

Registration number: 04760596

Semtech EMEA Limited

Annual Report and Financial Statements

for the Period from 27 January 2020 to 31 January 2021

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SEMTECH EMEA LIMITED

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SEMTECH EMEA LIMITED

COMPANY INFORMATION

Directors G M Beauchamp
J T Gutierrez

Registered office 40 Holborn Viaduct
London
EC1N 2PZ

Independent Auditor Azets Audit Services
Carnac Place
Cams Hall Estate
Fareham
Hampshire
PO16 8UY

Solicitors Irwin Mitchell LLP
40 Holborn Viaduct
London
EC1N 2PZ

SEMTECH EMEA LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

The directors present their strategic report for the period from 27 January 2020 to 31 January 2021.

Principal activity

The principal activity of the company is that of research and development of fibre optic communications technology, along with the selling and marketing of semiconductor products.

Business Review

As part of the Semtech Corporation group reorganisation, effecting from 26 January 2015, the trading operations of the company have changed. This included the transfer into the company of parts of the trade and assets of other Semtech group entities such that the company also became a distributor of other Semtech and Gennum products to customers across Europe.

Business revenue increased in FY21 to \$86 million versus FY20 \$75 million and COGS decreased as a function of margin improvement on standard cost, 66% in FY21 versus 66% in FY20. FY21 COGS were \$56 million versus FY20 COGS of \$49 million.

Key performance indicators

	2021	2020
Turnover	86,048,051	74,669,654
Gross margins	30,007,130	25,394,367
Profit on ordinary activities before tax	8,196,739	5,634,123
Profit for the financial period	6,753,630	4,930,522
Average number of employees	86	84

Principal risks and uncertainties

The company's parent, Semtech Corporation, performs a risk analysis on an annual basis, taking into consideration the business activities of the company. The principal risks and uncertainties facing the company are competitive, economic cycles, rapid technology change, foreign exchanges and reliance on key employees.

The company is exposed to foreign currency rate fluctuations and US dollars are used as the functional currency. Expenses are incurred mainly in the UK in pound sterling. In addition, the company is exposed to rate fluctuations on assets and liabilities denominated in foreign currencies.

SEMTECH EMEA LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

Statutory duties under s172(1) Companies Act 2006

The directors understand the business and the evolving environment in which we operate, including the challenges of navigating through the various technology transitions. Based on Semtech's purpose to progress together by providing safer sustainable technology solutions, the strategy set by the board is intended to strengthen our position as a leading Semiconductor company by leveraging our highly skilled teams to develop new products that solve some of the world's most complex design challenges, making a positive and significant impact in our lives and environment. The directors recognise that Semtech employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

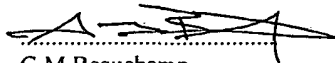
Engagement with employees

Our future success is dependent on key employees. The competition in the industry for high-level and competent engineering, marketing and sales staff is significant, and it is necessary that the company successfully attracts and retains highly qualified personnel. This continues to be a challenge. The loss of certain key employees, or the inability to hire and attract key employees, could adversely affect our business, results and financial position.

Engagement with suppliers, customers and other relationships

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and governments. Semtech seeks the promotion and application of certain general principles in such relationships. Semtech has proven to achieve record number of new design wins which supports and sustains strong relationships with its customers. The businesses continuously assess the priorities related to customers and those with whom we do business, and the Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

Approved by the Board on ~~8 April 2022~~ and signed on its behalf by:



G M Beauchamp
Director

SEMTECH EMEA LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

The directors present their report and the financial statements for the period from 27 January 2020 to 31 January 2021.

Directors of the company

The directors who held office during the period were as follows:

G M Beauchamp

J T Gutierrez

Results and dividends

An interim dividend payment of \$25,000,000 was made in the financial period ended 31 January 2021. This dividend has not been recognised as a liability in the financial statements.

Information included in the Strategic Report

The company has chosen in accordance with s414C(11) Companies Act 2006 to set out the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 to be contained in the directors report. It has done so in respect of its principal risks and uncertainties.

Financial instruments

Objectives and policies

Competitive risks

Our target market is extremely competitive. The company competes on the basis of technological performance, price, availability, quality and sales and technical support. The entry of new competitors in our market or the entry of new competitive products could have an adverse material effect on our business, results and financial condition.

Economic Cycles

Historically, the semiconductor business has been characterised by wide fluctuations in supply and demand. The industry has also experienced significant downturns, often in connection with, or in anticipation of, declines in general economic conditions. While the company maintains constant dialogue with customers to gauge current and expected market conditions, fluctuations in the business environment can occur quickly and with little warning.

