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Registration number: 06441873

LinkedIn Technology UK Limited

Financial Statements

for the Year Ended 31 December 2022

LinkedIn Technology UK Limited

Contents

LinkedIn Technology UK Limited

Company Information

Directors

Benjamin Orndorff
Keith Dolliver
Henry Fong
Mark Legaspi

Registered number

06441873

Registered office

The Ray
123 Farringdon Road
London
EC1R 3DA

Independent Auditors

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Bankers

Bank of America
2 King Edward Street
London
EC1A 1HQ

LinkedIn Technology UK Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022. This is in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Principal activity

The principal activity of LinkedIn Technology UK Limited ("the Company") is to increase awareness of the LinkedIn brand and product offerings in the UK market. It does this by providing marketing services for its parent company, LinkedIn Ireland Unlimited Company ("LinkedIn Ireland"), a company registered in the Republic of Ireland.

LinkedIn connects the world's professionals to make them more productive and successful and transforms the way companies hire, market, sell, and learn. Our vision is to create economic opportunity for every member of the global workforce through the ongoing development of the world's first Economic Graph, a digital representation of the global economy. In addition to LinkedIn's free services, LinkedIn offers monetized solutions: Talent Solutions, Marketing Solutions, Premium Subscriptions and Sales Solutions. Talent Solutions provide insights for workforce planning and tools to hire, nurture, and develop talent. Talent Solutions also includes Learning Solutions, which help businesses close critical skills gaps in times where companies are having to do more with existing talent. Marketing Solutions help companies reach, engage, and convert their audiences at scale. Premium Subscriptions enables professionals to manage their professional identity, grow their network, and connect with talent through additional services like premium search. Sales Solutions help companies strengthen customer relationships, empower teams with digital selling tools, and acquire new opportunities.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are intrinsically linked to the other LinkedIn group companies. The Company has no significant borrowings.

The occurrence of regional epidemics or a global pandemic such as COVID-19 may adversely affect our operations, financial condition, and results of operations. The extent to which global pandemics impact our business going forward will depend on factors such as the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability. The ongoing conflict in Ukraine has had no material impact on the Company. Management will continue to monitor the situation.

Cash flow risk, credit risk, liquidity risk and market risk

Cash flow risk

Financial risk of changes in foreign currency exchange rates are mitigated by short payment terms by Microsoft Corporation and access to their cash pool where required. The Company does not use derivative financial instruments for speculative purposes or to hedge risks. Cash flow risk is largely mitigated due to support provided by its parent company, LinkedIn Ireland.

Credit risk

The Company's credit risk is primarily attributable to its intercompany receivable balance with LinkedIn Ireland. This is not considered a risk due to the solvency and liquidity of LinkedIn Ireland.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company relies on support from LinkedIn Ireland if required.

Market risk

The Company's long-term success is dependent on its ability to attract and retain talented employees, to remain at the forefront of technological advances and wider long-term market trends. The Company continues to invest in attracting and retaining high-calibre individuals and developing new technology to mitigate these risks.

LinkedIn Technology UK Limited

Strategic Report for the Year Ended 31 December 2022

Financial key performance indicators
The Company's financial KPI for measuring success is revenue growth and the non-financial KPI for measuring success is member growth.

The Company's business activities have continued to grow during 2022. Turnover increased by 20% from $179,345,622 in 2021 to $ 214,759,697 in 2022. Administrative expenses increased by 16% from $140,706,589 in 2021 to $ 163,561,695 in 2022. The average headcount has increased by 39% from 359 in 2021 to 497 in 2022.

Section 172(1) statement
The directors of the Company, in line with their duties under s.172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions.

As part of the Company's decision-making process, the directors of the Company consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, the highest standard of conduct in line with group policies and the likely consequences of decisions in the long term.

Employees
The Company acknowledges that people are key to its success and wants them to be successful individually and as a team. There are many ways in which it engages with and listens to its employees including formal and informal internal communications, through bi-weekly all-hands meetings with the CEO and quarterly employee voice surveys, as detailed in the Directors' Report (Page 6). Key areas of focus include health and well-being, development opportunities and benefits.

The Company has an established approach to engaging employees to ensure it takes their perspectives into account in decision-making and action plans, and shares with them its strategy and progress.

Suppliers, Customers & Members
The Company acknowledges the importance of building and maintaining strong relationships with its suppliers and customers while following policies and procedures provided by the Group, as detailed in the Directors' Report (Page 6).

Community and the Environment
The Company engages with the communities in which it operates to build trust and understand the local issues that are important to them. Key areas of focus include how the Company can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities and organisations to raise awareness and funds.

