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Financial Update *Q2 FY23*

NYSE: CRM
@Salesforce_ir



Safe Harbor



"Safe harbor" statement under the Private Securities Litigation Reform Act of 1995. This presentation contains forward-looking statements about the company's financial and operating results, which may include expected GAAP and non-GAAP financial and other operating and non-operating results, including revenue, net income, earnings per share, operating cash flow growth, operating margin, expected revenue growth, expected foreign currency exchange rate impact, expected current remaining performance obligation growth, expected tax rates, stock-based compensation expenses, amortization of purchased intangibles, shares outstanding, market growth, environmental, social and governance goals, expected capital allocation, including mergers and acquisitions, capital expenditures and other investments, and expected contributions from acquired companies. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, the company's results could differ materially from the results expressed or implied by the forward-looking statements it makes.

The risks and uncertainties referred to above include -- but are not limited to -- risks associated with the impact of, and actions we may take in response to, the COVID-19 pandemic, related public health measures and resulting economic downturn and market volatility; our ability to maintain security levels and service performance meeting the expectations of our customers, and the resources and costs required to avoid unanticipated downtime and prevent, detect and remediate performance degradation and security breaches; the expenses associated with our data centers and third-party infrastructure providers; our ability to secure additional data center capacity; our reliance on third-party hardware, software and platform providers; the effect of evolving domestic and foreign government regulations, including those related to the provision of services on the Internet, those related to accessing the Internet, and those addressing data privacy, cross-border data transfers and import and export controls; current and potential litigation involving us or our industry, including litigation involving acquired entities such as Tableau Software, Inc. and Slack Technologies, Inc., and the resolution or settlement thereof; regulatory developments and regulatory investigations involving us or affecting our industry; our ability to successfully introduce new services and product features, including any efforts to expand our services; the success of our strategy of acquiring or making investments in complementary businesses, joint ventures, services, technologies and intellectual property rights; our ability to complete, on a timely basis or at all, announced transactions; our ability to realize the benefits from acquisitions, strategic partnerships, joint ventures and investments, including our July 2021 acquisition of Slack Technologies, Inc., and successfully integrate acquired businesses and technologies; our ability to compete in the markets in which we participate; the success of our business strategy and our plan to build our business, including our strategy to be a leading provider of enterprise cloud computing applications and platforms; our ability to execute our business plans; our ability to continue to grow unearned revenue and remaining performance obligation; the pace of change and innovation in enterprise cloud computing services; the seasonal nature of our sales cycles; our ability to limit customer attrition and costs related to those efforts; the success of our international expansion strategy; the demands on our personnel and infrastructure resulting from significant growth in our customer base and operations, including as a result of acquisitions; our ability to preserve our workplace culture, including as a result of our decisions regarding our current and future office environments or work-from-home policies; our dependency on the development and maintenance of the infrastructure of the Internet; our real estate and office facilities strategy and related costs and uncertainties; fluctuations in, and our ability to predict, our operating results and cash flows; the variability in our results arising from the accounting for term license revenue products; the performance and fair value of our investments in complementary businesses through our strategic investment portfolio; the impact of future gains or losses from our strategic investment portfolio, including gains or losses from overall market conditions that may affect the publicly traded companies within our strategic investment portfolio; our ability to protect our intellectual property rights; our ability to develop our brands; the impact of foreign currency exchange rate and interest rate fluctuations on our results; the valuation of our deferred tax assets and the release of related valuation allowances; the potential availability of additional tax assets in the future; the impact of new accounting pronouncements and tax laws; uncertainties affecting our ability to estimate our tax rate; uncertainties regarding our tax obligations in connection with potential jurisdictional transfers of intellectual property, including the tax rate, the timing of the transfer and the value of such transferred intellectual property; uncertainties regarding the effect of general economic and market conditions; the impact of geopolitical events; uncertainties regarding the impact of expensing stock options and other equity awards; the sufficiency of our capital resources; the ability to execute our Share Repurchase Program; our ability to comply with our debt covenants and lease obligations; the impact of climate change, natural disasters and actual or threatened public health emergencies; and our ability to achieve our aspirations, goals and projections related to our environmental, social and governance initiatives..

Further information on these and other factors that could affect the company's financial results is included in the reports on Forms 10-K, 10-Q and 8-K and in other filings it makes with the Securities and Exchange Commission from time to time. These documents are available on the SEC Filings section of the Financials section of the company's website at www.salesforce.com/investor.

