DisplayLink®

DISPLAYLINK (UK) LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 JUNE 2021

Registered in England & Wales Number 04811048

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FOR THE PERIOD ENDED 26 JUNE 2021

COMPANY INFORMATION
FOR THE PERIOD ENDED 26 JUNE 2021

DIRECTORS	David Hargreaves Dean Butler John McFarland
COMPANY SECRETARY	John McFarland
REGISTERED OFFICE	22 Cambridge Science Park Milton Road Cambridge CB4 0GH
INDEPENDENT AUDITOR	KPMG LLP Botanic House 100 Hills Road Cambridge CB2 1AR
BANKERS	HSBC UK Bank Plc 1 Centenery Square Birmingham B1 1HQ

DIRECTORS' REPORT
FOR THE PERIOD ENDED 26 JUNE 2021

The Directors present their annual report and consolidated financial statements of DisplayLink (UK) Limited (the "Company") and its subsidiary undertaking (together the "Group") for the period ended 26 June 2021. On 21 May 2021, the company shortened the accounting period from 26 September 2021 to 26 June 2021 for the purpose of alignment with Synaptics, the ultimate parent, fiscal year-end.

PRINCIPAL ACTIVITIES

DisplayLink (UK) Limited ("DisplayLink") is a leading fabless semiconductor and software provider whose products enable any device (mobile, tablet, PC) to connect to any display using standard interfaces such as USB, Wi-Fi and Ethernet. The Group's solutions benefit from changing trends in the enterprise IT market such as the growth of mobile devices, the consumerisation of IT, the emergence of bring your own device (BYOD) and the increasing use of multi-screen computing.

FUTURE DEVELOPMENTS

See disclosure in the strategic report.

GOING CONCERN

The directors of DisplayLink (UK) Limited have a reasonable expectation that the Company and the Group have adequate resources for the foreseeable future, and therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIVIDENDS

In the prior accounting period, the directors declared and approved a dividend of $113,289,805 on 18 September 2020. $42,999,980 was used to settle intercompany loan agreements with the remainder settled in cash. The dividend was fully paid within one year from the declaration date in 2021. Post balance sheet on 13 December 2021, the directors declared and approved a dividend of $26,636,760.

DIRECTORS

David Hargreaves
Dean Butler
John McFarland

DIRECTORS' INDEMNITIES

New qualifying third party indemnity agreements were entered into between the Group and each of its directors and officers which remained in force during the financial year and remain in force at the date of signing the financial statements.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities could expose it to a number of risks including, adequacy of resources (primarily people), competition risk, cash flow risk, credit risk, interest rate risk and foreign exchange risk. The Group does not use derivative financial instruments for speculative purposes. The Group's activities and development expose it to the risk that the Group and wider group, incorporating its parent company, will encounter difficulty in meeting its liabilities as they fall due. This risk is managed through monitoring of future cash flow requirements. The key risks affecting the business including financial risks are set out below.

RECRUITMENT AND RETENTION OF SUITABLY QUALIFIED STAFF

Last year, a restructuring programme was initiated to ensure the roles within the enlarged group reflected the Synaptics strategy. The Group continues to prioritise retention in order to realise its ambition and deliver goals. The Group has visibility of its future needs, via a regularly reviewed annual operating plan. The Group offers competitive employment packages, including healthcare, income protection, pension, gym and cycling incentives. In addition, the Group continues to use outsourcing for a substantial portion of its software development. The implications, on hiring and retention, of Brexit is a concern and the Group continues to monitor the situation closely. The Group provides an exciting career path for its employees and it continues to invest in training and leadership development. It has refurbished its facilities in the UK and Poland, with each providing a highly attractive operating environment. Once a year, the Group explains its strategy, goals and objectives to all its employees and subsequently provides full and confidential updates to such employees on a regular basis.

CYBER SECURITY

Two aspects of cyber security are relevant to our business.

Firstly, with respect to the Group's IT systems, a breach of security could take many forms and could significantly impact the business. The cyber security landscape is also continuously evolving with threats becoming more sophisticated and aggressive. Because a cyber attack may remain undetected for a period of time and because the techniques used by criminal hackers and other third parties change frequently, the Group may be unable to anticipate these techniques or implement adequate preventative measures. Deliberate or accidental loss of data, either from an external attack or an internal control weakness could lead to reputational damage, regulatory and compliance issues and a loss of confidence. The Group does not deal directly with consumers and the main repository of data relates to its employees and service providers.

The Group has implemented cyber-security policies, processes, technologies and tools intended to secure its data and systems to prevent and detect unauthorised access to, or loss of data, or the data of customers, partners, vendors and employees. The Group now harness Synaptics internally resourced, in-house IT team and used third parties to test for vulnerabilities, from which, no significant issues were found. The Group also has a Security Team (SecCom) which provides the appropriate governance to security processes, covering development using secure debug keys (dongles) and managing the provisioning of encryption keys to its products from secure repositories held within our facility. The Group is an active founder member of the IoT Security Foundation, and in line with industry best practices, has a Security Vulnerability Disclosure policy and process.

The Group's products are designed with in-built security protecting IP. and third-party encryption keys for industry-standard protocols such as HDCP (High Definition Content Protection). The Group's customers rely on the integrity of its components to protect their overall product security.

MARKET DISRUPTION

The Group operates in a fast-moving industry where competitive products, larger competitors, new market trends or disruptive technology may emerge which reduce the ability of the Group to compete and execute its strategy and achieve goals and objectives. The Group regularly tracks market share of its products against data from such publications. The Group continues to invest heavily in intellectual property, which it believes will create the greatest long-term value for the Group.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

GLOBAL AND POLITICAL LANDSCAPE

The global political landscape continues to shift with ongoing uncertainty surrounding Brexit, the US:China trading relationship, and emerging trade tension which has increased the volatility of this risk.