The impact of decisions on the environment both locally and nationally is considered. Local and global activities are regularly held to highlight the importance of being mindful of the environment and communicate the current strategies in place. Employees of the Company are actively encouraged to participate in the Group's overall mission for sustainability. Some of the Group's key sustainability initiatives, that the Company supports, are as follows:

Carbon Negative - LinkedIn generates carbon through our direct energy use in offices as well as our indirect purchases, commutes, air travel, and more. To address this, LinkedIn is committed to:

- Reduce all emissions by 50% by 2030, both direct and indirect.
- Achieve carbon negative by 2030, meaning we will remove more carbon from the atmosphere than we emit.
- Erase all historical emissions by 2050.

Zero Waste - LinkedIn has made a commitment to achieve zero waste from our operations, including:

- Achieve Zero Waste certification for our campuses by 2025.
- Divert 90% of waste from constructions projects effective now.
- Create employee engagement programs to achieve a 25% decrease in waste per person.

LinkedIn Technology UK Limited

Strategic Report for the Year Ended 31 December 2022

Community and the Environment (continued)

Water Positive - LinkedIn uses water in our offices and data centres for cooling and irrigation, as well as sanitation and drinking. To actively reduce the amount of water consumed, LinkedIn has pledged to become water positive by reducing our operational water use intensity in offices and data centres, increasing the use of recycled water where applicable and by replenishing more water than we consume by investing in water-stressed regions globally.

High Standard of Conduct & Governance
As detailed in the Directors' Report (page 7) the directors of the Company strive to operate in an ethical manner in line with LinkedIn values and Standards of Business Conduct. The Company supports the Modern Slavery Act, operates as an equal opportunities employer, and encourages all members to embrace diversity and inclusion.

Fair review of the business
LinkedIn connects the world's professionals to make them more productive and successful and transforms the way companies hire, market, sell, and learn. Our vision is to create economic opportunity for every member of the global workforce through the ongoing development of the world's first Economic Graph, a digital representation of the global economy. In addition to LinkedIn's free services, LinkedIn offers monetized solutions: Talent Solutions, Marketing Solutions, Premium Subscriptions and Sales Solutions. Talent Solutions provide insights for workforce planning and tools to hire, nurture, and develop talent. Talent Solutions also includes Learning Solutions, which help businesses close critical skills gaps in times where companies are having to do more with existing talent. Marketing Solutions help companies reach, engage, and convert their audiences at scale. Premium Subscriptions enables professionals to manage their professional identity, grow their network, and connect with talent through additional services like premium search. Sales Solutions help companies strengthen customer relationships, empower teams with digital selling tools, and acquire new opportunities.

LinkedIn has more than 900 million members and has offices around the globe. Growth will depend on our ability to increase the number of LinkedIn members and our ability to continue offering services that provide value for our members and increase their engagement. LinkedIn revenue is mainly affected by demand from enterprises and professional organizations for subscriptions to Talent Solutions, Sales Solutions, and Premium Subscriptions offerings, as well as member engagement and the quality of the sponsored content delivered to those members to drive Marketing Solutions.

LinkedIn faces competition from online professional networks, recruiting companies, talent management companies, and larger companies that are focusing on talent management and human resource services; job boards; traditional recruiting firms; and companies that provide learning and development products and services. Marketing Solutions competes with online and offline outlets that generate revenue from advertisers and marketers, and Sales Solutions competes with online and offline outlets for companies with lead generation and customer intelligence and insights.

The Company earns revenue for the provision of marketing and EMEA strategic management services to its parent LinkedIn Ireland.

Approved by the Board on August 9, 2023, and signed on its behalf by:

DocuSigned by:	DocuSigned by:
Henry Fong	Mark Legaspi
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Henry Fong	Mark Legaspi
Director	Director

LinkedIn Technology UK Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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

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

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2006. In preparing these financial statements, the directors are required to:
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Company's accounting records are maintained at Wilton Place, Dublin 2.

Results and dividends
The profit for the year, after taxation, amounted to $40,435,011 (2021: $30,768,170).

During the financial year, a dividend of $15m was paid (2021: $5.6m).

Going concern
Management expects no significant change in the Company's activities and continued strong engagement on the platform to drive revenue growth.

The directors, therefore, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

Future developments
It is the intention of the directors to continue to develop the activities and business operations of the Company. The Company's turnover and administrative expenses are expected to grow in 2023. This future growth is expected with the further development of the product range that the parent, LinkedIn Ireland, offers in the UK market.

LinkedIn Technology UK Limited

Directors' Report for the Year Ended 31 December 2022

Directors
The names of the directors of the Company who held office during or since the end of the financial year are:

Benjamin Orndorff
Keith Dolliver
Henry Fong
Mark Legaspi (appointed 18th February 2022)
Lisa Sato (resigned 18th February 2022)

Events after the Balance Sheet date
Subsequent to year end, the Company declared a dividend of $35m to its parent company. No other events occurred after the balance sheet date that would impact significantly on the financial statements.

