. Costs related to new cloud services and term license contracts are amortized in proportion to the transfer of related services and delivery of licenses, including renewals, over the average period of benefit. We have determined that the average period of benefit related to these costs is five years, which is longer than our customers' initial contract periods, but reflects the average period of benefit, including expected contract renewals

The amortisation schedule of contract costs at 31 January 2023 is as follows:

	2024	2025	2026	Subsequent years	Total
	\$	\$	\$	\$	\$
At 31 January 2024	14,517,535	-	-	-	14,517,535
At 31 January 2025	-	13,679,600	-	-	13,679,600
At 31 January 2026	-	-	11,193,997	-	11,193,997
Subsequent years	-	-	-	8,188,438	8,188,438
Total	<u>14,517,535</u>	<u>13,679,600</u>	<u>11,193,997</u>	<u>8,188,438</u>	<u>47,579,570</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

18. Contract costs and liabilities (continued)

The movement of contract liabilities of contracts with customers during the year ended 31 January 2023 is as follows:

	At 1 February 2022 \$	Additions \$	Utilised \$	Reclassifications \$	At 31 January 2023 \$
Non-current contract liabilities (note 17)	15,878,493	16,118,242	-	(17,309,933)	14,686,802
Current contract liabilities (note 16)	168,126,431	560,581,104	(548,600,790)	17,309,933	197,416,678
Total	<u>184,004,924</u>	<u>576,699,346</u>	<u>(548,600,790)</u>	<u>-</u>	<u>212,103,480</u>

Contract liabilities are recorded when the Company invoice a contract or deliver a license prior to recognizing revenue. It is comprised of balances related to maintenance, cloud services, training and professional services invoiced at the beginning of each service period, as well as licenses that we delivered prior to the license term commencing.

The maturity schedule of contract liabilities at 31 January 2023 is as follows:

	2024 \$	2025 \$	2026 \$	Subsequent years \$	Total \$
Contract liabilities - License	9,626,041	206,664	19,390	-	9,852,095
Contract liabilities - Service	18,989,359	446,406	174,706	11,041	19,621,512
Contract liabilities - Cloud	101,869,985	3,782,185	1,461,848	-	107,114,018
Contract liabilities - Support	66,931,293	5,829,721	2,556,167	198,674	75,515,855
Maturity of performance obligations	<u>197,416,678</u>	<u>10,264,976</u>	<u>4,212,111</u>	<u>209,715</u>	<u>212,103,480</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

19. Financial instruments

	2023	2022
	\$	\$
Financial assets		
Cash and cash equivalents	236,842,443	169,623,829
Financial assets that are debt instruments measured at amortised cost	360,066,753	301,981,098
	<u>596,909,196</u>	<u>471,604,927</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(438,358)	(150,253)
	<u>(438,358)</u>	<u>(150,253)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings, trade debtors and other debtors. Financial liabilities measured at amortised cost comprise trade creditors. Moreover, financial liabilities relating to finance leases amounting to \$29,709,002 (2022: \$34,244,022) are disclosed in note 24 to the financial statements.

20. Deferred taxation

	2023	*As restated (note 28) 2022
	\$	\$
At beginning of year	7,876,497	5,707,580
Charged to profit or loss	(311,568)	3,192,849
Charged to equity	(110,281)	(188,426)
Prior year deferred tax adjustments	101,606	(835,506)
At end of year	<u>7,556,254</u>	<u>7,876,497</u>

The deferred tax asset is made up as follows:

	2023	*As restated (note 28) 2022
	\$	\$
Accelerated capital allowances	802,812	687,380
Deferred tax asset arising due to net temporary differences	6,753,442	7,189,117
	<u>7,556,254</u>	<u>7,876,497</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

21. Provisions for liabilities

	Dilapidation provision \$
At 1 February 2022	1,870,473
Unwinding discount	117,497
Utilised	(253,757)
Adjustments as a result of change in dilapidation estimates	(227,873)
At 31 January 2023	1,506,340

A discount rate of 5.98% was used to discount the future obligation of the dilapidation to the present value. The dilapidation liabilities are estimated to be payable upon the termination of the leases. The present value calculation takes into consideration this period.