Since the UK's vote to leave the European Union in June 2016, the uncertainty surrounding Brexit resulted in a stronger US dollar relative to GBP. All of the Group's gross margin is US dollar denominated and much of the Group's overhead base is GBP denominated. The Group also employs a large number of skilled personnel who are EU citizens, who have been offered support on their particular situations. Brexit is, however, adversely affecting the Group's ability to hire EU citizens and this is expected to continue. The Group is partly able to mitigate this by using an outsourcing partner for software development employing engineering teams based in Eastern Europe, including Serbia and Romania.

Although the Group's trading relationships are almost exclusively in Asia, much of the resulting finished products are exported to the USA and therefore directly impacted by the imposition of import tariffs. The US:China relationship has had an impact on the Group's revenues in the past, it is difficult to predict the outcome of current negotiations, but the Group is aware that a number of ODM customers are moving production from China and into areas which do not attract tariffs when sold into the US.

Continued uncertainty, whether related to US:China trade, Brexit uncertainty, or sudden economics shocks such as the Covid-19 pandemic may result in an economic recession to which the Group will be exposed, as it will likely reduce end-user demand for finished products using the Group's components.

CREDIT RISK

The Group's principal financial assets are bank balances and intercompany debtors. Since the acquisition the Group no longer carries the trade debtor risk, as this is borne by Synaptics. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

DisplayLink are reliant on the receipt of income by way of intercompany royalty. Each period end an assessment is done on that intercompany balance to confirm recoverability.

INTEREST RATE RISK

The Group no longer has third party debt, and thus the group considers risk of rising interest rates to be low. Due to the size of the Group's cash and treasury balances, the recent reduction in global interest rates will significantly reduce the Group's income from treasury deposits.

FOREIGN EXCHANGE RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, mainly because its revenues are USD denominated whereas most of the operating expenses are GBP denominated. Please see note on Global and Political Landscape.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The SECR disclosure presents the Group's carbon footprint within the United Kingdom for Scope 1, 2 and 3 emissions based on SECR Legislation, an appropriate intensity metric and the total energy use of electricity, gas and transport fuel for the period ended 26 June 2021.

	Metric	2021	2020
Scope 1 – Combustion of fuel from direct operation of facilities	tCO2e	117.68	127.35
Scope 2 – Electricity, heat, steam and cooling purchased for own use	tCO2e	0.89	0.76
Total	tCO2e	118.57	128.11
Intensity measurement	tCO2e/$m revenue	1.77	1.41
Energy consumption – energy used to calculate emissions	mWh	559.11	550.35

The Group continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including:
• increasing investment in training staff about energy efficiency; and
• continuous monitoring and central control of heating, ventilation and air conditioning.
• offering and encouraging the uptake of the Cycle to Work scheme, incentivising employees to reduce emissions from their commute.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 group's profit or loss for that period. In preparing the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are also responsible for articulating how they have had regard to the matters set out in Sections 172(i) (a) to (f) when performing their duties under Section 172 of the Companies Act 2006. Such statement appears in the Strategic Report.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

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

INDEPENDENT AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the Board

David Hargreaves
Director
Approved by the directors on 19 May 2022

STRATEGIC REPORT
FOR THE PERIOD ENDED 26 JUNE 2021

The directors present their strategic report for the Group for the period ended 26 June 2021.

BUSINESS REVIEW

The Group has had another successful year with turnover $67.2 million for period ended 26 June 2021 (2020: $91.2 million). DisplayLink has always been a fabless semiconductor manufacturer, relying on test and fabrication partners in Asia to manufacture it's products. Post acquisition in July 2020, Synaptics leveraged the internal Hong Kong based operations of Synaptics to directly manage customers and the manufacturing supply chain. Synaptics shares many of the same customers, therefore billing functions were consolidated to Hong Kong. Whilst the underlying nature of DisplayLink's trade has not changed, following the organisational restructure, Synaptics now holds both the external customer relationship and manages the cost of sales function centrally. Turnover and gross profit are now entirely driven by Synaptics, with a quarterly intercompany royalty in the period ended 26 June 2021. The royalty in the year 2021 is equivalent to the gross margin if DisplayLink were to have made the external sale, less a management charge. DisplayLink no longer has trade receivable balances with third parties or inventory balances.

The Group made an operating profit in 2021 of $31.1 million (2020: $17.2 million). The Group's continued success is due to the increasing adoption of low cost 4K ultra HD displays and the unexpected increase in sales as a result of the COVID 19 pandemic with increased working from home expanding the demand for docks.

The Group is expected to continue to make profits in 2022 and beyond. The Group plans to continue its strong investment in the business to drive growth.

The Group set itself five key goals which are as follows:

(i) be a world leader in display connectivity
(ii) defend in Enterprise docking market share
(iii) expand into new markets with high margins & value
(iv) innovate high quality solutions that are valued by end users
(v) deliver business value in a stimulating, purposeful and supportive working environment, including making DisplayLink a great place to work.

The Group is in the process of aligning these goals with Synaptics goals and values.

Group net funds (cash and short-term deposits) decreased from $84.9m at 26 September 2020 to $48.1 million at 26 June 2021, a net funds outflow of $36.8 million. This was largely due to cash outflows from financing activities.

The average number of employees within the Group decreased from 251 in 2020 to 180 in 2021.

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT WITH EMPLOYEES AND OTHER STAKEHOLDERS

The Directors of the Company are required to act in accordance with a set of general duties, such duties being defined by Section 172 of the UK Companies Act 2006, which are summarised below:

A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company (i.e. short, medium and long term value creation) for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to the:

(a) likely consequences of any decision in the long term
(b) interests of the company's employees
(c) need to foster the company's business relationships with suppliers, customers & others
(d) impact of the company's operations on the community and the environment
(e) desirability of the company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly as between members of the company

The Section 172 duty needs to be applied along with the other duties of a director including the duty to exercise independent judgement (s173), reasonable care, skill and diligence (s174). In addition, each director must act within his/her powers (s171) and within the various conflict avoidance duties (s175-177).