Approval of reduced disclosures
The Company continues to adopt the disclosure exemptions allowed under FRS 101. The Company's parent undertaking, LinkedIn Ireland, has been notified in writing about the intention to take advantage of the disclosure exemptions from IFRS as adopted by the European Union and no objections have been received.

Engagement with suppliers, customers and members
The Company builds strong relationships with its suppliers to develop mutually beneficial and lasting partnerships. The Company recognises that relationships with suppliers are important to the Group's long-term success.

The Company's principal activity is to increase awareness of the LinkedIn brand and product offerings in the UK market. It does this by providing marketing services for its parent company, LinkedIn Ireland. The Company adheres to global policies and standard practices when providing these services.

At the end of the year LinkedIn had nearly 900 million members in over 200 countries and territories. "Members first" is one of LinkedIn's key values which guides the decision-making of directors and employees of the Company to act in the best interests of its members.

Employee involvement
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal internal communications and through bi-weekly all-hands meetings with the CEO.

In addition to direct feedback channels, a quarterly employee voice survey ("EVS") is conducted, the purpose of which is to develop an understanding of employee attitudes about their experiences working at LinkedIn. Managers take action based on the EVS results to improve employee engagement and retention, which in turn drives business success.

LinkedIn offers stock awards in the ultimate parent company, Microsoft Corporation, as a long-term incentive to employees to recognise and reward anticipated and future contributions.

Employment of disabled persons
The Company values diversity and sees equal opportunity as making the best use of the talents of all employees and potential employees. As such, it is the Company's policy to give full and fair consideration to applications for employment by disabled persons, bearing in mind the abilities of the applicant concerned. The Company will not tolerate discrimination in the workplace and aims to ensure that each employee feels valued and has the opportunity to contribute fully to the success of the Company.

LinkedIn Technology UK Limited

Directors' Report for the Year Ended 31 December 2022

The Company's general policy on training and promotion is to fit the qualifications and potential of each member of its staff to the appropriate job and career in the business. This policy is applied to disabled persons in the same way as to other staff.

In the event of an employee becoming disabled, the Company endeavours to continue their employment, retraining them where appropriate, provided there are duties which they can perform considering the particular handicap or disability.

Modern slavery statement

We seek to make a positive and lasting impact on the world. This includes respecting human rights everywhere we do business. In accordance with our LinkedIn values and Standards of Business Conduct, we support the Modern Slavery Act and take steps to prevent slavery and human trafficking in our supply chain.

We aim to do business with companies who meet this bar. In practice, this means that we prohibit the use of involuntary or forced labour. Given that LinkedIn is not engaged in manufacturing and doesn't have a large supply chain, our business carries a lower risk of encountering human rights violations. That said, we require that our business partners go through a detailed screening process designed to identify any possible legal or compliance issues. Our business partners are also required to follow our Code of Conduct for Doing Business with LinkedIn ("Business Code") and to prohibit their affiliates, subcontractors and extended supply chain from violating human rights. We always insist upon workers being fairly compensated for the work they do on behalf of LinkedIn; it all ties into our vision of creating economic opportunity for every member of the global workforce. As a subsidiary of Microsoft Corporation, we also subscribe to Microsoft Corporation's robust commitments under the Modern Slavery Act.

Streamlined Energy and Carbon Reporting (SECR)

LinkedIn's greenhouse gas (GHG) inventory calculations are compiled according to the GHG Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Scope 2 Guidance: An amendment to GHG Protocol Corporate Standard. As such, LinkedIn calculates Scope 2 emissions using both a location-based and market-based methodology but tracks its GHG reduction goals according to the market-based method to capture the impact of LinkedIn's 100% renewable electricity commitment. In following GHGP requirements for calculating market-based Scope 2 emissions, LinkedIn preferences renewable electricity in the hierarchy for selecting market-based emission factors because LinkedIn procures 100% renewable electricity for global (and specifically UK) electricity consumption. Renewable electricity carries a zero emission factor, therefore LinkedIn's market-based Scope 2 emissions for electricity consumption are zero.

LinkedIn calculates emissions primarily using metered activity data but estimates based on appropriate proxies (such as office floor area) where metered activity data is not available. For the UK GHG inventory, LinkedIn uses emission factors from the US EPA's Emission Factor Hub to calculate Scope 1 emissions, and the electricity emission factor annually provided by the UK's Defra to calculate Scope 2 emissions. The global warming potential (GWP) used to characterize impacts from CH4, N2O, and fugitive refrigerants are based on the IPCC's Fourth Assessment Report (AR4).