Salesforce, Inc. assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

Company Overview



Delivering durable growth at scale

- Salesforce is the **#1 CRM software provider worldwide** by revenue for 9 consecutive years¹
- **Consistently delivering durable revenue growth**, nearly doubling from \$13.3 billion in FY19 to \$26.5 billion in FY22
- **Fastest growing** top five enterprise software company with \$26.5 billion in revenue in FY22 (~25% Y/Y)
- Uniquely positioned to help our customers **drive broad-based digital transformation**

Leader In Philanthropy



Leader In Culture



Leader In Innovation



¹Source: IDC, Worldwide Semiannual Software Tracker, April 2022. CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications.

Financial Overview

Quarterly Results





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Q2



Results

Q2 Revenue
\$7.72B

FY23 Revenue
Guidance
\$30.9B
to
\$31.0B

FY23 Non-GAAP
Operating
Margin Guidance
20.4%

First-Ever
Share Repurchase
Authorization
\$10B

Q2 FY23 Financial Summary

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	GAAP		Non-GAAP ¹	
	Quarterly Results	Change Y/Y	Quarterly Results	Change Y/Y
Total Revenue	\$7,720M	22%	\$7,966M	26%
Current Remaining Performance Obligation	\$21.5B	15%	N/A	19%
Total Remaining Performance Obligation	\$41.6B	15%	N/A	N/A
Operating Margin	2.5%	(270) bps	19.9% ²	(50) bps
Diluted Earnings Per Share ³	\$0.07	(88)%	\$1.19	(20)%
Operating Cash Flow	\$334M	(13)%	N/A	N/A

 Total Revenue⁴: \$428M
+15% Y/Y

 Total Revenue⁴: \$512M
+9% Y/Y

MuleSoft and Tableau contributions to total revenue include professional services revenue and subscription and support revenue.

¹The Non-GAAP columns present non-GAAP financial metrics and the related non-GAAP growth rates as compared to prior periods. Non-GAAP revenue and non-GAAP current remaining performance obligation (cRPO) represent constant currency "CC" results. Refer to slides 7, 8 & 10 for explanations of non-GAAP CC revenue growth and non-GAAP CC cRPO growth, respectively. Non-GAAP operating margin and non-GAAP EPS are non-GAAP financial measures. Refer to the Appendix for an explanation of non-GAAP financial measures and a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, when applicable.

²Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue.

³Diluted Earnings Per Share ("EPS") is calculated using GAAP revenue.

⁴MuleSoft and Tableau contributions to total revenue include professional services revenue and subscription and support revenue.

Q3 FY23 Guidance



	Q3 FY23 Guidance ¹	Full Year FY23 Guidance ¹
Revenue ²	\$7.82 - \$7.83 Billion	\$30.9 - \$31.0 Billion
Y/Y Growth	~14%	~17%
FX Impact	~(\$250M) y/y FX	~(\$800M) y/y FX
GAAP operating margin	N/A	~3.6%
Non-GAAP operating margin ³	N/A	~20.4%
GAAP earnings per share ³	\$0.09 - \$0.10	\$0.38 - \$0.40
Non-GAAP earnings per share ³	\$1.20 - \$1.21	\$4.71 - \$4.73
Operating Cash Flow Growth (Y/Y)	N/A	~16% - 17%
Current Remaining Performance Obligation Growth (Y/Y)	~12%	N/A
FX Impact ⁴	~(3 pts)	N/A

FY23 Revenue Guidance - FX Impact
 At Q1'23 Earnings: ~(\$600M) y/y
 Since Q1'23 Earnings: ~(\$200M) y/y
 Total FX headwind: ~(\$800M) y/y

¹This guidance does not reflect any potential future gains or losses on our strategic investment portfolio as it is not possible to forecast future gains and losses, and is based on estimated GAAP tax rates that reflect the company's currently available information, and excludes forecasted discrete tax items such as excess tax benefits from stock-based compensation. The GAAP tax rates may fluctuate due to future acquisitions or other transactions.