The directors are reminded of their duties under Section 172 at each meeting of the directors. Those responsible for preparing board papers are required to ensure that any relevant factors (including, but not limited to, the six s172 factors) are properly considered and if necessary, relevant factors can be included in the paper, or in any presentation made to the board. Responsibility for considering relevant factors can be *delegated to the members of the management team preparing the relevant Board paper.*

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT WITH EMPLOYEES AND OTHER STAKEHOLDERS (CONTINUED)

As is typical of a venture capital backed technology business, prior to the acquisition a significant majority of the voting shares and the economic interest in the business were in the hands of such venture capital funds, who were all represented on the Board of the Company and its parent, DisplayLink Corp., through the combination of Board and Observer seats. In addition, a number of employees were shareholders through the exercise of share options. During the year the shareholders were asked to approve certain resolutions relating to capital structure, share options and the acquisition.

Post acquisition, Synaptics Inc (the ultimate parent of the DisplayLink Group) provide an attractive stock offering package to all employees. These packages typically vest over three to four years and are designed to align the interests of the employees with that of the Company's.

For the period to 26 June 2021, the important decisions made by the Directors of the Company have included (i) the approval of the annual budget for Financial Year 2021 along with a discussion about a three-year strategic plan, and (ii) approval of audited financial statements for the period ended 26 September 2020.

In addition, a review of business operations, most of which are carried on by the Company, takes place monthly.

The Group regularly updates all of its employees on the performance of the business, in particular against corporate goals and objectives as well as sharing new plans and developments, which is followed by a Q&A session. These updates also include sharing information that is both sensitive and confidential. Such updates take place in close proximity to Board meetings, so that the updates reflect the latest news.

The Group also conducts annual staff surveys, with the results shared with all employees. Through the sales and operations teams, the Company keeps in very close contact with its direct (and indirect) customers as well as its supply chain partners.

This Section 172(1) statement can also be read on the Company's website www.displaylink.com.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risks and uncertainties are discussed in the Directors' report under the section "Risk Management Objectives and Policies".

KEY PERFORMANCE INDICATORS

To support the Group's strategy and to monitor performance, the directors use a number of financial and non-financial key performance indicators (KPIs). These KPIs are selected as being important to the success of the Group in delivering its strategic objectives and include revenue, operating costs, EBITDA, cash, headcount, book-to-bill metrics, average selling prices and product costs. Progress is assessed by comparison with the Group's strategy, goals and objectives, its budget for the year and against historical performance. Executive management use a range of further benchmarks and other KPIs as part of their planning and performance review processes. The list of KPIs selected is reviewed and updated to ensure it remains important and relevant to the success of the group. In general, the Group has performed well against all of its KPIs. Post year end, a number of these metrics and drivers have changed due to the acquisition.

FUTURE OUTLOOK

The directors expect revenues to continue to grow. Increased investment is expected to take place in new products and new markets. The Group derives it's revenue from four distinct chip platforms (G2, G3, G4 and G5) serving different customers and segments. The G6 chip is been developed through to risk production and will target applications in the network display market. A G7 chip is currently in development. In addition to its core enterprise docking market, the Group's technology is also being applied to a number of other applications such as mobile phones, network displays and meeting room solutions.

The Group has strong cash position and no debt, and it is therefore confident that its growth can be funded from existing resources.

Signed on behalf of the Board

David Hargreaves
Director
Approved by the directors on 19 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DISPLAYLINK (UK) LIMITED FOR THE PERIOD ENDED 26 JUNE 2021

Opinion

We have audited the financial statements of DisplayLink (UK) Limited ("the company") for the period ended 26 June 2021 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 26 June 2021 and of the group's profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no significant third-party revenues as at period end.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts in relation to revenue, cash and borrowings.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DISPLAYLINK (UK) LIMITED (CONTINUED) FOR THE PERIOD ENDED 26 JUNE 2021

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.

Kelly Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 19 May 2022

DISPLAYLINK (UK) LIMITED
REGISTERED NUMBER: 04811048

CONSOLIDATED PROFIT AND LOSS ACCOUNT / CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 26 JUNE 2021

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the period ended			For the period ended		
	Note	26-Jun-21 $	26-Jun-21 $	26-Jun-21 $	26-Sep-20 $	26-Sep-20 $	26-Sep-20 $
		Before exceptional items	Exceptional items (Note 4)	Total	Before exceptional items	Exceptional items (Note 4)	Total
Turnover	5	67,159,054	-	**67,159,054**	91,157,185	-	91,157,185
Cost of sales		(626,752)	-	**(626,752)**	(22,825,092)	-	(22,825,092)
GROSS PROFIT		66,532,302	-	**66,532,302**	68,332,093	-	68,332,093
Administrative expenses		(35,106,368)	(281,317)	**(35,387,685)**	(47,142,841)	(4,032,423)	(51,175,264)
OPERATING PROFIT	6	31,425,934	(281,317)	**31,144,617**	21,189,252	(4,032,423)	17,156,829
Interest receivable and similar income	8	108,703	-	**108,703**	1,206,902	-	1,206,902
PROFIT BEFORE TAXATION		31,534,637	(281,317)	**31,253,320**	22,396,154	(4,032,423)	18,363,731
Tax on profit	10	(3,561,150)	-	**(3,561,150)**	956,951	-	956,951
PROFIT FOR THE FINANCIAL YEAR		*27,973,487*	*(281,317)*	***27,692,170***	*23,353,105*	*(4,032,423)*	*19,320,682*

