

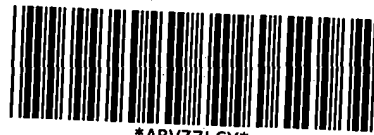
Registration number: 04760596

Semtech EMEA Limited

Annual Report and Financial Statements

for the Period from 1 February 2021 to 30 January 2022

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SEMTECH EMEA LIMITED

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SEMTECH EMEA LIMITED

COMPANY INFORMATION

Directors	G M Beauchamp J T Gutierrez
Independent Auditor	Wise & Co Chartered Accountants and Statutory Auditors Wey Court West Union Road Farnham Surrey GU9 7PT
Solicitors	Irwin Mitchell LLP 40 Holborn Viaduct London EC1N 2PZ
Registered office	40 Holborn Viaduct London EC1N 2PZ

SEMTECH EMEA LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30 JANUARY 2022

The directors present their strategic report for the period from 1 February 2021 to 30 January 2022.

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

Semtech EMEA Limited is a trading company but also acts as a distributor of other Semtech and Gennum products to customers across Europe.

Semtech EMEA Limited's main focus is in datacoms with a significant focus on the PON (Passive Optical Network) segment. In this financial year, the PON market has shown high growth both in terms of numbers of units shipped but also in the increasing data rates (2.5Gbit/second increasing to 10Gbit/second). Semtech EMEA Limited is the leading supplier from a market share and innovation perspective. The higher number of units shipped has resulted in higher record revenues and the increasing gross margin is a reflection of the difficulty and the need for innovation in achieving those higher speeds. Whilst we see continued 2.5G revenue and 10G continuing to grow, Semtech EMEA Limited is also investing and supplying the next generation products for the PON market at 25Gbit/second and beyond. Whilst China leads PON demand, service providers in Europe, North America and India have announced PON deployment which supports future PON growth globally.

Business revenue increased in FY22 to \$119 million versus FY21 \$86 million and COGS decreased as a function of margin improvement on standard cost, 61% in FY22 versus 66% in FY21. FY22 COGS were \$73 million versus FY21 COGS of \$56 million.

Key performance indicators

	2022	2021
Turnover	119,090,420	86,048,051
Gross margins	46,207,003	30,007,130
Profit on ordinary activities before tax	23,215,078	8,170,702
Profit for the financial period	19,739,875	6,710,991
Average number of employees	92	86

SEMTECH EMEA LIMITED

STRATEGIC REPORT FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30 JANUARY 2022

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.

Foreign Exchange risks

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.

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.

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.

SEMTECH EMEA LIMITED

**STRATEGIC REPORT FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30
JANUARY 2022**

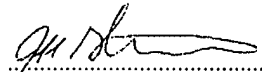
Engagement with employees

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 ^{19 January 2023} and signed on its behalf by:



J T Gutierrez
Director

SEMTECH EMEA LIMITED

**DIRECTORS' REPORT FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30
JANUARY 2022**

The directors present their report and the financial statements for the period from 1 February 2021 to 30 January 2022.

Directors of the company

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

G M Beauchamp

J T Gutierrez

Dividends

The directors do not recommend the payment of a dividend (2021: \$25,000,000) and the profit for the year will be taken to retained earnings.

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 research and development activities and business relationships with suppliers, customers and others.

SEMTECH EMEA LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30 JANUARY 2022

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 2021 to 31 January 2022, which closely matches the company's financial period. The company's financial period is 1st February 2021 to 30th January 2022.

Reasons for change in emissions

This is the second year of reporting under SECR. The current emissions compared to the base year (February 2020 - January 2021) have been reduced by 3.9 tonnes of CO₂e, which accounts for a 2.6% reduction. The main factor causing that reduction is associated with a drop in business travel.

Quantification and reporting methodology

HM Government Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019) 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 2021 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 February 2020 - January 2021 and the reported emissions during that period were 148.7 tonnes of CO₂e. The emissions for the current period show a reduction of 2.6% regarding the base year, which is mainly due to a reduction in the fuel used for business travel due to more meetings being held online as an effect of COVID-19.

Target setting & responsibilities

The target is to reduce gross scope 1 and 2 emissions in tonnes of CO₂e per square meter of the office area by 2% per year against the chosen base year of February 2020 to January 2021. The performance against the target will be reviewed periodically. The reduction of the performance of the current period against the base year was 2.6%.