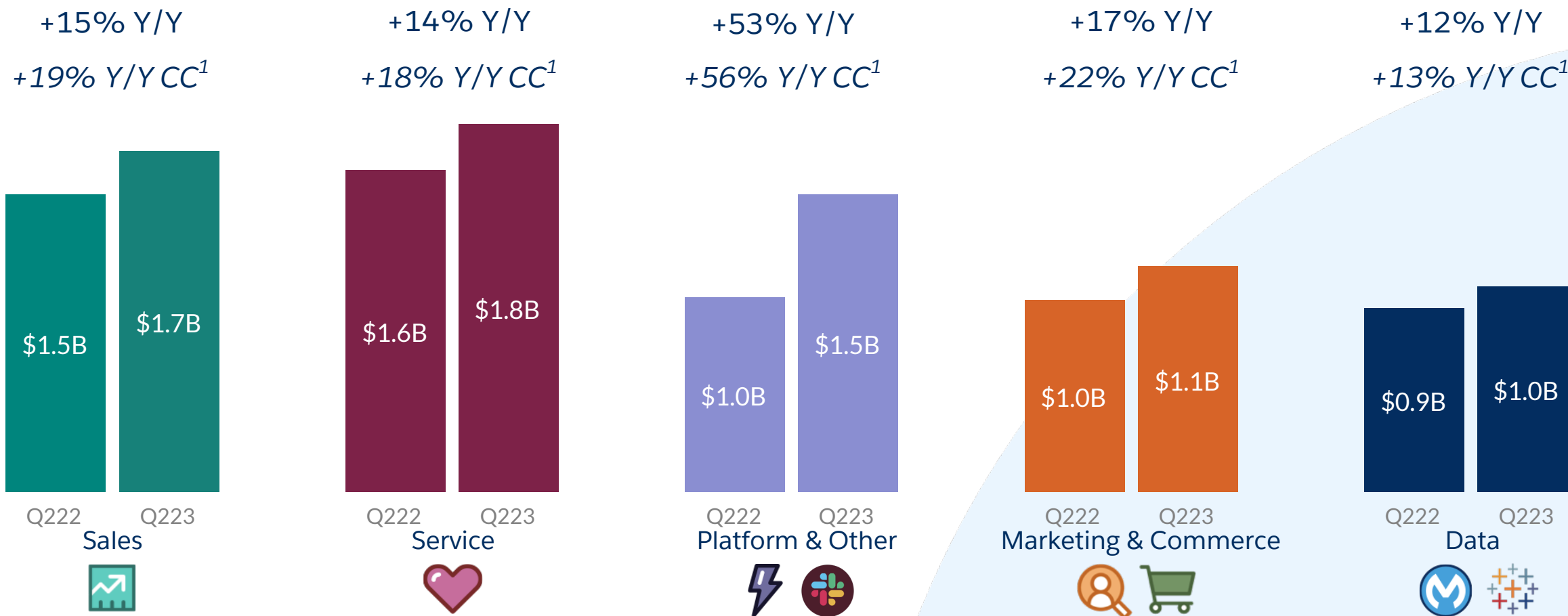
²Full Year fiscal 2023 revenue guidance includes expected contributions from Slack Technologies, Inc. of approximately \$1.5 billion, net of purchase accounting.

³Non-GAAP operating margin and non-GAAP earnings per share are non-GAAP financial measures. Refer to the Appendix for an explanation of non-GAAP financial measures. The Company's Shares used in computing GAAP earnings per share and Non-GAAP earnings per share assumes no change in share count based on our share repurchase program.

⁴CRPO FX impact is calculated by taking the current period rates compared to the prior period ending rates. FX impact of ~(3 pts) represents a headwind of 3 points of growth.

Q2 FY23 Disaggregation of Revenue

Subscription and Support Revenue



Note: Growth rates are based on non-rounded reported results in USD.

Certain reclassifications for fiscal 2022 amounts were made to conform to the current period presentation of Disaggregation of Revenue by Service Offering; revenues attributed to Analytics, which includes Tableau, and Integrations, which includes Mulesoft, were reclassified from Platform and Other to Data. Starting in Q3 fiscal 2022, Platform and Other includes contributions from Slack. This reclassification did not affect total revenues. See Slide 22 for recast historical data.

¹Non-GAAP revenue CC growth rates as compared to the comparable prior period. We present CC information for revenue to provide a framework for assessing how our underlying business performed excluding the effects of foreign currency rate fluctuations. To present CC revenue, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the weighted average exchange rate for the quarter being compared to for growth rate calculations presented, rather than the actual exchange rates in effect during that period.

Q2 FY23 Revenue by Region

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Incremental investments in international markets driving growth