Summary of greenhouse gas emissions and energy consumption for the year 1 July to 30 June 2022:

	UOM	2022	2021
Scope 1 Emissions	Metric Tons CO2e	138	54
Scope 2 Emissions (Market-based)	Metric Tons CO2e	-	-
Scope 2 Emissions (Location-based)	Metric Tons CO2e	227	226
Energy Consumption	MWh	1,913	1,053
Emissions Intensity Ratio	Metric Tons CO2e/ GBP revenue in millions	-	-

Disclosure of information to the auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

• so far as the directors are aware, there is no relevant information of which they know the Company's auditor is unaware, and

• those directors have taken all the steps that they ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on August 9, 2023, and signed on its behalf by:

DocuSigned by:
Henry Fong
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Henry Fong
Director

DocuSigned by:
Mark Legaspi
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Mark Legaspi
Director

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

Independent auditor's report to the members of LinkedIn Technology UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of LinkedIn Technology UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent auditor's report to the members of LinkedIn Technology UK Limited

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included UK employment law and the Data Protection Act 2018.

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Independent auditor's report to the members of LinkedIn Technology UK Limited

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

Administrative expenses cut-off

- We assessed the design and determined the implementation of the key controls over the purchase order process; and
- We selected a sample of expenses recorded in the period and post year-end payments and compared these to relevant documentation to assess appropriate cut-off.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

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Independent auditor's report to the members of LinkedIn Technology UK Limited

Use of our report

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

John Kehoe, FCA (Senior statutory auditor)
For and on behalf of Deloitte Ireland LLP
Statutory Auditor
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 9 August 2023

LinkedIn Technology UK Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 $	2021 $
Turnover	2	214,759,697	179,345,622
Administrative expenses		(163,561,695)	(140,706,589)
Operating profit	3	**51,198,002**	**38,639,033**
Net finance costs	4	(551,660)	(1,447,534)
Profit before tax		50,646,342	37,191,499
Tax on profit	7	(10,211,331)	(6,423,329)
Profit for the financial year		**40,435,011**	**30,768,170**

The above results were derived from continuing operations.

The notes on pages 17 to 34 form an integral part of these financial statements.

LinkedIn Technology UK Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 $	2021 $
Profit for the financial year	40,435,011	30,768,170
Items that may be reclassified subsequently to profit and loss account		
Deferred Tax - SBC deduction	(1,490,906)	624,971
Total comprehensive income for the year	38,944,105	31,393,141

The notes on pages 17 to 34 form an integral part of these financial statements.

LinkedIn Technology UK Limited

(Registration number: 06441873)
Balance Sheet as at 31 December 2022

	Note	2022 $	2021 $
Fixed assets			
Tangible assets	8	90,871,667	94,525,328
Current assets			
Debtors	9	99,116,776	73,537,078
Cash at bank and in hand	10	114	-
		99,116,890	73,537,078
Creditors: Amounts falling due within one year	11	(31,745,685)	(30,283,319)
Net current assets		67,371,205	43,253,759
Total assets less current liabilities		158,242,872	137,779,087
Creditors: Amounts falling due after more than one year	16	(70,322,925)	(75,522,684)
Net assets		87,919,947	62,256,403
Capital and reserves			
Called up share capital	12	1,999	1,999
Other reserves		2,968,282	1,893,969
Profit and loss account		84,949,666	60,360,435
Shareholders' funds		87,919,947	62,256,403

Approved by the Board on August 9, 2023, and signed on its behalf by:

DocuSigned by:
Henry Fong
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Henry Fong
Director

DocuSigned by:
Mark Legaspi
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Mark Legaspi
Director

The notes on pages 17 to 34 form an integral part of these financial statements.

LinkedIn Technology UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital $	Other reserves $	Profit and loss - surplus $	Total $
At 1 January 2022	1,999	1,893,969	60,360,435	62,256,403
Profit for the financial year	-	-	40,435,011	40,435,011
Dividend Paid	-	-	(15,000,000)	(15,000,000)
Share-based payment recharge	-	-	(15,029,175)	(15,029,175)
Share-based payment expense	-	-	15,674,301	15,674,301
Income Tax - SBC deduction	-	1,074,313	-	1,074,313
Deferred Tax - SBC deduction	-	-	(1,490,906)	(1,490,906)
At 31 December 2022	1,999	2,968,282	84,949,666	87,919,947

	Share capital $	Other reserves $	Profit and loss - surplus $	Total $
At 1 January 2021	1,999	-	42,974,884	42,976,883
Profit for the financial year	-	-	30,768,170	30,768,170
Dividend Paid	-	-	(5,600,000)	(5,600,000)
Share-based payment recharge	-	-	(16,805,610)	(16,805,610)
Share-based payment expense	-	-	8,398,020	8,398,020
Income Tax - SBC deduction	-	1,893,969	-	1,893,969
Deferred Tax - SBC deduction	-	-	624,971	624,971
At 31 December 2021	1,999	1,893,969	60,360,435	62,256,403

The notes on pages 17 to 34 form an integral part of these financial statements.