All activities derive from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	26-Jun-21 $	26-Jun-21 $	26-Jun-21 $	26-Sep-20 $	26-Sep-20 $	26-Sep-20 $
	Before exceptional items	Exceptional items (Note 4)	Total	Before exceptional items	Exceptional items (Note 4)	Total
Currency translation difference on overseas subsidiary	5,611	-	5,611	(20,709)	-	(20,709)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	*27,979,098*	- *281,317*	***27,697,781***	*23,332,396*	*(4,032,423)*	*19,299,973*

CONSOLIDATED BALANCE SHEET
FOR THE PERIOD ENDED 26 JUNE 2021

	Note	For the period ended 26-Jun-21 $	26-Jun-21 $	For the period ended 26-Sep-20 $	26-Sep-20 $
FIXED ASSETS					
Intangible assets	11		1,006,536		2,634,641
Tangible assets	12		5,500,685		6,326,062
			6,507,221		8,960,703
CURRENT ASSETS					
Debtors ($6,145,402 due after more than one year)	14	34,018,195		33,661,813	
Short term deposits		18,000,000		63,989,174	
Cash at bank and in hand		30,065,637		20,871,533	
		82,083,832		118,522,520	
Creditors: amounts falling due within one year	15	(18,620,546)		(15,535,989)	
NET CURRENT ASSETS			63,463,286		102,986,531
TOTAL ASSETS LESS CURRENT LIABILITIES			69,970,507		111,947,234
Creditors: amounts falling due after more than one year			-		-
NET ASSETS			69,970,507		111,947,234
CAPITAL AND RESERVES					
Called up share capital	18		17,166,021		17,166,021
Capital contribution reserve			53,300,000		53,300,000
Foreign currency translation reserve			(2,873,635)		(2,873,635)
Other reserves			25,994		25,994
Profit and loss account			2,352,127		44,328,854
TOTAL EQUITY			69,970,507		111,947,234

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

David Hargreaves
Director
Approved by the directors on 19 May 2022

COMPANY BALANCE SHEET
FOR THE PERIOD ENDED 26 JUNE 2021

	Note	For the period ended 26-Jun-21 $	26-Jun-21 $	For the period ended 26-Sep-20 $	26-Sep-20 $
FIXED ASSETS					
Intangible assets	11		1,006,536		2,634,641
Tangible assets	12		5,303,263		6,064,871
Investments	13		19,258		19,258
			6,329,057		8,718,770
CURRENT ASSETS					
Debtors ($6,145,402 due after more than one year)	14	33,788,486		33,475,166	
Investments		18,000,000		63,989,174	
Cash at bank and in hand		28,964,178		20,456,000	
		80,752,664		117,920,340	
Creditors: amounts falling due within one year	15	(18,085,663)		(15,410,941)	
NET CURRENT ASSETS			62,667,001		102,509,399
TOTAL ASSETS LESS CURRENT LIABILITIES			68,996,058		111,228,169
Creditors: amounts falling due after more than one year			-		-
NET ASSETS			68,996,058		111,228,169
CAPITAL AND RESERVES					
Called up share capital	18		17,166,021		17,166,021
Capital contribution reserve			53,300,000		53,300,000
Foreign currency translation reserve			(2,890,431)		(2,890,431)
Other reserves			25,994		25,994
Profit and loss account			1,394,474		43,626,585
TOTAL EQUITY			68,996,058		111,228,169

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

David Hargreaves
Director
Approved by the directors on 19 May 2022

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 JUNE 2021**

GROUP	Called up share capital $	Capital contribution reserve $	Foreign currency translation reserve $	Other reserves $	Profit and loss account $	Total equity $
BALANCE AS AT 27 SEPTEMBER 2020	17,166,021	53,300,000	(2,873,635)	25,994	44,328,854	111,947,234
Profit for the financial period	-	-	-	-	27,692,170	27,692,170
Other comprehensive expense for the period	-	-	-	-	5,611	5,611
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	27,697,781	27,697,781
Credit for equity settled share-based payments	-	-	-	-	615,309	615,309
Dividends	-	-	-	-	(70,289,817)	(70,289,817)
BALANCE AS AT 26 JUNE 2021	*17,166,021*	*53,300,000*	*(2,873,635)*	*25,994*	*2,352,127*	*69,970,507*
BALANCE AS AT 1 JANUARY 2020	17,166,021	53,300,000	(2,873,635)	25,994	64,019,830	131,638,210
Profit for the financial period	-	-	-	-	19,320,682	19,320,682
Other comprehensive expense for the period	-	-	-	-	(20,709)	(20,709)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	19,299,973	19,299,973
Credit for equity settled share-based payments	-	-	-	-	4,009,031	4,009,031
Dividends	-	-	-	-	(42,999,980)	(42,999,980)
BALANCE AS AT 26 SEPTEMBER 2020	17,166,021	53,300,000	(2,873,635)	25,994	44,328,854	111,947,234

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 JUNE 2021

COMPANY	Called up share capital $	Capital contribution reserve $	Foreign currency translation reserve $	Other reserves $	Profit and loss account $	Total equity $
BALANCE AS AT 27 SEPTEMBER 2020	17,166,021	53,300,000	(2,890,431)	25,994	43,626,585	111,228,169
Profit for the financial period	-	-	-	-	27,442,397	27,442,397
Other comprehensive expense for the period	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	27,442,397	27,442,397
Credit for equity settled share-based payments	-	-	-	-	615,309	615,309
Dividends	-	-	-	-	(70,289,817)	(70,289,817)
BALANCE AS AT 26 JUNE 2021	17,166,021	53,300,000	(2,890,431)	25,994	1,394,474	68,996,058
BALANCE AS AT 1 JANUARY 2020	17,166,021	53,300,000	(2,890,431)	25,994	63,040,776	130,642,360
Profit for the financial period	-	-	-	-	19,576,756	19,576,756
Other comprehensive expense for the period	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-	19,576,756	19,576,756
Credit for equity settled share-based payments	-	-	-	-	4,009,033	4,009,033
Dividends	-	-	-	-	(42,999,980)	(42,999,980)
BALANCE AS AT 26 SEPTEMBER 2020	17,166,021	53,300,000	(2,890,431)	25,994	43,626,585	111,228,169