Intensity measurement

The metric chosen for reporting is gross scope 1, 2, and 3 emissions in tonnes of CO₂e per square meter of 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 1 FEBRUARY 2021 TO 30
JANUARY 2022**

Emissions and energy consumption

Summary of scope 1 (direct) greenhouse gas emissions for the period from 1 February 2020 to 30 January 2022:

Description	Unit of measurement	2022	2021
Natural Gas	Metric Tonnes	<u>-</u>	<u>-</u>

Summary of scope 2 (indirect) greenhouse gas emissions for the period from 1 February 2020 to 30 January 2022:

Description	Unit of measurement	2022	2021
Electricity	Metric Tonnes	<u>132</u>	<u>135</u>

Summary of scope 3 (other indirect) greenhouse gas emissions for the period from 1 February 2020 to 30 January 2022:

Description	Unit of measurement	2022	2021
Electricity T&D Losses	Metric Tonnes	12	12
Private transport used for business purposes	Metric Tonnes	<u>1</u>	<u>2</u>
		<u>12</u>	<u>14</u>

Summary of energy consumption for the period from 1 February 2020 to 30 January 2022:

Description	Unit of measurement	2022	2021
Energy Consumption	kWh	<u>632,170</u>	<u>587,452</u>

Intensity ratio

Intensity Metric (Net emissions) tCO₂e / square meter is 0.081 in 2022, a reduction of 2.6% from 0.083 in 2021.

Energy efficiency action

In the financial period, Semtech EMEA Ltd. has not carried out further measures to reduce energy consumption. The office in Bristol, which has the highest contribution to the company's carbon emissions, was refurbished in 2017 with high energy efficiency standards and therefore there are currently no plans for further projects in that office.

SEMTECH EMEA LIMITED

**DIRECTORS' REPORT FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30
JANUARY 2022**

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.

Branches outside the United Kingdom

There are two branches outside of the United Kingdom, Nanotech Semiconductor Limited Nordic Filial registered in Sweden and Nanotech Semiconductor Limited Norwegian Branch registered in Norway.

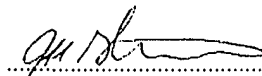
Directors' indemnities

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 19 January 2023 and signed on its behalf by:



J T Gutierrez
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 of Semtech EMEA Limited (the 'Company') for the year ended 30 January 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 30 January 2022 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 Auditors' 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

SEMTECH EMEA LIMITED

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page nine, 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals, significant accounting estimates and evaluating whether there was evidence of bias by the directors or management that represented a risk of material misstatement due to fraud.

We did not identify any key audit matters relating to irregularities, including fraud.

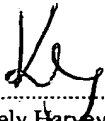
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

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.



.....
Keely Harvey BSc (Hons) FCA (Senior Statutory Auditor)
For and on behalf of
Wise & Co,
Chartered Accountants and Statutory Auditors
Wey Court West
Union Road
Farnham
Surrey
GU9 7PT

Date: 23/01/2023

SEMTECH EMEA LIMITED

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30
JANUARY 2022**

	Note	2022 \$	2021 \$
Turnover	4	119,090,420	86,048,051
Cost of sales		<u>(72,883,417)</u>	<u>(56,040,921)</u>
Gross profit		46,207,003	30,007,130
Administrative expenses		(23,737,420)	(22,515,884)
Other operating income	5	<u>745,495</u>	<u>679,456</u>
Operating profit	6	<u>23,215,078</u>	<u>8,170,702</u>
Other interest receivable and similar income	7	89,046	107,476
Interest payable and similar expenses	8	<u>(50,063)</u>	<u>(81,444)</u>
		38,983	26,032
Profit before tax		23,254,061	8,196,734
Tax on profit	12	<u>(3,514,186)</u>	<u>(1,485,743)</u>
Profit for the financial period		<u>19,739,875</u>	<u>6,710,991</u>

The above results were derived from continuing operations.

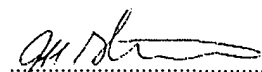
The company has no recognised gains or losses for the period other than the results above.