1 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting
The Company is incorporated and domiciled in the United Kingdom. These financial statements present information about the Company as an individual undertaking.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") issued by the Financial Reporting Council. Amendments are made where necessary in order to comply with the Companies Act 2006 and to take advantage of the FRS 101 disclosure exemptions as set out below.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, and presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions, including key management personnel.

Where relevant, equivalent disclosures have been given in the group accounts of Microsoft Corporation. The Group accounts of Microsoft Corporation are available to the public and can be obtained as set out in note 17.

Financial reporting standard 101 - reduced disclosure exemptions
The Company has taken advantage of the following disclosure exemptions under FRS 101:
• the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
• the requirements of IFRS 7 Financial Instruments: Disclosures
• the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
• the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
- paragraph 79(a)(iv) of IAS 1
• the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
• the requirements of IAS 7 Statement of Cash Flows
• the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
• the requirements of paragraph 17 of IAS 24 Related Party Disclosures
• the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
• the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
• the second sentence of paragraph 110 and the requirements of paragraphs 113(a), 114,115,118,119 (a) to (c), 120 to 127 and 129 of IFRS 15.

New and amended standards effective during 2022 with no material effect on the financial statements

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Revenue recognition policy under IFRS 15

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised as and when services have been rendered.

Tangible fixed assets

Tangible fixed assets are stated at historical cost, less accumulated depreciation. Assets in the course of construction are not depreciated until they are brought into use.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Asset class	**Depreciation method and rate**
Leasehold Improvements	Estimated useful life of underlying asset or remaining term of the lease, whichever is shorter
Computer Equipment	straight line over 2 - 6 years
Office Equipment	straight line over 3 - 5 years
Right-of-use assets	lease term

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any material changes in estimates accounted for on a prospective basis.

Effective July 1, 2022 the Company, changed the estimated useful life of server and network equipment from 4 to 6 years, for existing assets as of June 30, 2022 and future purchases. The impact of the change was calculated and deemed immaterial for adjustment.

Going concern

Management expects no significant change in the Company's activities and continued strong engagement on the platform to drive revenue growth.

On the basis of the directors' assessment of the Company's financial position and solvency, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Company's recorded a profit of $40,435,011 (2021: $30,768,170) for the financial year end and had a net current assets of $67,371,205 (2021: $43,253,759) and net assets of $87,919,947 (2021: $62,256,403) at the balance sheet date. The directors have considered the future cash requirements of the Company's business in the context of the economic environment, risks and uncertainties facing the Company and the medium-term strategy of the Company and concluded that sufficient reserves are available in respect of the liquidity and the equity base of the Company to guarantee continuity of the Company. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The directors, therefore, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current Tax and Deferred Tax for the financial year

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

Foreign currency transactions and balances

Transactions in foreign currencies are recorded in US Dollars at the rate of exchange ruling at the dates of the transactions. The resulting monetary assets and liabilities are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are recorded in the profit and loss account.

Share-based payments

Equity-settled share-based payments, which include restricted stock units ("RSUs") are measured at fair value of the equity instruments of Microsoft Corporation (the ultimate parent company) at the date of grant to the employees. They are expensed with the accelerated recognition method, based on the ultimate parent company's estimate of the number of equity instruments that will eventually vest. At the end of the reporting period, the ultimate parent company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to profit and loss account reserves. Microsoft stock options are granted primarily in conjunction with business acquisitions and will assume the original vesting schedule of those options. The fair value of options outstanding for the Company is estimated on the grant date using the Black-Scholes option valuation model.

As Microsoft Corporation does not require reimbursement for the cost of the grant, amounts relating to the grant are deemed a contribution by Microsoft Corporation in its capacity as owner. If Microsoft Corporation levies an intercompany charge on the Company in relation to the share-based payments, the amount of that charge is offset against profit and loss account reserves. If the amount of recharge exceeds the capital contribution, that excess is accounted for as a distribution to Microsoft Corporation.

Compensation expense for the employee stock purchase plan ("ESPP") is measured as the discount the employee is entitled to upon purchase and is recognised in the period of purchase.