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 26 JUNE 2021

	Note	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash from operating activities	19	34,492,210	23,650,809
Tax received	19	(466,908)	1,602,582
NET CASH GENERATED FROM OPERATING ACTIVITIES		34,025,302	25,253,391
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible assets		(639,258)	(613,981)
Purchase of intangible assets		-	(11,760)
Interest received		108,703	813,575
Purchase of investments		(18,000,000)	(43,257,199)
Maturities and sales of investments		63,989,174	71,599,188
NET CASH USED IN INVESTING ACTIVITIES		45,458,619	28,529,823
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to equity owners		(70,289,817)	(42,999,980)
NET CASH USED IN FINANCING ACTIVITIES		(70,289,817)	(42,999,980)
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,194,104	10,783,234
Cash and cash equivalents at the beginning of the year		20,871,533	9,883,822
Foreign exchange effect on cash and cash equivalents		-	204,477
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		30,065,637	20,871,533

1 GENERAL INFORMATION

DisplayLink (UK) Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of its registered office is 22 Cambridge Science Park, Milton Road, Cambridge, CB4 0GH.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2 STATEMENT OF COMPLIANCE

These Group and parent company financial statements of DisplayLink (UK) Limited have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The presentation currency of these financial statements is US dollar.

3 ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

* No separate parent company Cash Flow Statement with related notes is included;
* Key Management Personnel compensation has not been included a second time;
* Certain disclosures required by FRS 102.26 Share Based Payments; and
* Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

GOING CONCERN

The Group's forecasts lead to a reasonable expectation that the Group has adequate resources to continue in business for a period of at least 12 months. As at 26 June 2021, DisplayLink (UK) Limited's cash balances totalled $47.0M, with an intercompany receivable of $13.7M. These resources, coupled with successful future projections, lead management to conclude the going concern basis is appropriate.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Company and its wholly owned subsidiary, DisplayLink (Poland) sp. z.o.o. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Intra-group transactions, including receivables and payables, have been eliminated on consolidation. The subsidiary uses uniform accounting policies.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

INVESTMENTS

Fixed asset investments are recorded at cost, less any provisions for impairment.

INTANGIBLE ASSETS

Purchased intellectual property is included at cost and amortised over the expected life, which is 3 years.

Office software is included at cost and amortised on a 4 year straight line basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are based on the following:

Leasehold improvements	-	Life of the lease, up to 35 years
Research and Development Equipment	-	3-4 years, straight line
Fixtures and Fittings	-	3-4 years, straight line
Computer Equipment	-	2-3 years, straight line
Production Tooling	-	1-3 years, straight line

Residual value is calculated on prices prevailing at the date of acquisition.

CASH AT BANK AND IN HAND AND SHORT TERM INVESTMENTS

Cash and cash equivalents include cash in hand and other short-term, highly liquid investments with original maturities of three months or less. The carrying amount approximates to fair value because of the short-term maturity of these investments.

Short term investments comprise deposits held with banks with original maturities of three months or more.

TURNOVER AND REVENUE RECOGNITION

Turnover represents the invoiced amounts received from Synaptics Hong Kong for Royalties sold and provided, net of value added tax. The group recognises revenue from royalties at the later of; the occurance of subsequent sale or usage, the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated is satisfied up to the reporting date.

FOREIGN CURRENCIES

The Group financial statements are presented in US$. The Company's functional and presentational currency is US$.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are reported in the statement of comprehensive income. All other exchange differences are included in the profit and loss account.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

FINANCIAL INSTRUMENTS

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance charges, with the exception of share based payment costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method.

LEASES

Rentals payable under operating leases are charged on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Assets held under finance and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PENSION

The Group operates a defined contribution pension plan for employees. The assets of the plan are held separately from those of the Group. The annual contributions payable are charged to the profit and loss account. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

EQUITY INSTRUMENTS

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

TAXATION

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

SHARE BASED PAYMENTS

The Group has applied the requirements of Section 26 of FRS 102 "share-based payment". The Group's ultimate parent company issues equity-settled share-based payments to certain employees and third parties. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the date of grant of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the period ended 26 June 2021, there was one critical judgement, related to tax loss expected that will be utilized in the near future,which is detailed below.

DEFERRED TAX

A deferred tax asset of $6,145,402 was recognised as at 26 June 2021 (2020 - $7,764,547), in relation to the tax benefit of carried forward UK tax losses, which are expected to be utilised in the near future. Whilst there is some uncertainty over the expected amount of future taxable profits, it has been judged to be reasonably certain that the brought forward losses can be fully utilised within a reasonable timeframe. Further information on deferred tax is included above in the taxation section.

4 EXCEPTIONAL ITEMS

Items that are significant by virtue of their size or nature, which are considered non-recurring and which are excluded from the underlying profit measures used by the Board to monitor and measure the underlying performance of the Company are classified as an exceptional operating item. Exceptional operating items are included within the appropriate Consolidated Profit and Loss Account category but are highlighted separately in the notes to the financial statements. The following exceptional item has been included in the Consolidated Profit and Loss Account.