SEMTECH EMEA LIMITED

**(REGISTRATION NUMBER: 04760596)
BALANCE SHEET AS AT 30 JANUARY 2022**

	Note	2022 \$	2021 \$
Non-current assets			
Intangible assets	13	69,097	132,622
Tangible assets	14	5,600,383	5,417,411
Financial assets	15	16,504,046	-
		<u>22,173,526</u>	<u>5,550,033</u>
Current assets			
Debtors	16	14,546,917	16,534,668
Cash at bank and in hand	17	30,029,114	7,774,348
		44,576,031	24,309,016
Creditors: Amounts falling due within one year	18	<u>(21,565,853)</u>	<u>(20,792,800)</u>
Net current assets		<u>23,010,178</u>	<u>3,516,216</u>
Total assets less current liabilities		<u>45,183,704</u>	<u>9,066,249</u>
Provisions for liabilities	20	<u>(555,540)</u>	<u>(592,960)</u>
Net assets		<u>44,628,164</u>	<u>8,473,289</u>
Capital and reserves			
Called up share capital	22	26,280	18,386
Share premium reserve	23	16,407,106	-
Profit and loss account	23	28,194,778	8,454,903
Shareholders' funds		<u>44,628,164</u>	<u>8,473,289</u>

Approved and authorised by the Board on ¹⁹ January 2023 and signed on its behalf by:



J T Gutierrez
Director

SEMTECH EMEA LIMITED

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 FEBRUARY
2021 TO 30 JANUARY 2022**

	Share capital	Profit and loss	Total	
	\$	account	\$	
	\$	\$	\$	
At 27 January 2020	17,723	26,743,912	26,761,635	
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)	
New share capital subscribed	663	-	663	
At 31 January 2021	18,386	8,454,903	8,473,289	
	Share capital	Share	Profit and loss	Total
	\$	premium	account	\$
	\$	\$	\$	\$
At 1 February 2021	18,386	-	8,454,903	8,473,289
Profit for the period	-	-	19,739,875	19,739,875
Total comprehensive income	-	-	19,739,875	19,739,875
New share capital subscribed	7,894	16,407,106	-	16,415,000
At 30 January 2022	26,280	16,407,106	28,194,778	44,628,164

The notes on pages 18 to 35 form an integral part of these financial statements.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30 JANUARY 2022

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 1 FEBRUARY 2021 TO 30 JANUARY 2022

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

When services are performed by an indeterminate number of acts over a specified period of time, an entity recognises revenue on a straight-line basis over the specified period.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30 JANUARY 2022

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 1 FEBRUARY 2021 TO 30 JANUARY 2022

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 measured at transaction price, less any 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 1 FEBRUARY 2021 TO 30 JANUARY 2022

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.

2.15 Intercompany loans

Loans are commonly made between entities in a group on an arm's length terms. Loans are initially recognised at cost and subsequently measured at amortised cost using the effective interest method.

2.16 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.

2.17 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.

2.18 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 1 FEBRUARY 2021 TO 30 JANUARY 2022

2 Accounting policies (continued)

2.19 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.

2.20 Defined contribution pension scheme

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.

2.21 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.

2.22 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 incase 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.

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

2 Accounting policies (continued)

2.23 Development costs

Research and development expenditure is written off as incurred.

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30 JANUARY 2022

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:

	2022	2021
	\$	\$
Semi-conductor product sales	117,717,623	83,336,074
Contract revenue	1,372,797	2,711,977
	<u>119,090,420</u>	<u>86,048,051</u>

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

	2022	2021
	\$	\$
UK	2,610,642	929,855
Rest of Europe	45,259,464	31,960,046
Rest of the World	71,220,314	53,158,150
	<u>119,090,420</u>	<u>86,048,051</u>

5 Other operating income

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

	2022	2021
	\$	\$
Research and development tax credit	<u>745,495</u>	<u>679,456</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

6 Operating profit

	2022	2021
	\$	\$
Research & development charged as an expense	2,643,081	2,327,799
Depreciation of tangible fixed assets	1,748,339	1,570,537
Exchange differences	5,242	224,711
Other operating lease rentals	726,108	682,854
Defined contribution pension cost	361,009	313,330
	<u>5,483,779</u>	<u>5,119,231</u>