Rapid Technological Change

The semiconductor industry is characterised by rapid technological change. Demand for the company's products may change in ways it may not anticipate because of evolving industry standards or as a result of evolving customer needs that are increasingly sophisticated and varied, or because of the introduction by competitors of new services and technologies.

SEMTECH EMEA LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

Environmental report

The Group is complying with the requirements of the Streamlined Energy and Carbon Reporting (SECR) by declaring emissions, as detailed below, for the period 1 February 2020 to 31 January 2021, which closely matches the company's financial period. The company's financial period is 27th January 2020 to 31st January 2021.

Reasons for change in emissions

This is the first year of reporting under SECR and forms the base for reporting. No change in emissions is therefore reported at this time.

Quantification and reporting methodology

HM Government environmental reporting guidelines: including streamlined energy and carbon reporting guidance (March 2020) has been used for the collation of data sources and reporting of emissions. *UK Government GHG conversion factors for company reporting* has been used for the reporting of emissions, using the 2020 version.

Organisational boundary

The financial boundary of the business has been used to determine the reporting boundary.

Operational scope

Measurements include mandatory scope 1 and 2 emissions and some scope 3 emissions related to transmission and distribution losses of electricity and grey fleet.

Exclusions and estimates

There are no specific exclusions from this report and negligible estimations have been made.

Base Year

The base year is chosen as 2020/2021. This is the first year for which a full reliable dataset has been collated and is typical in respect of business operations.

The recalculation policy is to review the base year against currently reported emissions for relevant changes which meet a significance threshold value of 5% of base year emissions.

Target setting & responsibilities

The target is to reduce gross scope 1 and 2 emissions in tonnes of CO₂e per squared meter of the office area by 2% per year against the chosen base year of February 2020 to January 2021. The performance against target will be reviewed periodically.

Intensity measurement

The metric chosen for reporting is gross scope 1, 2 and 3 emissions in tonnes of CO₂e per squared meter of the office area as this is closely matched to the business operation. The intensity measurement will be reported each year with a comparison made against the previous year to highlight performance.

Carbon Offsetting

No carbon offsetting has been registered or acquired for this financial period.

SEMTECH EMEA LIMITED

**DIRECTORS' REPORT FOR THE PERIOD FROM 27 JANUARY 2020 TO 31
JANUARY 2021**

Emissions and energy consumption

Summary of scope 1 (direct) greenhouse gas emissions for the period from 1 February 2020 to 31 January 2021:

Description	Unit of Metric	
Natural Gas	Tonnes	<u> -</u>

Summary of scope 2 (indirect) greenhouse gas emissions for the period from 1 February 2020 to 31 January 2021:

Description	Unit of Metric	
Electricity	Tonnes	<u> 135</u>

Summary of scope 3 (other indirect) greenhouse gas emissions for the period from 1 February 2020 to 31 January 2021:

Description	Unit of Metric	
Electricity T&D Losses	Tonnes	12
Private transport used for business purposes	Tonnes	<u> 2</u>
		<u> 14</u>

Summary of energy consumption for the period from 1 February 2020 to 31 January 2021:

Description	Unit of Metric	
Energy Consumption	kWh	<u> 587,452</u>

Intensity ratio

Intensity Metric (Net emissions) tCO₂e / square meter is 0.083

SEMTECH EMEA LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

Future developments

The business will continue to focus on datacom products with faster and faster data rates and innovative ways to reduce cost and power for existing data rate solutions. In addition to this, the business will also investigate and develop products in tangential markets that can use derivatives of our technology and techniques.

As data rates increase, the business will use a mix of silicon and III-V semiconductor technologies, to get the optimum speed, performance and cost. Products will be developed that target data rates at 25Gb/s, 100Gb/s, 400Gb/s, 800Gb/s and beyond using conventional and complex modulation schemes. This work will be done in partnership with customers and suppliers of other parts of the system.

For existing lower bit rate systems, we will innovate and develop new ideas to address this area, to allow for different and cheaper, lower power solutions that will allow for further widespread customer adoption. This will be done by using existing lower cost base technologies, building in differentiation with innovation, making products easier to set up and use in the system reducing the component costs, but also the next level system build and set up costs. This will be a continual development and product introduction process over the next one to five years.