	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
Restructuring provision	**281,317**	4,032,423
	281,317	4,032,423

5 TURNOVER

All turnover arises from the Group's principal activity. A geographical analysis of turnover by destination is given below:

	For the period *ended* 26-Jun-21 $	For the period *ended* 26-Sep-20 $
Europe	-	126,480
Sale of goods	-	72,308,382
Intercompany royalty / intercompany sales	**67,159,054**	18,848,803
	67,159,054	93,664,289

All turnover is earned by DisplayLink (UK) Limited.

6 PROFIT BEFORE TAXATION

Profit before

	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
Depreciation of tangible fixed assets (owned)	**1,469,155**	1,739,394
Amortisation of intangible fixed assets	**1,628,105**	1,784,804
Operating lease rentals – Land and buildings	**1,916,798**	1,916,798
Share-based payment charge	**615,309**	4,009,033
Foreign exchange losses	**120,098**	670,744
	5,749,465	10,120,773

The analysis of auditors' remuneration is as follows:	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
Fees payable to the company's auditors:		
Audit of the group's annual financial statements	**65,000**	99,290

7 EMPLOYEES AND DIRECTORS

The average monthly number of employees for the Group and Company (including executive directors) was:

	Group		Company	
	26-Jun-21	26-Sep-20	26-Jun-21	26-Sep-20
Administration	**16**	28	**12**	23
Sales & Marketing	**5**	7	**5**	7
Research & Development	**152**	203	**101**	152
Production	**7**	13	**7**	13
	180	251	**125**	195

7 EMPLOYEES AND DIRECTORS (CONTINUED)

Their aggregate remuneration comprised:

	Group		Company	
	26-Jun-21	26-Sep-20	26-Jun-21	26-Sep-20
	$	$	$	$
Wages and salaries	**11,991,935**	17,982,604	**9,989,355**	16,222,295
Social security costs	**1,514,392**	2,579,652	**1,159,256**	2,308,540
Other pension costs	**606,377**	1,749,227	**594,807**	1,749,227
Share-based payments	**615,309**	4,009,033	**615,309**	4,009,033
	14,728,013	26,320,516	**12,358,727**	24,289,095

DIRECTORS' REMUNERATION HIGHEST PAID DIRECTOR AND; KEY MANAGEMENT COMPENSATION	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
Aggregate emoluments	**188,408**	5,785,443
Company contributions to money purchase pension plans	**9,116**	15,240
	197,524	5,800,683

During the period, one director received remuneration (2020 - two).
During the period, two directors received no remuneration for their services to the Group (2020 - eight).

The number of directors who:	For the period ended 26-Jun-21	For the period ended 26-Sep-20
Were a member of a money purchase pension plan	**1**	2
Exercised share options	**1**	2

Key management includes the directors and members of senior management. The Key management compensation include salary and other short term benefit.

8 INTEREST RECEIVABLE AND SIMILAR INCOME	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
Bank interest receivable	**108,703**	1,197,641
Interest on intercompany loan with ultimate parent	**-**	9,261
	108,703	2,075,076

9 INTEREST PAYABLE AND SIMILAR EXPENSES

There was no interest payable and similar expenses for either the period ended 26 June 2021 or for the period ended 26 September 2020.

10 TAX ON PROFIT

a) ANALYSIS OF CREDIT / (TAX) IN YEAR

	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
Adjustments in respect of prior years	**333,459**	489,391
Movement in deferred tax asset	**(1,619,145)**	1,213,168
Foreign tax	**40,907**	(31,790)
WHT on HK royalty	**(2,014,772)**	(355,531)
UK corporation tax	**(301,599)**	(358,287)
Total tax (expense)/credit	**(3,561,150)**	956,951

The standard rate of tax for the year, based on the UK effective standard rates of corporation tax, is 19%. (2020 19%). The actual tax credit for the year differs from the standard rate for the reasons set out in the following reconciliation.

	For the period ended 26-Jun-21 $	For the year ended 26-Sep-20 $
PROFIT BEFORE TAXATION	**31,253,320**	18,363,731
Tax on profit at effective standard rate	**5,938,131**	3,489,109
Factors affecting the charge:		
Disallowable expenses	**96,728**	(5,170,344)
Other differences	**25,390**	209,629
Adjustments in respect of prior years	**(333,459)**	(489,391)
Difference in overseas tax rates	**(1,222)**	74,404
WHT on HK royalty	**2,014,772**	355,531
Difference of allowable tax loss utilised in current period	**(4,179,189)**	-
Current year losses for which no deferred tax asset was recognised	-	574,111
Total tax expense/(credit)	**3,561,150**	(956,951)

b) FACTORS AFFECTING FUTURE TAX CHARGES

Please see Note 18 for an explanation of the Deferred Tax position.

The Chancellor has confirmed an increase in the corporation tax (CT) rate from 19% to 25% with effect from 1 April 2023. The deferred tax asset for the period ended 26 June 2021 is measured at 19% up to March 2023 and 25% from April 2023.

11 INTANGIBLE ASSETS

GROUP AND COMPANY	Purchased intellectual property $	Total $
COST		
At 27 September 2020	6,512,417	6,512,417
Additions	-	-
Disposals	-	-
At 26 June 2021	6,512,417	6,512,417
ACCUMULATED AMORTISATION		
At 27 September 2020	3,877,776	3,877,776
Charge for the period	1,628,105	1,628,105
Disposals	-	-
At 26 June 2021	5,505,881	5,505,881
NET BOOK VALUE		
At 26 June 2021	1,006,536	1,006,536
At 27 September 2020	2,634,641	2,634,641

The individual intangible assets which are material to the financial statements are:

	Carrying amount		Remaining amortisation period (years)	
	26-Jun-21 $	26-Sep-20 $	26-Jun-21 $	26-Sep-20 $
PURCHASE INTELLECTUAL PROPERTY				
Purchased IP for 6th generation chip development	790,563	2,213,575	0.4	1.2
	790,563	2,213,575	0.4	1.2