Financial Instruments

Classification

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

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

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

<u>Significant increase in credit risk</u>

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers quantitative and qualitative information that is reasonable and supportable, including historical experience.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Overall economic health risk
- Overall political health risk
- Current outstanding receivables performance over a rolling 12 months
- Bad debts historical losses over a rolling 24 months
- Over 180 days past due receivables performance over a rolling 12 months

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors in full.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are severely past due. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

• Nature of financial instruments (i.e. trade and other receivables and amounts due from customers are each assessed as a separate group. Receivables from related parties are assessed for expected credit losses on an individual basis);
• Past-due status;
• Nature, size and industry of debtors; .
The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Reclassification of financial assets
Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short-term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. On recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and amounts due to related parties.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:
Loans and borrowings - After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortisation is included as finance costs in the statement of profit or loss.
Payables are measured at amortised cost.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Pension Scheme
The Company operates a defined contribution pension scheme and contributions are charged against profits as they fall due.

Trade 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.

Dividends
Dividend distribution to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Leases
The Company as a lessee
For any new contracts entered on or after 1 January 2020, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:
• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
• the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
• the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (revised in-substance fixed lease payments), and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for low-value leases using the practical expedient. Therefore, the right-of-use asset and lease liability for low-value leases will be not recognised on the balance sheet. As at 31 December 2022 there are no leases which are below USD $5k but should the situation arise, this exemption will be applied.

On the statement of financial position, right-of-use assets have been included in tangible assets and lease liabilities have been included split between other current liabilities and long-term lease liabilities. They will be disclosed in detail in the notes.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

No critical judgements, apart from those involving estimations were required to be made by management in the process of applying the Company's accounting policies.

Key sources of estimation uncertainty

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

(i) Valuation of share-based payments

The ultimate parent company, Microsoft Corporation, issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on an accelerated recognition basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

(ii) Useful lives of tangible assets

The cost of property, plant and equipment is depreciated using the straight-line method, over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. Management has not considered any residual value as it is deemed immaterial.

(iii) Deferred tax assets

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2022 $	2021 $
Marketing support services income from related company	214,759,697	179,345,622

LinkedIn Technology UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

3 Operating profit

The operating profit is stated after charging/(crediting)

		2022 $	2021 $
Depreciation of tangible fixed assets	8.1	3,445,690	4,047,573
Foreign exchange (gain)/losses		(8,929,493)	738,349
Defined contribution pension costs		3,795,481	3,175,224
Amortisation on right-of-use assets	8.2	6,021,820	5,910,413

During the year, no director received any emoluments (2021: Nil). Directors' emoluments were borne by a fellow group company.

4 Net Finance costs

		2022 $	2021 $
Interest received on loan with related party		(664,267)	(10,431)
Interest expense on leases liabilities	16	1,215,927	1,457,965
		551,660	1,447,534

5 Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2022 $	2021 $
Audit of the financial statements	24,415	23,742

No other fees were paid in relation to any other services, except as disclosed above (2021: $Nil).

6 Staff costs

Staff costs were as follows:

		2022 $	2021 $
Wages and salaries		94,884,877	73,154,363
Social security costs		17,343,305	13,092,586
Defined contribution pension costs	15	3,795,481	3,175,224
Share-based payment expenses	14	15,674,301	8,398,020
		131,697,964	97,820,193

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

	2022 No.	2021 No.
Sales, marketing and distribution	497	359

7 Income tax

Tax charged in the profit and loss account

		2022 $	2021 $
Corporation tax			
Current tax on profits for the year		10,901,988	7,593,513
UK corporation tax adjustment in respect of prior periods		(103,800)	(126,964)
		10,798,188	7,466,549
Deferred tax			
Origination and reversal of timing differences		(533,519)	(556,271)
Adjustment in respect of prior periods		380,690	30,561
Arising from changes in tax rates		(434,028)	(517,510)
Total deferred taxation	13	(586,857)	(1,043,220)
Tax expense in the profit and loss account		10,211,331	6,423,329

The tax on profit before tax for the year is higher/(2021:lower) than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2022 $	2021 $
Profit before tax	50,646,342	37,191,499
Corporation tax at standard rate	9,622,805	7,066,385
Adjustments to tax charge in respect of prior periods	276,890	(96,403)
Expenses not deductible for tax purposes	87,570	133,919
Income not taxable	142,287	(4,057)
Share options timing differences	13,299	(159,005)
Deferred tax expense relating to changes in tax rates	(434,028)	(517,510)
Other tax effects for reconciliation between accounting profit and tax expense	502,508	-
Total tax charge	10,211,331	6,423,329

LinkedIn Technology UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

8 Tangible assets

		31 December 2022 $	31 December 2021 $
Tangible assets	8.1	23,684,515	26,582,898
Right-of-use assets	8.2	67,187,152	67,942,430
		90,871,667	94,525,328