7 Other interest receivable and similar income

	2022	2021
	\$	\$
Interest income on investments	89,046	-
Other finance income	-	107,476
	<u>89,046</u>	<u>107,476</u>

8 Interest payable and similar expenses

	2022	2021
	\$	\$
Interest on bank overdrafts and borrowings	<u>50,063</u>	<u>81,444</u>

9 Staff costs

The aggregate payroll costs were as follows:

	2022	2021
	\$	\$
Wages and salaries	12,490,586	11,725,214
Social security costs	1,218,723	1,981,413
Pension costs, defined contribution scheme	361,009	313,330
	<u>14,070,318</u>	<u>14,019,957</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

9 Staff costs (continued)

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

	2022	2021
	No.	No.
Research and development	77	74
Administration and support	8	7
Sales	7	5
	<u>92</u>	<u>86</u>

10 Directors' remuneration

During the period no director received any remuneration (2021 - £ nil)

11 Auditors' remuneration

	2022	2021
	\$	\$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>34,829</u>	<u>27,879</u>

	2022	2021
	\$	\$
Fees payable for the preparation of the Company's annual tax return.	<u>11,500</u>	<u>11,000</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

12 Taxation

Tax charged/(credited) in the income statement

	2022	2021
	\$	\$
Current taxation		
UK corporation tax	3,508,537	1,732,578
Deferred taxation		
Arising from origination and reversal of timing differences	<u>5,649</u>	<u>(246,835)</u>
Tax expense in the income statement	<u>3,514,186</u>	<u>1,485,743</u>

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	\$	\$
Profit before tax	<u>23,254,061</u>	<u>8,196,734</u>
Corporation tax at standard rate	4,418,272	1,557,380
Effect of expense not deductible in determining taxable profit (tax loss)	3,710	29
Effect of foreign tax rates	(1,677)	955
Deferred tax expense/(credit) from unrecognised tax loss or credit	5,649	(246,835)
Decrease in UK and foreign current tax from adjustment for prior periods	(18,034)	(278,133)
Tax (decrease)/increase from effect of capital allowances and depreciation	(159,428)	310,956
Tax (decrease)/increase from other short-term timing differences	(48,642)	118,005
Tax decrease arising from group relief	(662,749)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(22,915)</u>	<u>23,386</u>
Total tax charge	<u>3,514,186</u>	<u>1,485,743</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

13 Intangible assets

	Software \$	Total \$
Cost or valuation		
At 1 February 2021	297,863	297,863
Additions acquired separately	<u>2,727</u>	<u>2,727</u>
At 30 January 2022	<u>300,590</u>	<u>300,590</u>
Amortisation		
At 1 February 2021	165,241	165,241
Amortisation charge	<u>66,252</u>	<u>66,252</u>
At 30 January 2022	<u>231,493</u>	<u>231,493</u>
Carrying amount		
At 30 January 2022	<u><u>69,097</u></u>	<u><u>69,097</u></u>
At 31 January 2021	<u><u>132,622</u></u>	<u><u>132,622</u></u>

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30 JANUARY 2022

14 Tangible assets

	Leasehold Improvements \$	Plant and machinery \$	Furniture & fittings \$	Computer equipment \$	Assets under construction \$	Total \$
Cost or valuation						
At 1 February 2021	833,053	12,854,177	291,277	399,116	609,805	14,987,428
Additions	-	1,183,186	-	46,048	702,544	1,931,778
Disposals	-	(2,805)	-	(24,692)	-	(27,497)
Transfers	-	609,805	-	-	(609,805)	-
At 30 January 2022	<u>833,053</u>	<u>14,644,363</u>	<u>291,277</u>	<u>420,472</u>	<u>702,544</u>	<u>16,891,709</u>
Depreciation						
At 1 February 2021	436,840	8,612,826	177,357	342,994	-	9,570,017
Charge for the period	115,556	1,557,201	33,467	42,115	-	1,748,339
Eliminated on disposal	-	(2,338)	-	(24,692)	-	(27,030)
At 30 January 2022	<u>552,396</u>	<u>10,167,689</u>	<u>210,824</u>	<u>360,417</u>	<u>-</u>	<u>11,291,326</u>
Carrying amount						
At 30 January 2022	<u>280,657</u>	<u>4,476,674</u>	<u>80,453</u>	<u>60,055</u>	<u>702,544</u>	<u>5,600,383</u>
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>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

15 Financial Assets

	2022	2021
	\$	\$
Group loan	<u>16,504,046</u>	<u>-</u>

Group loan

The loan was made to a group company during the year, the repayment date of the loan is 9 March 2025 and interest is charged at 2.25% per annum.