Americas



\$5,261M
+22% Y/Y
+22% Y/Y CC¹

EMEA



\$1,745M
+23% Y/Y
+35% Y/Y CC¹

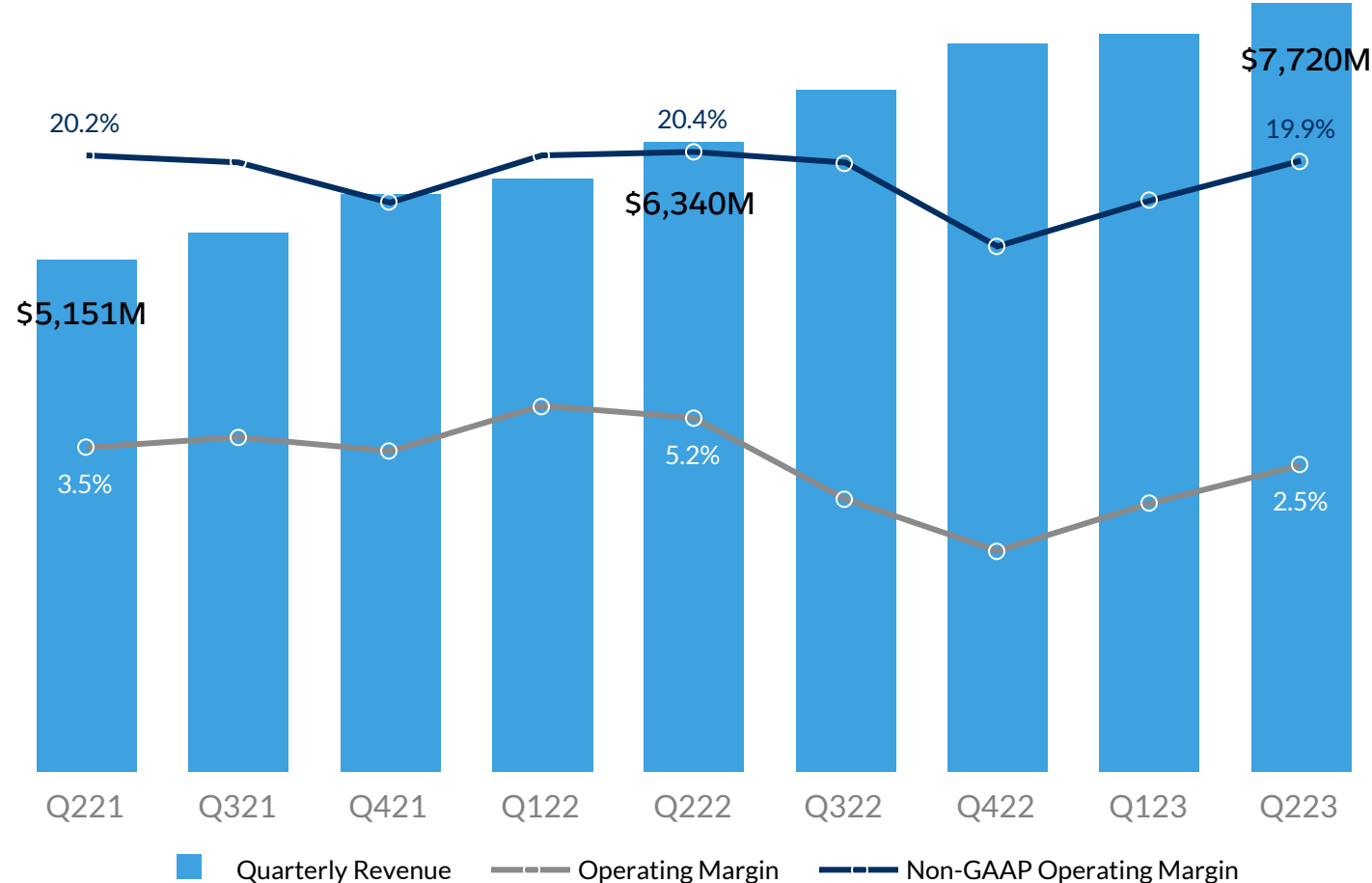
APAC



\$714M
+17% Y/Y
+31% Y/Y CC¹

¹Non-GAAP revenue CC growth rates as compared to the comparable prior period. We present CC information for revenue to provide a framework for assessing how our underlying business performed excluding the effects of foreign currency rate fluctuations. To present CC revenue, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the weighted average exchange rate for the quarter being compared to for growth rate calculations presented, rather than the actual exchange rates in effect during that period.