Important non adjusting events after the financial period

On 10 November 2021, the Semtech group undertook a restructure of some of its entities. As a result, with effect from that date, Semtech Limited has become the new holding company for Semtech International AG, and indirect holding company for its respective subsidiaries, including Semtech EMEA Limited. Previously, Semtech International AG was the immediate parent company for both Semtech Limited and Semtech EMEA Limited.

Semtech Corporation remains the ultimate parent undertaking.

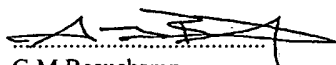
Directors' indemnities

During the period there were no directors indemnities.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on ~~8 April 2022~~ and signed on its behalf by:



G M Beauchamp
Director

SEMTECH EMEA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the annual 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

SEMTECH EMEA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMTECH EMEA LIMITED

Opinion

We have audited the financial statements Semtech EMEA Limited (the 'company') for the year ended 31 January 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and notes to the cash flow statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 original financial statements were 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.

SEMTECH EMEA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMTECH EMEA LIMITED

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.

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.

Opinion on other matter 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

SEMTECH EMEA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMTECH EMEA LIMITED

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 Financial Reporting Council'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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

SEMTECH EMEA LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMTECH EMEA
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.

Azets Audit Services

.....
Zara Hogg FCA, BA (Hons) (Senior Statutory Auditor)
For and on behalf of Azets Audit Services, Statutory Auditor

Carnac Place
Cams Hall Estate
Fareham
Hampshire
PO16 8UY

Date: 13 April 2022

SEMTECH EMEA LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 27 JANUARY 2020 TO 31
JANUARY 2021**

	Note	2021 \$	2020 \$
Turnover	4	86,048,051	74,669,654
Cost of sales		<u>(56,040,921)</u>	<u>(49,275,287)</u>
Gross profit		30,007,130	25,394,367
Administrative expenses		(22,515,884)	(20,694,531)
Other operating income	5	<u>679,456</u>	<u>682,255</u>
Operating profit	6	<u>8,170,702</u>	<u>5,382,091</u>
Other interest receivable and similar income	7	107,476	252,170
Interest payable and similar expenses	8	<u>(81,444)</u>	<u>(138)</u>
		<u>26,032</u>	<u>252,032</u>
Profit before tax		8,196,734	5,634,123
Tax on profit	12	<u>(1,485,743)</u>	<u>(703,601)</u>
Profit for the financial period		<u><u>6,710,991</u></u>	<u><u>4,930,522</u></u>

The above results were derived from continuing operations.

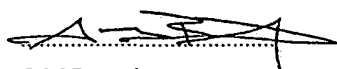
The company has no recognised gains or losses for the period other than the results above.

SEMTECH EMEA LIMITED

(REGISTRATION NUMBER: 04760596)
BALANCE SHEET AS AT 31 JANUARY 2021

	Note	2021 \$	2020 \$
Fixed assets			
Intangible assets	13	132,622	107,254
Tangible assets	14	<u>5,417,411</u>	<u>4,961,942</u>
		<u>5,550,033</u>	<u>5,069,196</u>
Current assets			
Debtors	15	16,534,668	5,824,230
Cash at bank and in hand	16	<u>7,774,348</u>	<u>33,984,692</u>
		24,309,016	39,808,922
Creditors: Amounts falling due within one year	17	<u>(20,792,800)</u>	<u>(17,607,532)</u>
Net current assets		<u>3,516,216</u>	<u>22,201,390</u>
Total assets less current liabilities		<u>9,066,249</u>	<u>27,270,586</u>
Provisions for liabilities	19	<u>(592,960)</u>	<u>(508,288)</u>
Net assets		<u>8,473,289</u>	<u>26,762,298</u>
Capital and reserves			
Called up share capital	21	18,386	18,386
Profit and loss account	22	<u>8,454,903</u>	<u>26,743,912</u>
Shareholders' funds		<u>8,473,289</u>	<u>26,762,298</u>

Approved and authorised by the Board on 8 April 2022 and signed on its behalf by:



G M Beauchamp
Director

SEMTECH EMEA LIMITED

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

	Share capital	Profit and loss	Total
	\$	account	\$
At 27 January 2019	18,386	21,813,390	21,831,776
Profit for the period	-	4,930,522	4,930,522
Total comprehensive income	-	4,930,522	4,930,522
At 26 January 2020	18,386	26,743,912	26,762,298
	Share capital	Profit and loss	Total
	\$	account	\$
At 27 January 2020	18,386	26,743,912	26,762,298
Profit for the period	-	6,710,991	6,710,991
Total comprehensive income	-	6,710,991	6,710,991
Dividends	-	(25,000,000)	(25,000,000)
At 31 January 2021	18,386	8,454,903	8,473,289

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

1 General information

Semtech EMEA Limited (04760596) is a private company, limited by shares, incorporated and domiciled in the UK and registered in England and Wales. The Company's registered address is 40 Holborn Viaduct, London, EC1N 2PZ. The Company's place of trade is Part Ground and First Floors, Block B, St James Court, Great Park Road, Bristol, BS32 4QJ.