8.1 Tangible assets

	Leasehold improvements $	Office equipment $	Computer equipment $	Total $
Cost or valuation				
At 1 January 2022	27,926,783	7,204,600	2,247,341	37,378,724
Additions	61,310	-	485,997	547,307
Transfers	-	-	-	-
At 31 December 2022	27,988,093	7,204,600	2,733,338	37,926,031
Depreciation				
At 1 January 2022	4,640,665	4,606,668	1,548,493	10,795,826
Charge for the year	1,921,905	1,001,946	521,839	3,445,690
At 31 December 2022	6,562,570	5,608,614	2,070,332	14,241,516
Carrying amount				
At 31 December 2022	21,425,523	1,595,986	663,006	23,684,515
At 31 December 2021	23,286,118	2,597,932	698,848	26,582,898

LinkedIn Technology UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

8.2 Right-of-use assets - Leases

The Company has lease contracts for its office and various IT equipment. These are included within tangible assets in the balance sheet. Details of the Company's right-of-use assets and their carrying amounts are as follows:

	Property $	Other $	Total $
Cost or valuation			
At 1 January 2022	84,864,207	132,852	84,997,059
Additions	5,177,439	89,103	5,266,542
Termination	-	(132,852)	(132,852)
At 31 December 2022	90,041,646	89,103	90,130,749
Depreciation			
At 1 January 2022	16,929,157	125,472	17,054,629
Charge for the year	5,939,045	82,775	6,021,820
Termination	-	(132,852)	(132,852)
At 31 December 2022	22,868,202	75,395	22,943,597
Carrying amount			
At 31 December 2022	67,173,444	13,708	67,187,152
At 31 December 2021	67,935,050	7,380	67,942,430

Additions to the right-of-use assets during the 2022 financial year were $5,266,542 (2021: $nil).

LinkedIn Technology UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

9 Trade and other debtors

		31 December 2022 $	31 December 2021 $
Amounts owed by related parties*		92,040,647	63,500,130
VAT receivable		1,078,707	2,246,493
Prepayments**		1,931,044	2,235,262
Other debtors		24	584,790
Deferred tax	13	4,066,354	4,970,403
Total current trade and other debtors		99,116,776	73,537,078

* Receivables from related parties are unsecured and repayable within 60-90 days from delivery of invoice and includes a short-term interest-bearing loan of $36,319,545 (2021: $12,815,653) to Microsoft Global Finance which bears interest at a rate equivalent to the US federal reserve short term deposit rate of 0.05% to 3.8% (2021: 0.01% to 0.08%). The remaining amounts bear no interest.

The management of the Company estimate the allowance on amounts owed by related parties at the end of the reporting period at an amount equal to lifetime expected credit losses ("ECL"). None of the receivable balances from related parties at the end of the reporting period are past due, and, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, management of the Company consider that no related party balances are impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for balances due from related parties.

**Prepayments of $628,463 (2021: $687,440) fall due after more than one year. The carrying value of prepayments and other debtors does not contain any impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of prepayments and other debtors. The Company measures the loss allowance for prepayments and other debtors at an amount equal to lifetime ECL. The ECL on prepayments and other debtors are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date. The Company has not recorded any credit losses on the amounts outstanding at the reporting date since no such receivables met the criteria for loss allowance.

10 Cash at bank and in hand

	31 December 2022 $	31 December 2021 $
Cash at bank	114	-

11 Creditors: Amounts falling due within one year

	Note	31 December 2022 $	31 December 2021 $
Trade creditors		1,402,427	1,315,471
Amounts due to related parties		4,459,028	5,726,086
Corporation tax payable		3,602,379	1,076,700
Social security taxes		8,569,067	7,938,699
Accrued expenses		11,311,681	11,551,015
Current portion of long-term lease liabilities	16	2,401,103	2,675,348
		31,745,685	30,283,319

The directors consider that the carrying value of creditors approximates fair value.

12 Share capital

Allotted, called up and fully paid shares

	31 December 2022 No.	31 December 2022 $	31 December 2021 No.	31 December 2021 $
1,000 Issued shares of $1.999 each	1,000	1,999	1,000	1,999

13 Deferred tax

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

	Note	31 December 2022 $	31 December 2021 $
Included in debtors			
Deferred tax	9	4,066,354	4,970,403

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	At 1 January 2022 $	Recognised in profit and loss $	Recognised in equity $	At 31 December 2022 $
Accelerated tax depreciation	739,827	(385,280)	-	354,547
Other items	330,476	(150,150)	-	180,326
Share-based payment	3,900,100	1,122,287	(1,490,906)	3,531,481
Net tax assets	4,970,403	586,857	(1,490,906)	4,066,354

14 Share-based payments

The ultimate parent company, Microsoft Corporation (Microsoft) grants stock-based compensation to employees and directors. Awards that expire or are cancelled without delivery of shares generally become available for issuance under the plans. Microsoft issues new shares of Microsoft common stock to satisfy vesting of awards granted under our stock plans. Stock awards entitle the holder to receive shares of Microsoft common stock as the award vests. Stock awards generally vest over a service period of four years or five years. Microsoft stock options are granted primarily in conjunction with business acquisitions and will assume the original vesting schedule of those options.