12 TANGIBLE ASSETS

GROUP	Leasehold improvements $	R&D equipment $	Fixtures and fittings $	Computer equipment $	Production tooling $	Construction in progress $	Total $
COST							
At 27 September 2020	3,936,444	1,812,927	964,320	649,269	1,830,452	-	9,193,412
Additions	-	459,701	-	141,871	19,385	18,301	639,258
Foreign exchange	4,495	154	1,998	1,123	-	-	7,770
At 26 June 2021	**3,940,939**	**2,272,782**	**966,318**	**792,263**	**1,849,837**	**18,301**	**9,840,440**
ACCUMULATED DEPRECIATION							
At 27 September 2020	410,824	1,118,170	260,593	294,783	782,980	-	2,867,350
Charge for the period	326,968	392,375	250,221	168,223	331,368	-	1,469,155
Foreign exchange	1,568	111	760	811	-	-	3,250
At 26 June 2021	**739,360**	**1,510,656**	**511,574**	**463,817**	**1,114,348**	**-**	**4,339,755**
NET BOOK VALUE							
At 26 June 2021	**3,201,579**	**762,126**	**454,744**	**328,446**	**735,489**	**18,301**	**5,500,685**
At 26 September 2020	3,525,620	694,757	703,727	354,486	1,047,472	-	6,326,062

COMPANY	Leasehold improvements $	R&D equipment $	Fixtures and fittings $	Computer equipment $	Production tooling $	Construction in progress $	Total $
COST							
At 27 September 2020	3,663,358	1,802,770	842,930	573,423	1,830,452	-	8,712,933
Additions	-	455,613	-	103,316	19,385	18,301	596,615
At 26 June 2021	**3,663,358**	**2,258,383**	**842,930**	**676,739**	**1,849,837**	**18,301**	**9,309,548**
ACCUMULATED DEPRECIATION							
At 27 September 2020	305,278	1,111,015	206,664	242,123	782,982	-	2,648,062
Charge for the period	274,752	390,394	210,731	150,978	331,368	-	1,358,223
At 26 June 2021	**580,030**	**1,501,409**	**417,395**	**393,101**	**1,114,350**	**-**	**4,006,285**
NET BOOK VALUE							
At 26 June 2021	**3,083,328**	**756,974**	**425,535**	**283,638**	**735,487**	**18,301**	**5,303,263**
At 26 September 2020	3,358,080	691,755	636,266	331,300	1,047,470	-	6,064,871

13 INVESTMENTS

COST AND NET BOOK VALUE	$
At 27 September 2020 and 26 June 2021	**19,258**

At 26 June 2021, the company held 100% of the issued ordinary share capital in DisplayLink (Poland) Sp. z.o.o., a company incorporated in Poland. DisplayLink (Poland) Sp. z.o.o., operates as a research and development company within the DisplayLink (UK) Limited group. The registered office of DisplayLink (Poland) Sp z.o.o. is Katowice, UL. Ligocka 103. The directors believe that the carrying value of this investment is supported by its underlying net assets.

14 DEBTORS

	Group		Company	
	26-Jun-21	26-Sep-20	26-Jun-21	26-Sep-20
	$	$	$	$
Amounts owed by Synaptics group undertakings	**23,049,394**	20,095,742	**23,049,394**	20,095,742
Deferred Tax Asset (due after more than one year)	**6,145,402**	7,764,547	**6,145,402**	7,764,547
Research and development tax credit receivable	**3,290,561**	3,075,298	**3,147,880**	3,075,297
Other debtors	**96,535**	1,003,620	**55,124**	825,755
Prepayments and accrued income	**1,436,303**	1,722,606	**1,390,686**	1,713,825
	34,018,195	33,661,813	**33,788,486**	33,475,166

Intercompany amounts owed by Synaptics group undertakings are payable on demand and do not attract interest.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	26-Jun-21	26-Sep-20	26-Jun-21	26-Sep-20
	$	$	$	$
Trade creditors	**94,828**	34,835	**94,828**	34,835
Amounts owed to group undertakings	**8,922,298**	-	**9,317,176**	215,765
Taxation and social security	**402,505**	1,115,237	**313,328**	994,980
Other creditors	**3,554,086**	9,917,082	**3,387,612**	9,917,082
Restructuring provision	**112,091**	1,430,707	**112,091**	1,430,707
Accruals and deferred income	**5,534,738**	3,038,128	**4,860,628**	2,817,572
	18,620,546	15,535,989	**18,085,663**	15,410,941

As in 2020, the amounts owed to Group undertakings are repayable on demand and do not attract interest.

16 DEFERRED TAX ASSETS

The deferred tax assets provided for and not provided for are as follows:

GROUP AND COMPANY	Provided		Not provided	
	26-Jun-21	26-Sep-20	26-Jun-21	26-Sep-20
	$	$	$	$
Accelerated capital allowances	**(977,606)**	**(771,996)**	-	-
Trading losses	**7,123,008**	**8,536,543**	-	-
	6,145,402	7,764,547	-	-

The group has built up significant trading losses, forecasts for the next few years indicate that taxable profits are expected to arise, meaning that further brought forward tax losses will be utilised.