These financial statements are presented in US dollars and that is the functional currency due to the primary economic environment in which the company operates.

2 Accounting policies

2.1 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.

2.2 Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

2.3 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

2 Accounting policies (continued)

2.4 Summary of disclosure exemptions

The company, being a subsidiary of Semtech Corporation, whose consolidated financial statements are publicly available, has taken advantage of the following disclosure exemptions:

- (a) the requirement to provide a statement of cash flows,
- (b) the requirement to disclose financial liabilities measured at amortised cost,
- (c) the requirement to disclose information regarding their share-based payment arrangements concerning equity instruments in another group entity,
- (d) the requirement to disclose key management personnel compensation in total.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Contract revenue recognition

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

2 Accounting policies (continued)

2.6 Finance income and costs policy

Interest income is recognised in the profit and loss account using the effective interest method.

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Foreign currency transactions and balances

The Group, of which Semtech EMEA Limited is a member, reports financial performance in US Dollar, which is also its functional currency.

Profit and loss account transactions incurred in GB pounds sterling ("GBP") or other currencies are translated into USD at the average rate for the accounting period being presented. Monetary assets and liabilities denominated in GBP or other currencies are translated into USD at the closing rates at the balance sheet date. Non-monetary assets and liabilities are recorded at historical cost, translated into USD, at the rate prevailing at the transaction date. Differences on translation are included in the profit and loss account for the year.

2.8 Tax

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

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

2.9 Tangible assets

Tangible assets are stated in the balance sheet at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

2 Accounting policies (continued)

2.10 Depreciation

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

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

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

Depreciation is provided on the following basis:

Asset class	Depreciation method and rate
Leasehold improvements	over the period of the lease
Plant and machinery	5-8 years straight line
Fixtures and fittings	7-8 years straight line
Computer equipment	3 years straight line
Assets under construction	not depreciated

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2.13 Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

2 Accounting policies (continued)

2.14 Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.15 Provisions

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

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

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

2.16 Leases

Rentals paid under operating leases are charged to the Profit & loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

2 Accounting policies (continued)

2.18 Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

2.19 Defined benefit pension obligation

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.20 Share based payments

The ultimate parent company operates cash and equity settled long term equity incentive plans, whereby options and restricted stock unit (RSU) awards are granted to employees of the UK operation.

In accordance with FRS 102 Section 26 Share-based payments, provision is also made for the fair value of share options and restricted stock units unexercised at the balance sheet date.

Share options and stock awards are granted to employees with share options and stock awards vesting over four years, in first, second, third and fourth tranches on the anniversary of the award date. Shares are vested on the condition that the recipient is still an employee of the company at the time of the award.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

2 Accounting policies (continued)

2.21 Financial instruments

Recognition and measurement

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.22 Development costs

Research and development expenditure is written off as incurred.

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

3 Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, which are described in Note 2, management has made some judgments that have a significant effect on the amounts recognised in the financial statements.

These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The key sources of estimation uncertainty that may have a significant effect on the amounts recognised in the financial statements are;

i) Valuation and creditor amounts in respect of the long term equity incentive plans.

The valuation methods used will impact upon the values included within the accounts.

4 Revenue

The analysis of the company's turnover for the period by class of business is as follows:

	2021	2020
	\$	\$
Semi-conductor product sales	<u>86,048,051</u>	<u>74,669,654</u>

The analysis of the company's turnover for the period by market is as follows:

	2021	2020
	\$	\$
UK	929,855	1,898,397
Rest of Europe	34,672,023	34,209,353
Rest of the World	<u>50,446,173</u>	<u>38,561,904</u>
	<u>86,048,051</u>	<u>74,669,654</u>

5 Other operating income

The analysis of the company's other operating income for the period is as follows:

	2021	2020
	\$	\$
Research and development tax credit	<u>679,456</u>	<u>682,255</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