Total Quarterly Revenue and Operating Margin



Q2 FY23
Y/Y

+22% / +26% CC¹

Revenue

(270) bps

GAAP Operating Margin

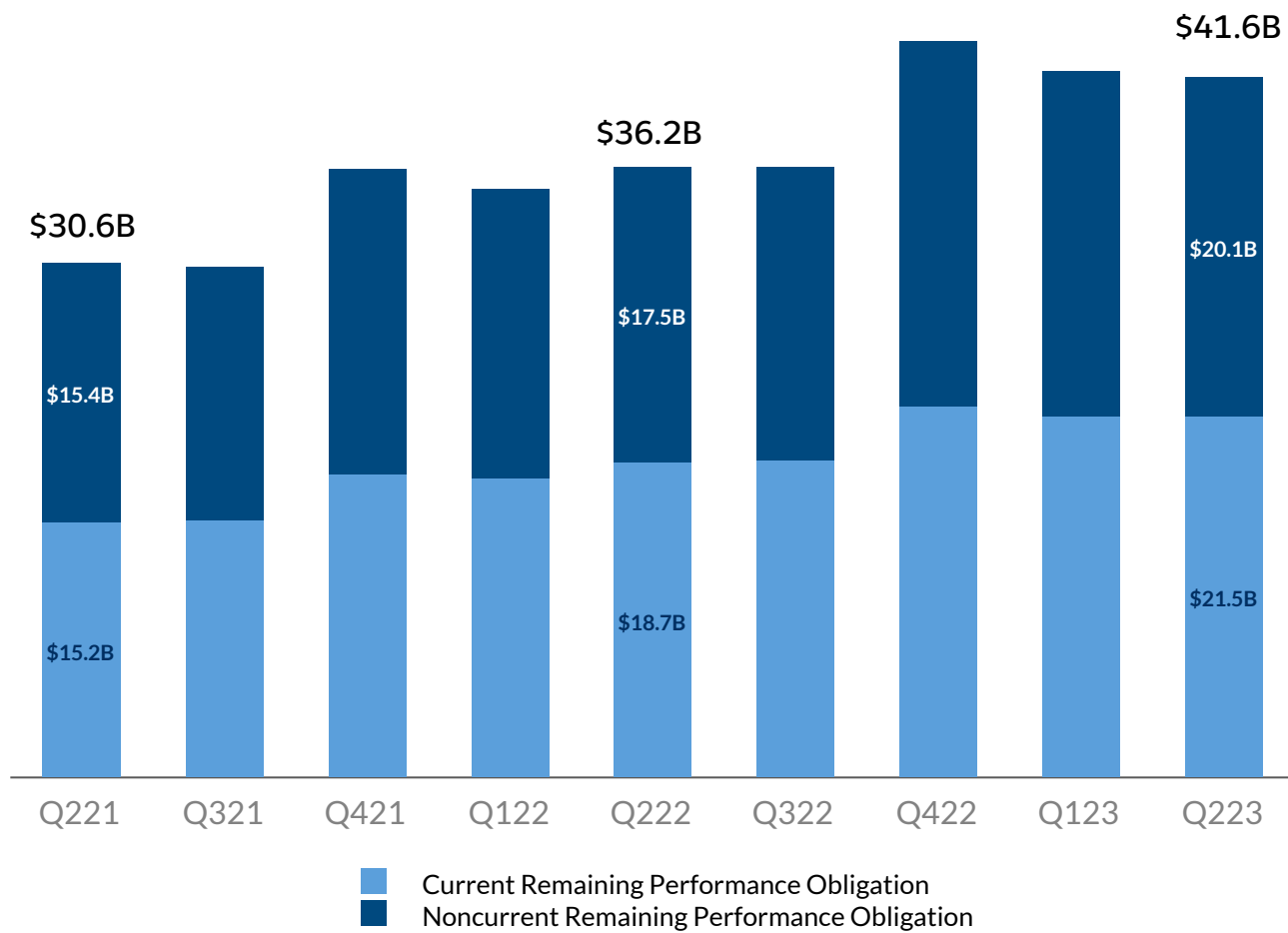
(50) bps

Non-GAAP Operating Margin²

¹Refer to slide 7 & 8 for an explanation of non-GAAP revenue CC growth rate as compared to the comparable prior period.
²Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue and is a non-GAAP financial measure. Refer to the Appendix for an explanation of which items are excluded from our non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, when applicable.

Remaining Performance Obligation

Represents future revenue under contract



Q2 FY23
Y/Y

+15% / +19% CC¹

Current RPO (cRPO)

+15%

Total RPO



¹To present CC cRPO growth, cRPO balances in local currencies in previous comparable periods are converted using the United States dollar currency exchange rate as of the most recent balance sheet date.