22. Share-based payments**(i) Share Options**

Where shares in the Parent Company are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Equity settled share options are recognised with a corresponding credit to equity (representing a capital contribution from the Parent Company).

The exercise of price options and RSU's outstanding at the end of the year ranged between 12.73 USD in Jan 22 and 8.40 USD in Jan 23 (2022 - 4.82 USD and 12.73 USD) and their weighted average contractual life was 5.15 years (2022 - 6.15 years).

Of the total number of options and RSU's outstanding at the end of the year, 1,000 (2022 - 1,145) had vested and were exercisable at the end of the year.

The weighted average share price of options and RSU's during the year was 8.42 USD (2022 - 8.40 USD) at the date of exercise.

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at the beginning of the year	8.40	1,145	8.41	5,999
Forfeited during the year	-	-	10.84	(1,216)
Exercised during the year	8.42	(145)	7.6	(3,638)
Outstanding at the end of the year	8.42	1,000	8.40	1,145

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

22. Share-based payments (continued)**(ii) Employee Stock Purchase Plan (ESPP)**

Splunk's 2012 Employee Stock Purchase Plan, as amended (the "ESPP") allows eligible employees to purchase shares of the Parent Company common stock at a discount through payroll deductions of up to 15% of their eligible compensation, at not less than 85% of the fair value as defined in the ESPP, subject to any plan limitations. The ESPP provides for consecutive 24-month offering periods, starting on the first trading day on or after June 15 and December 15 of each year.

(iii) Restricted Stock Units (RSUs)

The active RSU plan also allows for the grant of restricted stock awards to employees. RSUs are vested and settled in the Parent Company shares over a 3 or 4 year period from the date of grant. The grant date fair value stock price for RSU's ranged from 123.92 USD in January 2022 to 95.77 USD in January 2023.

	2023 No	2022 No
Outstanding at the beginning of the year	422,090	396,204
Net transfers in/out of group companies	2,380	(184)
RSUs granted	311,555	263,156
RSUs vested	(183,908)	(157,761)
RSUs forfeited	(83,385)	(79,325)
Outstanding at the end of the year	468,732	422,090

The total share-based compensation expense related to RSUs and ESSP recognized in the periods under comparison as a capital contribution is as follows:

	2023 \$	*As restated (note 28) 2022 \$
Equity-settled schemes	31,326,036	31,535,618

23. Called up share capital

	2023 \$	2022 \$
Allotted, called up and fully paid		
1 (2022: 1) Ordinary share of \$1.00 (2022: \$1.00)	1	1

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

24. Reserves

Foreign exchange reserve

The foreign exchange reserve represents gains and losses on translation of the Company's financial statements into its presentation currency during 2020.

Other reserves

This reserve records the grant by the Company of options and RSU's over equity instruments of the Parent Company to the employees of our Company. The fair value of the employee services received, measured by reference to the grant date fair value, is recognised over the vesting period and is a credit to equity on our financial statements.

Profit and loss account

The profit and loss account represent cumulative profits or losses, net of dividends paid and other adjustments.

25. Lease liabilities**Company as a lessee**

On 7 June 2019 the Company entered into a 12 year lease for the occupation of two floors in another premises in Brunel. The yearly rent payable under the lease has been reviewed and fixed in accordance with the terms of the Lease at \$1,144,542 per annum for 4th Floor & \$1,144,058 per annum for the 5th Floor (refer to note 26).

On 4 February 2020 the Company entered into a 11 year lease for the occupation of a third floor in the Brunel premises. The yearly rent payable under the lease has been reviewed and fixed in accordance with the terms of the Lease at \$763,397, per annum for the 3rd floor.