6 Operating profit

	2021	2020
	\$	\$
Research & development charged as an expense	2,327,799	2,148,442
Depreciation of tangible fixed assets	1,570,537	1,530,130
Exchange differences	224,711	194,043
Other operating lease rentals	682,854	669,109
Defined contribution pension cost	313,330	303,834
	<u>5,119,231</u>	<u>4,845,558</u>

7 Other interest receivable and similar income

	2021	2020
	\$	\$
Other finance income	<u>107,476</u>	<u>252,170</u>

8 Interest payable and similar expenses

	2021	2020
	\$	\$
Interest on bank overdrafts and borrowings	<u>81,444</u>	<u>138</u>

9 Staff costs

The aggregate payroll costs were as follows:

	2021	2020
	\$	\$
Wages and salaries	11,725,214	10,191,332
Social security costs	1,981,413	907,889
Pension costs, defined contribution scheme	313,330	303,834
	<u>14,019,957</u>	<u>11,403,055</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

9 Staff costs (continued)

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	2021 No.	2020 No.
Research and development	74	73
Administration and support	7	7
Sales	5	4
	<u>86</u>	<u>84</u>

10 Directors' remuneration

During the period no director received any remuneration (2020 - £ nil)

11 Auditors' remuneration

	2021 \$	2020 \$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>27,879</u>	<u>20,535</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

12 Taxation

Tax charged/(credited) in the income statement

	2021	2020
	\$	\$
Current taxation		
UK corporation tax	1,732,578	814,580
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(246,835)</u>	<u>(110,979)</u>
Tax expense in the income statement	<u>1,485,743</u>	<u>703,601</u>

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	\$	\$
Profit before tax	<u>8,196,734</u>	<u>5,634,123</u>
Corporation tax at standard rate	1,557,380	1,070,483
Effect of expense not deductible in determining taxable profit (tax loss)	29	7,939
Effect of foreign tax rates	955	-
Deferred tax credit from unrecognised tax loss or credit	(246,835)	(110,979)
Decrease in UK and foreign current tax from adjustment for prior periods	(278,133)	-
Tax increase from effect of capital allowances and depreciation	310,956	4,060
Tax increase/(decrease) from other short-term timing differences	118,005	(64,238)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>23,386</u>	<u>(203,664)</u>
Total tax charge	<u>1,485,743</u>	<u>703,601</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

13 Intangible assets

	Software	Total
	\$	\$
Cost or valuation		
At 27 January 2020	221,931	221,931
Additions acquired separately	56,030	56,030
Transfer between classes	19,902	19,902
At 31 January 2021	<u>297,863</u>	<u>297,863</u>
Amortisation		
At 27 January 2020	114,677	114,677
Amortisation charge	50,564	50,564
At 31 January 2021	<u>165,241</u>	<u>165,241</u>
Carrying amount		
At 31 January 2021	<u><u>132,622</u></u>	<u><u>132,622</u></u>
At 26 January 2020	<u><u>107,254</u></u>	<u><u>107,254</u></u>

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY 2020 TO 31 JANUARY 2021

14 Tangible assets

	Land and buildings \$	Plant and machinery \$	Furniture & fittings \$	Computer equipment \$	Properties under construction \$	Total \$
Cost or valuation						
At 27 January 2020	833,053	11,421,100	270,443	335,281	101,545	12,961,422
Additions	-	1,351,434	20,834	65,917	609,805	2,047,990
Disposals	-	-	-	(2,082)	-	(2,082)
Transfers	-	81,643	-	-	(101,545)	(19,902)
At 31 January 2021	<u>833,053</u>	<u>12,854,177</u>	<u>291,277</u>	<u>399,116</u>	<u>609,805</u>	<u>14,987,428</u>
Depreciation						
At 27 January 2020	321,285	7,230,046	146,121	302,028	-	7,999,480
Charge for the period	115,555	1,382,780	31,236	40,966	-	1,570,537
At 31 January 2021	<u>436,840</u>	<u>8,612,826</u>	<u>177,357</u>	<u>342,994</u>	<u>-</u>	<u>9,570,017</u>
Carrying amount						
At 31 January 2021	<u>396,213</u>	<u>4,241,351</u>	<u>113,920</u>	<u>56,122</u>	<u>609,805</u>	<u>5,417,411</u>
At 26 January 2020	<u>511,768</u>	<u>4,191,054</u>	<u>124,322</u>	<u>33,253</u>	<u>101,545</u>	<u>4,961,942</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