Quarterly Operating Cash Flow

Delivered \$334 million in operating cash flow in Q2



Q2 FY23
Y/Y



(24)%

FCF¹

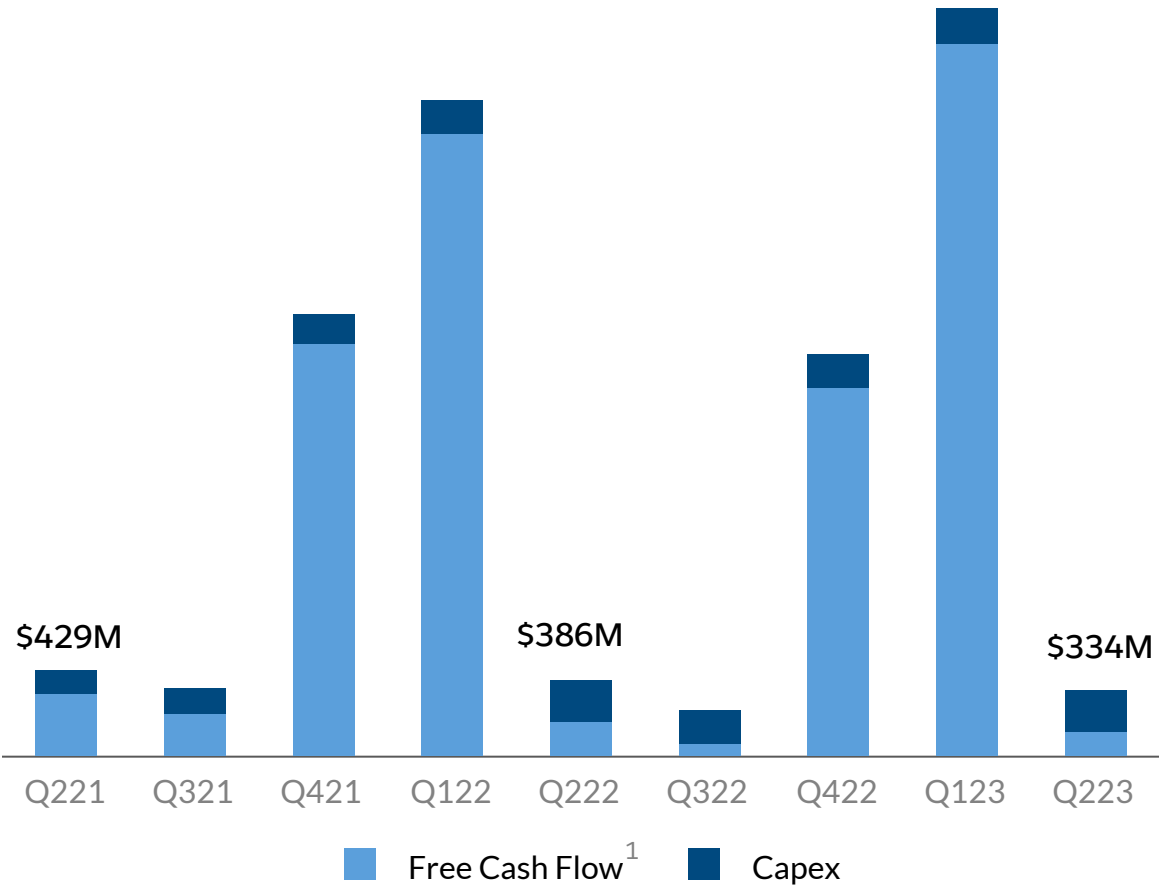
(13)%

OCF

Our fourth quarter has historically been our strongest quarter for new business and renewals and we generally invoice our customers annually.

As a result, our first quarter and, increasingly, our fourth quarter are our largest collections and operating cash flow quarters. Our second quarter and third quarter are seasonally smaller in regards to collections and operating cash flow.

The year-on-year compounding effect of this seasonality causes the value of invoices that we generate in the fourth quarter for both new business and renewals to increase as a portion of our total annual billings.