	2023	2022
	\$	\$
Lease liabilities		
Current lease liabilities (note 16)	2,684,298	1,862,529
Non-current lease liabilities (note 17)	27,024,704	32,381,493
	<u>29,709,002</u>	<u>34,244,022</u>

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

25. Lease liabilities (continued)

	2023	2022
	\$	\$
Maturity of lease liabilities		
Within one year	2,684,298	1,862,529
Later than one year but not later than five years	13,372,073	13,524,775
Later than five years	13,652,631	18,856,718
	<u>29,709,002</u>	<u>34,244,022</u>

The total cash outflow for leases in 2023 was \$3,673,621 (2022: \$4,072,890).

Future cash outflow for leases:

	2023	2022
	\$	\$
Within one year	4,392,448	3,615,829
Later than one year but not later than five years	18,334,065	19,775,061
Later than five years	14,757,434	21,080,777
	<u>37,483,947</u>	<u>44,471,667</u>

In 2023, expenses relating to short-term leases where the Company is a lessee, have been recognized in the profit or loss, at an amount of \$356,211 (2022: \$433,098).

Splunk Services UK Limited

Notes to the financial statements For the year ended 31 January 2023

26. Post balance sheet events

On the 24th of August 2023 the Company appointed a new Director, Jay Beckstoffer. The new Director is an employee of the Parent Company and does not receive emoluments in the UK.

On the 25th of August 2023 the Company removed from office as a Director, Timothy Curtis Emanuelson, who was also an employee of the Parent Company and did not receive any emoluments in the UK.

On September 20, 2023, Splunk Inc., the ultimate parent entity during the year, entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among Splunk Inc., Cisco Systems, Inc., a Delaware corporation ("Cisco"), and Spirit Merger Corp., a Delaware corporation and wholly owned subsidiary of Cisco ("Merger Sub"). Pursuant to the Merger Agreement, the merger closed on March 18, 2024 and Merger Sub merged with and into Splunk Inc. (the "Merger"), with Splunk Inc. surviving the Merger as a wholly owned subsidiary of Cisco. As a result of the completion of the acquisition, Splunk Inc. stock ceased trading on NASDAQ and there was a change of the ultimate controlling party of Splunk UK.

In October 2023, we entered into an agreement to assign and terminate our lease in London, United Kingdom. As we identified a tenant to assume our remaining lease obligation of \$34 million, we were relieved of any termination penalties under the lease. As a result of the termination, we recognized an expense of \$12 million, that primarily consists of the net impact of an inducement fee paid to the new tenant related to their assumption of our remaining commitment under the lease, broker fees, acceleration of depreciation on leasehold improvements, and the derecognition of the related ROU asset and lease liability.

27. Controlling party

The immediate parent undertaking is Splunk Services LLC, a Delaware, U.S.A., limited liability company. During the financial year and for the presentation of the financial statements with reporting date as of 31 January 2023, the ultimate parent undertaking and controlling party is Splunk Inc., a company incorporated in Delaware, U.S.A. Splunk Inc. was a public traded company in the U.S.A. whose stock was listed in the NASDAQ stock exchange.

The largest and smallest group in which the results of the Company are consolidated is that headed by Splunk Inc., incorporated in Delaware, U.S.A. The consolidated financial statements of this company, for the year ending as at 31 January 2023, are available to the public and may be obtained from 250 Brannan Street, San Francisco, CA, 94107, U.S.A. No other group financial statements include the results of the Company.

As stated in the subsequent events disclosure, there is a change in controlling party as a result the merger with Cisco Systems Inc, on March 18, 2024. As of March 18, 2024, the ultimate parent undertaking and controlling party is Cisco Systems, Inc, a Delaware, U.S.A., incorporated company that is listed in the NASDAQ stock exchange.

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

28. Prior year restatement

A prior year adjustment has been made to the Share-based payment values. This is to reflect a catch up adjustment from a change in the timing of share-based compensation expense as a result of the correction, net of the impact on intercompany charges. Accordingly, the amounts charged in the prior year have been corrected. As part of this correction we have reassessed the long term portion of the deferred tax asset, and this has also been restated accordingly. The impact on the prior year Statement of comprehensive income and Balance sheet is shown below.