15 Debtors

	Note	2021 \$	2020 \$
Trade debtors		5,354,878	3,695,157
Amounts owed by related parties		8,746,392	1,274,855
Other debtors		441,008	294,264
Prepayments and Accrued Income		251,591	330,390
Deferred tax assets		476,400	229,564
Corporation tax liability	12	1,264,399	-
		<u>16,534,668</u>	<u>5,824,230</u>

16 Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	<u>7,774,348</u>	<u>33,984,692</u>

17 Creditors

	2021 \$	2020 \$
Due within one year		
Trade creditors	685,639	406,389
Amounts due to related parties	10,741,101	6,559,113
Other payables	4,404,984	3,912,561
Corporation tax	-	1,076,534
Accruals and Deferred Income	4,961,076	5,652,935
	<u>20,792,800</u>	<u>17,607,532</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

18 Deferred Taxation

	2021	2020
	\$	\$
At beginning of year	229,564	118,586
Charged to profit or loss	<u>246,835</u>	<u>110,978</u>
At end of year	<u><u>476,399</u></u>	<u><u>229,564</u></u>
The deferred tax asset is made up as follows:		
Accelerated capital allowances	(494,444)	(805,255)
Other timing differences	<u>970,843</u>	<u>1,034,819</u>
	<u><u>476,399</u></u>	<u><u>229,564</u></u>

19 Provisions for liabilities

	Employee benefits	Total
	\$	\$
At 27 January 2020	508,288	508,288
Additional provisions	<u>84,672</u>	<u>84,672</u>
At 31 January 2021	<u><u>592,960</u></u>	<u><u>592,960</u></u>

The provisions relate to the potential National Insurance Contributions arising on the exercise of share options under the Unapproved Share Option scheme of the ultimate parent undertaking, Semtech Corporation. The options outstanding at the Balance Sheet date may be exercised at any time after the right to do so has accrued.

20 Pension and other schemes**Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to \$288,991 (2020 - \$278,445).

Contributions totalling \$26,116 (2020 - \$23,956) were payable to the scheme at the end of the period and are included in creditors.

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

21 Share capital**Allotted, called up and fully paid shares**

	2021		2020	
	No.	\$	No.	\$
Ordinary shares of £0.0004 each	<u>29,101,650</u>	<u>18,386</u>	<u>29,101,650</u>	<u>18,386</u>

22 Reserves**Profit and loss account**

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

23 Obligations under leases and hire purchase contracts**Operating leases**

The total of future minimum lease payments is as follows:

	2021	2020
	\$	\$
Not later than one year	420,084	391,048
Later than one year and not later than five years	1,532,072	1,563,231
Later than five years	<u>145,590</u>	<u>441,804</u>
	<u>2,097,746</u>	<u>2,396,083</u>

24 Dividends

	2021	2020
	\$	\$
Final dividend of \$Nil (2020 - \$Nil) per ordinary share	<u>-</u>	<u>-</u>

The directors are recommending a final dividend of \$Nil (2020 - \$Nil) per share totalling \$Nil (2020 - \$Nil). This dividend has not been accrued in the Balance Sheet.

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 27 JANUARY
2020 TO 31 JANUARY 2021**

24 Dividends (continued)

Interim dividends paid

	2021	2020
	\$	\$
Interim dividend of \$25,000,000 (2020 - Nil)	<u>25,000,000</u>	<u>-</u>

25 Related party transactions

The company has taken advantage of the exemption available under FRS 102 not to disclose any related party transactions occurring with wholly owned group companies.

As per accounting policy 2.4 Semtech EMEA Limited has taken advantage of a number of disclosure exemptions.

26 Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Semtech Corporation, incorporated in United States of America.

The address of Semtech Corporation is:
200 Flynn Road, Camarillo, USA.

The results of the company are consolidated by Semtech Corporation and copies of its financial statements can be obtained from the registered office, 200 Flynn Road, Camarillo, USA. .

The parent of the smallest group in which these financial statements are consolidated is Semtech (International) AG, incorporated in Switzerland.

27 Non adjusting events after the financial period

On 10 November 2021, the Semtech group undertook a restructure of some of its entities. As a result, with effect from that date, Semtech Limited has become the new holding company for Semtech International AG, and indirect holding company for its respective subsidiaries, including Semtech EMEA Limited. Previously, Semtech International AG was the immediate parent company for both Semtech Limited and Semtech EMEA Limited.

Semtech Corporation remains the ultimate parent undertaking.