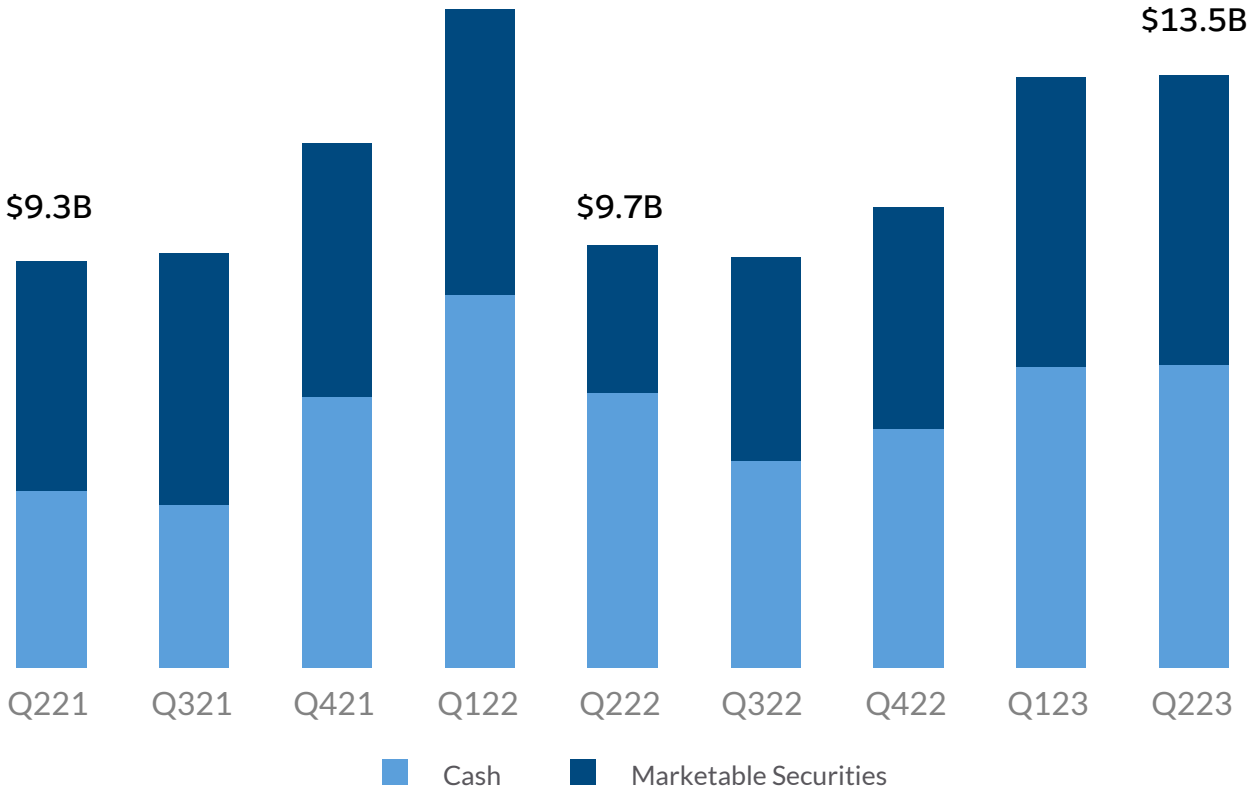


¹Free cash flow is a non-GAAP financial measure. Refer to the Appendix for an explanation of non-GAAP financial measures, and why we believe these measures can be useful, as well as a table including the components of Free cash flow

Cash, Cash Equivalents, and Marketable Securities



Strong Cash Balances



Q2 FY23
Y/Y

40%

Total Cash and Marketable
Securities Y/Y

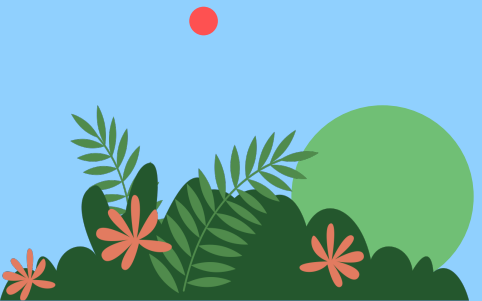


Note: Y/Y rate based on reported actuals, not the rounded figures shown in the graph.



Thank You

Appendix



Disaggregation of Revenue



Subscription and Support Revenue by Service Offering

New Data offering line comprised of Analytics (including Tableau) and Integrations (including Mulesoft) previously reported under Platform and Other. Fiscal 2020, fiscal 2021 and the first two quarters of fiscal 2022 amounts were reclassified to conform to the current period presentation. This reclassification did not affect total revenues.

(\$ millions)	Q2 FY23	Q1 FY23	FY22	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22	FY21	Q4 FY21	Q3 FY21	Q2 FY21	Q1 FY21	FY20
 Sales	\$ 1,695	\$ 1,632	\$ 5,989	\$ 1,586	\$ 1,538	\$ 1,477	\$ 1,388	\$ 5,191	\$ 1,356	\$ 1,311	\$ 1,279	\$ 1,245	\$ 4,598
 Service	1,828	1,761	6,474	1,710	1,658	1,600	1,506	5,377	1,446	1,376	1,303	1,252	4,466
 Platform and Other ⁽¹⁾	1,478	1,419	4,509	1,350	1,277	969	913	3,324	885	844	814	781	2,787
 Marketing and Commerce	1,121	1,089	3,902	1,046	1,006	955	895	3,133	869	804	746	714	2,506
 Data ⁽²⁾	1,021	955	3,783	1,136	900	913	834	2,951	920	750	698	583	1,686
Total Subscription & Support Revenue	\$ 7,143	\$ 6,856	\$24,657	\$ 6,828	\$ 6,379	\$ 5,914	\$ 5,536	\$19,976	\$ 5,476	\$ 5,085	\$ 4,840	\$ 4,575	\$16,043

(1) Includes Slack beginning in Q3 FY22

(2) Data subscription and support revenue includes Mulesoft, Tableau and Tableau CRM. This differs from disclosure on Mulesoft and Tableau **total** revenue, which includes professional services revenue and subscription and support revenue.