Statement of comprehensive income

	As previously reported at 31 January 2022 \$	Prior year adjustment \$	(As restated) at 31 January 2022 \$
Turnover	449,264,075	-	449,264,075
Operating costs	(444,150,781)	-	(444,150,781)
Net impairment gain/(loss) on financial assets	(237,160)	-	(237,160)
Operating profit	4,876,134	-	4,876,134
Finance income	-	-	-
Finance expense	(109,037)	-	(109,037)
Profit before tax	4,767,097	-	4,767,097
Tax on profit	(3,530,629)	3,619,566	88,937
Profit for the financial year	1,236,468	3,619,566	4,856,034

Splunk Services UK Limited

Notes to the financial statements
For the year ended 31 January 2023

28. Prior year restatement (continued)**2022 Balance sheet**

	As previously reported at 31 January 2022 \$	Prior year adjustment \$	(As restated) at 31 January 2022 \$
Fixed assets			
Property, plant and equipment	11,806,164	-	11,806,164
Right of use asset	28,182,767	-	28,182,767
	<u>39,988,931</u>	<u>-</u>	<u>39,988,931</u>
Current assets			
Debtors: amounts falling due after more than one year	83,260,578	7,876,497	91,137,075
Debtors: amounts falling due within one year	255,706,689	(3,153,576)	252,553,113
Cash and cash equivalents	169,623,829	-	169,623,829
Creditors: amounts falling due within one year	(317,367,199)	5,425,955	(311,941,244)
Net current assets	<u>191,223,897</u>	<u>10,148,876</u>	<u>201,372,773</u>
Total assets less current liabilities	<u>231,212,828</u>	<u>10,148,876</u>	<u>241,361,704</u>
Creditors: amounts falling due after more than one year	(49,416,032)	-	(49,416,032)
Provisions for liabilities	(1,870,473)	-	(1,870,473)
Net assets	<u>179,926,323</u>	<u>10,148,876</u>	<u>190,075,199</u>
Capital and reserves			
Called up share capital	1	-	1
Foreign exchange reserve	633,210	-	633,210
Other reserves	142,030,129	21,448,565	163,478,694
Profit and loss account	37,262,983	(11,299,689)	25,963,294
Total equity	<u>179,926,323</u>	<u>10,148,876</u>	<u>190,075,199</u>

Splunk Services UK Limited

Notes to the financial statements
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28. Prior year restatement (continued)**2021 Balance Sheet**

	As previously reported at 1 February 2021 \$	Prior year adjustment \$	(As restated) at 1 February 2021 \$
Fixed assets			
Property, plant and equipment	14,711,432	-	14,711,432
Right of use asset	31,175,626	-	31,175,626
	<u>45,887,058</u>	<u>-</u>	<u>45,887,058</u>
Current assets			
Debtors: amounts falling due after more than one year	70,440,440	-	70,440,440
Debtors: amounts falling due within one year	207,008,368	(216,828)	206,791,540
Cash and cash equivalents	130,863,405	-	130,863,405
Creditors: amounts falling due within one year	(235,430,632)	2,599,874	(232,830,758)
	<u>172,881,581</u>	<u>2,383,046</u>	<u>175,264,627</u>
Net current assets			
	<u>172,881,581</u>	<u>2,383,046</u>	<u>175,264,627</u>
Total assets less current liabilities			
	<u>218,768,639</u>	<u>2,383,046</u>	<u>221,151,685</u>
Creditors: amounts falling due after more than one year	(65,516,305)	-	(65,516,305)
Provisions for liabilities	(1,763,407)	-	(1,763,407)
	<u>151,488,927</u>	<u>2,383,046</u>	<u>153,871,973</u>
Net assets			
	<u>151,488,927</u>	<u>2,383,046</u>	<u>153,871,973</u>
Capital and reserves			
Called up share capital	1	-	1
Foreign exchange reserve	633,210	-	633,210
Other reserves	114,829,201	17,302,301	132,131,502
Profit and loss account	36,026,515	(14,919,255)	21,107,260
	<u>151,488,927</u>	<u>2,383,046</u>	<u>153,871,973</u>
Total equity			
	<u><u>151,488,927</u></u>	<u><u>2,383,046</u></u>	<u><u>153,871,973</u></u>