Microsoft also has an ESPP for all eligible employees. Shares of our common stock may be purchased by employees at three-month intervals at 90% of the fair market value on the last trading day of each three-month period. Employees may purchase shares having a value not exceeding 15% of their gross compensation during an offering period.

The weighted average share price at the date of exercise for share options exercised during the period was $87.31. The options outstanding at 31 December 2022 had a weighted exercise price of $18.92 and a weighted average contractual life of 6.29 years. Stock options with a fair value of $nil were awarded in the current year (2021: $nil).

Stock awards with a fair value of $26,240,804 were awarded in the current year (2021: $18,699,461). The current year share-based payment expense is $15,674,301 (2021: $8,398,020).

15 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totalling $3,795,481 (2021: $3,175,224) were payable to the fund during the year. $721,306 was outstanding at the year-end (2021: $1,321,908).

16 Leases

The Company has leases for the office and some IT equipment. The Company classifies its right-of-use assets in a consistent manner to its tangible assets (see note 8.2).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are non-cancellable. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

	No. of right-of-use assets leased	Range of remaining term (Years)	Average remaining lease term	No. of leases with termination option
Office building	7	11	11	-
IT Equipment	1	0.17	0.17	-

Right-of-use assets

Additional information on the right-of-use assets by class of assets is as follows:

	Asset	Carrying amount at 31 December 2022 $	Additions $	Disposals $	Depreciation $	Adjustment $
Office building	7	67,173,444	5,177,439		(5,939,045)	-
IT equipment	1	13,708	89,103	(132,852)	(82,775)	-
	8	67,187,152	5,266,542	(132,852)	(6,021,820)	-

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Lease liabilities

Lease liabilities are presented in the balance sheet as follows:

	31 December 2022 $	31 December 2021 $
At 1 January	78,198,032	80,932,479
Additions	89,103	-
Interest accretion	1,215,927	1,457,965
Lease payments	(3,814,225)	(4,315,117)
Other Movements*	(2,964,808)	122,705
At 31 December	72,724,029	78,198,032

* Other movements include reassessments and foreign exchange.

	31 December 2022 $	31 December 2021 $
Current portion of long-term lease liabilities	2,401,103	2,675,348
Long term lease liabilities	70,322,925	75,522,684

The use of extension options gives the company added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. There are no extension and termination options associated with office building leases. Accordingly, there are no future cash outflows to which the Company is potentially exposed in respect of extension and termination options.

Sale and leaseback transactions

There have been no sale and leaseback transactions in the current year.

Amounts recognised in profit and loss

Depreciation and amortisation expense

Depreciation and amortisation expense consist of the following:

	31 December 2022 $	31 December 2021 $
Depreciation of right-of-use assets	6,021,820	5,910,413

Finance costs for the reporting periods consist of the following:

	31 December 2022 $	31 December 2021 $
Interest expense on lease liabilities	1,215,927	1,457,965

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flows is reported in the table below:

	31 December 2022 $	31 December 2021 $
Less than one year	3,631,061	4,053,652
2 years	5,654,605	4,053,652
3 years	7,234,714	6,336,616
4 years	7,234,714	8,107,305
5 years	7,234,714	8,107,305
5-10 years	36,173,571	40,536,523
Between 10-25 years	16,500,090	17,352,546
Total lease liabilities (undiscounted)	83,663,469	88,547,599

17 Controlling party

The Company's ultimate parent undertaking and controlling party is Microsoft Corporation, incorporated in the United States of America. The largest and smallest group in which the results of the Company are consolidated is that headed by Microsoft Corporation. The consolidated financial statements of Microsoft Corporation are physically available at One Microsoft Way, Redmond, Washington, 98052-6399.

The directors consider the immediate parent undertaking to be LinkedIn Ireland, a company incorporated in The Republic of Ireland.

18 Post Balance Sheet Events

Subsequent to year end, the Company declared a dividend of $35m to its parent company. No other events occurred after the balance sheet date that would impact significantly on the financial statements.

19 Authorisation of Financial Statements

The financial statements of LinkedIn UK for the financial year ended 31 December 2022 were authorised for issue by the board of directors on August 9, 2023. The address of the registered office is given on the Company Information page. The nature of the Company's operations and its principal activities are set out in the Strategic Report.