17 FINANCIAL INSTRUMENTS

		Group		Company	
		26-Jun-21	26-Sep-20	26-Jun-21	26-Sep-20
Financial assets that are measured at amortised cost		$	$	$	$
Other debtors	14	96,535	1,003,620	55,124	825,755
Amounts owed by group entities	14	23,049,394	20,095,742	23,049,394	20,095,742
		23,145,929	21,099,362	23,104,518	20,921,497

		Group		Company	
		26-Jun-21	26-Sep-20	26-Jun-21	26-Sep-20
Financial liabilities that are measured at amortised cost		$	$	$	$
Trade creditors	15	94,828	34,835	94,828	34,835
Amounts owed to group undertakings	15	8,922,298	-	9,317,176	215,765
Other creditors	15	3,666,177	11,347,789	3,499,703	11,347,789
Accruals and deferred income	15	5,534,738	3,038,128	4,860,628	2,817,572
		18,218,041	14,420,752	17,772,335	14,415,961

18 CALLED UP SHARE CAPITAL

	Group		Company	
	26-Jun-21	26-Sep-20	26-Jun-21	26-Sep-20
	$	$	$	$
9,337,223 (2020: 9,337,223) Ordinary shares of £1 each	17,166,021	17,166,021	17,166,021	17,166,021
	17,166,021	17,166,021	17,166,021	17,166,021

19 NOTES TO THE CASH FLOW STATEMENT

The Company has taken advantage of the disclosure exemption under FRS 102 from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, include the Company's cash flows. The Company's shareholders have been notified and have raised no objections.

RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
PROFIT FOR THE FINANCIAL YEAR	**27,692,170**	19,320,682
Adjustment for:		
Tax on profit	**3,561,150**	(956,951)
Net interest income	**(108,703)**	(1,206,902)
OPERATING PROFIT	**31,144,617**	17,156,829
Share-based payment charge	**615,309**	4,009,031
Depreciation and amortisation	**3,097,260**	3,524,198
Loss on disposal of tangible fixed assets	**-**	610,808
Foreign exchange gains/(losses)	**1,091**	(600,412)
Change in debtors	**(3,450,624)**	(7,687,272)
Change in stocks	**-**	5,347,269
Change in creditors	**3,084,557**	1,290,358
NET CASH INFLOW FROM OPERATING ACTIVITIES	**34,492,210**	23,650,809

ANALYSIS OF CASH FLOWS	For the period ended 26-Jun-21 $	For the period ended 26-Sep-20 $
TAXATION		
Research and development tax credits received	**1,547,864**	1,634,372
Withholding tax paid	**(2,014,772)**	(31,790)
	(466,908)	1,602,582

ANALYSIS AND RECONCILIATION OF NET FUNDS	26 September 2020 $	Cash flow $	Foreign exchange effect $	26-Jun-21 $
Cash at bank and in hand	20,871,533	9,194,104	-	30,065,637
Investments	63,989,174	(45,991,615)	2,441	18,000,000
	84,860,707	**(36,797,511)**	**2,441**	48,065,637

20 FINANCIAL COMMITMENTS

On 22 August 2019, DisplayLink (UK) Limited signed a lease agreement for new premises on the Cambridge Science Park. The lease lasts for 15 years, but the Company has the option to terminate the lease after 10 years.

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
PAYMENTS DUE				
Within one year	**3,093,803**	2,837,965	**2,905,335**	2,596,115
Between two and five years	**11,621,340**	10,695,616	**11,621,340**	10,594,845
Greater than five years	**8,453,331**	9,705,894	**8,453,331**	9,705,894
	23,168,475	23,239,475	**22,980,007**	22,896,854

At 26 June 2021, the Group and the Company had no capital commitments (2020 - $NIL).

21 SHARE BASED PAYMENTS

Restricted Stock Units

Following the acquisition of DisplayLink Corp by Synaptics Inc, certain employees are able to participate in the 2019 Incentive Plan which is operated by Synaptics Inc. The Plan provides for the grant of RSUs to our employees, consultants, and directors. An RSU is a promise to deliver shares of our common stock at a future date in accordance with the terms of the grant agreement.

RSUs granted generally vest rateably over three to four years from the vesting commencement date. Delivery of shares under the plans take place on the quarterly vesting dates. At the delivery date, we withhold shares to cover applicable statutory minimum tax withholding for grantees subject to withholding and deliver a net quantity of shares to the grantee after such withholding. Until delivery of shares, the grantee has no rights as a stockholder with respect to any shares underlying the RSU award.

RSU activity, including RSUs granted, delivered, and forfeited in fiscal 2020, and the balance and aggregate intrinsic value of RSUs as of the end of fiscal 2020 was as follows:

	RSU awards outstanding	*Weighted* Average Grant Date Fair Value
	Units	$
Outstanding at the beginning of the period	17,216	85
Granted during the year	27,707	81
Forfeited during the year	(11,138)	81
Exercised during the year	(250)	85
Outstanding at the end of the period	33,535	83

The Group recognised a total expense for equity-settled share-based payments (including RSUs) of 2021 $615,309 (2020 $4,009,033). The costs are recharged from DisplayLink Corp. and Synaptics Inc. in connection with those staff employed by the Group.

22 RELATED PARTY TRANSACTIONS

During the period, DisplayLink (UK) Limited earned an intercompany royalty of $67,159,054 (2020 - $11,851,031) from Synaptics Hong Kong Limited, an intercompany entity. At year end, an amount of withholding tax of $2,014,772 (2020: $355,531) was included within debtors under amounts owed by Synaptics group undertakings.

During the period, a director of the company, was Chairman of the Intellectual Property Committee. The fees he received for this work in 2021 totalled $Nil (2020 - $2,574).

23 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is DisplayLink Corp., a company incorporated in Washington, United States of America.

The ultimate parent company is Synaptics Inc., a public company listed on NASDAQ.

The directors consider that Synaptics Inc. is the ultimate controlling party and is the largest group in which the results of the company are consolidated. The consolidated financial statements of Synaptics Inc., are publicly available. The smallest group in which the results of the company are consolidated is DisplayLink (UK) Limited.

24 SUBSEQUENT EVENTS

Subsequent to the balance sheet, the remaining dividend declared in respect of 2021 of $26.6m was settled in cash. No dividend remains outstanding as at the date of these financial statements.