Non-GAAP Financial Measures

This presentation includes information about non-GAAP diluted earnings per share, non-GAAP income from operations, non-GAAP operating margin, free cash flow, and constant currency revenue and constant currency current remaining performance obligation growth rates (collectively the “non-GAAP financial measures”). These non-GAAP financial measures are measurements of financial performance that are not prepared in accordance with U.S. generally accepted accounting principles and computational methods may differ from those used by other companies. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with the company’s consolidated financial statements prepared in accordance with GAAP. Management uses both GAAP and non-GAAP measures when planning, monitoring, and evaluating the company’s performance.

The primary purpose of using non-GAAP measures is to provide supplemental information that may prove useful to investors and to enable investors to evaluate the company’s results in the same way management does. Management believes that supplementing GAAP disclosure with non-GAAP disclosure provides investors with a more complete view of the company’s operational performance and allows for meaningful period-to-period comparisons and analysis of trends in the company’s business. Further, to the extent that other companies use similar methods in calculating non-GAAP measures, the provision of supplemental non-GAAP information can allow for a comparison of the company’s relative performance against other companies that also report non-GAAP operating results.

Non-GAAP diluted earnings per share excludes, to the extent applicable, the impact of the following items: stock-based compensation, amortization of purchased intangibles, and income tax adjustments. These items are excluded because the decisions that give rise to them are not made to increase revenue in a particular period, but instead for the company’s long-term benefit over multiple periods.

Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue. Non-GAAP income from operations excludes the impact of the following items: stock-based compensation, and amortization of acquisition-related intangibles.

The company defines the non-GAAP measure free cash flow as GAAP net cash provided by operating activities, less capital expenditures.

Constant currency information is provided as a framework for assessing how our underlying business performed excluding the effect of foreign currency rate fluctuations. To present constant currency revenue, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the weighted average exchange rate for the quarter being compared to for growth rate calculations presented, rather than the actual exchange rates in effect during that period. To present current remaining performance obligation on a constant currency basis, we convert the current remaining performance obligation balances in local currencies in previous comparable periods using the United States dollar currency exchange rate as of the most recent balance sheet date.



GAAP to Non-GAAP Financial Reconciliation



(in millions)

	Three Months Ended July 31,		
	2020	2021	2022
Non-GAAP income from operations¹			
GAAP income from operations	\$ 178	\$ 332	\$ 193
Plus:			
Amortization of purchased intangibles	284	319	492
Stock-based compensation expense	578	640	851
Non-GAAP income from operations	\$ 1,040	\$ 1,291	\$ 1,536
Revenue	5,151	6,340	7,720
Non-GAAP operating margin	20.2 %	20.4 %	19.9 %

Non-GAAP operating margin	Full Year FY23 Guidance
GAAP operating margin ²	~3.6%
Plus:	
Amortization of purchased intangibles ³	6.3 %
Stock-based compensation expense ²	10.5 %
Non-GAAP operating margin ³	~20.4%

(in millions)

	Three Months Ended July 31,		
	2020	2021	2022
Components of free cash flow, a non-GAAP measure			
GAAP Operating cash flow	\$ 429	\$ 386	\$ 334
(Capital expenditures)	(114)	(213)	(203)
Free cash flow	\$ 315	\$ 173	\$ 131

	Three Months Ended July 31,			Q3 FY23 Guidance	Full Year FY23 Guidance
	2020	2021	2022		
Non-GAAP diluted earnings per share					
GAAP diluted earnings per share	\$ 2.85	\$ 0.56	\$ 0.07	\$0.09 - \$0.10	\$0.38 - \$0.40
Plus:					
Amortization of purchased intangibles	0.30	0.34	0.49	0.46	1.93
Stock-based compensation expense	0.63	0.67	0.85	0.81	3.23
(Income tax effects and adjustments)	(2.34)	(0.09)	(0.22)	(0.16)	(0.83)
Non-GAAP diluted earnings per share	\$ 1.44	\$ 1.48	\$ 1.19	\$1.20 - \$1.21	\$4.71 - \$4.73
Shares used in computing GAAP and Non-GAAP diluted earnings per share (millions) ⁴	922	950	1,001	1,018	1,011

¹Used to calculate Non-GAAP operating margin by dividing non-GAAP income from operations by GAAP revenue.

²GAAP operating margin is the proportion of GAAP income from operations as a percentage of GAAP revenue. Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue.

³The percentages shown above have been calculated based on the midpoint of the low and high ends of the revenue guidance for full year FY23.

⁴The Company's Shares used in computing GAAP earnings per share and Non-GAAP earnings per share assumes no change in share count based on our share repurchase program.