16 Debtors

	2022	2021
Note	\$	\$
Trade debtors	7,813,906	5,354,878
Amounts owed by related parties	5,737,284	8,746,392
Other debtors	254,853	441,008
Prepayments and Accrued Income	258,826	251,591
Deferred tax assets	482,048	476,400
Corporation tax liability	12 -	1,264,399
	<u>14,546,917</u>	<u>16,534,668</u>

17 Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank	<u>30,029,114</u>	<u>7,774,348</u>

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

18 Creditors

	2022	2021
	\$	\$
Due within one year		
Trade creditors	1,201,276	685,639
Amounts due to related parties	10,135,848	10,741,101
Other payables	4,129,912	4,404,984
Corporation tax	1,474,597	-
Accruals and Deferred Income	4,624,220	4,961,076
	<u>21,565,853</u>	<u>20,792,800</u>

19 Deferred Taxation

	2022	2021
	\$	\$
At beginning of year	476,399	229,564
Charged to profit or loss	5,649	246,835
At end of year	<u>482,048</u>	<u>476,399</u>
The deferred tax asset is made up as follows:		
Accelerated capital allowances	(731,374)	(494,444)
Other timing differences	1,213,422	970,843
	<u>482,048</u>	<u>476,399</u>

20 Provisions for liabilities

	Employee benefits	Total
	\$	\$
At 1 February 2021	592,960	592,960
Increase (decrease) in existing provisions	(37,420)	(37,420)
At 30 January 2022	<u>555,540</u>	<u>555,540</u>

SEMTECH EMEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 FEBRUARY 2021 TO 30 JANUARY 2022

20 Provisions for liabilities (continued)

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.

21 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 \$334,413 (2021 - \$288,991).

Contributions totalling \$82,295 (2021 - \$80,051) were payable to the scheme at the end of the period and are included in creditors.

22 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	\$	No.	\$
Ordinary shares of £0.0004 each	<u>43,652,475</u>	<u>26,280</u>	<u>29,101,650</u>	<u>18,386</u>

23 Reserves

Profit and loss account

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

Share Premium Account

The share premium account shows the increase in Capital on contribution of Semtech International AG. This reserve is the excess amount paid for shares above their nominal value.

24 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

24 Obligations under leases and hire purchase contracts (continued)

	2022	2021
	\$	\$
Not later than one year	441,389	420,084
Later than one year and not later than five years	1,233,755	1,532,072
Later than five years	-	145,590
	<u>1,675,144</u>	<u>2,097,746</u>

25 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.

Shares are granted to employees with a vesting period of 4 years, the first vesting of 25% on the anniversary of the grant and each further 25% vesting on the anniversary thereafter. The settlement of the shares is in equity under the condition the employee is under an employment agreement at the time of vesting. The employee forfeits any further vesting after leaving the company.

Options are granted to employees with a vesting period of 4 years, the first vesting of 25% on the anniversary of the grant and each further vesting of 25% on the anniversary thereafter. Exercised options are cash settled. Vested options will expire one month after the employee leaves the company.

The fair value of options is determined by the application of the Black-Scholes valuation model, and the fair value of RSU awards is determined by the market value of the equity instrument at the date of grant.

SEMTECH EMEA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1
FEBRUARY 2021 TO 30 JANUARY 2022**

26 Dividends

The directors are recommending a final dividend of \$Nil (2021 - \$Nil) per share totalling \$Nil (2021 - \$Nil). This dividend has not been accrued in the Balance Sheet.

Interim dividends paid

	2022	2021
	\$	\$
Interim dividend of \$25,000,000 (2021 - Nil)	<u>-</u>	<u>25,000,000</u>

27 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.

28 Relationship between entity and parents

The immediate parent undertaking of the company is Semtech International AG, a company incorporated in Switzerland.

At the balance sheet date, the ultimate parent undertaking and controlling party is Semtech Corporation, a company incorporated in the United States of America.

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.