



# DisplayLink®

DISPLAYLINK (UK) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022**

Registered in England & Wales Number 04811048

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**DISPLAYLINK (UK) LIMITED**  
**REGISTERED NUMBER: 04811048**

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**FOR THE PERIOD ENDED 25 JUNE 2022**

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**DISPLAYLINK (UK) LIMITED**  
**REGISTERED NUMBER: 04811048**

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**COMPANY INFORMATION**  
**FOR THE PERIOD ENDED 25 JUNE 2022**

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<b>DIRECTORS</b>	David Hargreaves Dean Butler John McFarland
<b>COMPANY SECRETARY</b>	John McFarland
<b>REGISTERED OFFICE</b>	22 Cambridge Science Park Milton Road Cambridge CB4 0GH
<b>INDEPENDENT AUDITOR</b>	KPMG LLP Dragonfly House 2 Gilders Way Norwich Norfolk NR3 1UB
<b>BANKERS</b>	HSBC UK Bank Plc 1 Centenary Square Birmingham B1 1HQ

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**DISPLAYLINK (UK) LIMITED**  
**REGISTERED NUMBER: 04811048**

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**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 25 JUNE 2022**

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The Directors present their annual report and financial statements of DisplayLink (UK) Limited (the "Company") for the period ended 25 June 2022.

**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 Company'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 financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

The Directors have conducted a reverse stress test on the ability of the business to continue as a going concern, which assumes that the Company generates no revenue and assumes no changes to the fixed cost base for a period of at least 12 months from the date of approval of the financial statements. This shows that even when applying the reverse stress test scenario, the Company would still be able to meet its liabilities as they fall due for the forecast period.

The Company had significant cash reserves of \$67.8m as at 25 June 2022 and an intercompany receivable of \$8.1m. The Company has no external borrowings and the Directors continue to manage the business prudently.

Consequently, the Directors are confident that these resources, coupled with the successful future projections, the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**DIVIDENDS**

On 13 December 2021, the directors declared and approved a dividend of \$26,636,760. The dividend was fully paid in cash within one year from the declaration date in 2021. Post balance sheet on 30 September 2022, the directors declared and approved a dividend of \$28,057,714. The dividend was fully paid in cash within one year from the declaration date in 2022.

**DIRECTORS**

David Hargreaves  
Dean Butler  
John McFarland

DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 25 JUNE 2022

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#### DIRECTORS' INDEMNITIES

New qualifying third party indemnity agreements were entered into between the company 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 Company'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 Company does not use derivative financial instruments for speculative purposes. The Company's activities and development expose it to the risk that the Company and a 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

The Company has visibility of its future needs, via a regularly reviewed annual operating plan. The Company offers competitive employment packages, including healthcare, income protection, pension, gym and cycling incentives. In addition, the Company 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 Company continues to monitor the situation closely. The Company provides an exciting career path for its employees and it continues to invest in training and leadership development. It has refurbished its facilities with each providing a highly attractive operating environment. Once a year, the Company 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 Company'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 Company 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 Company does not deal directly with consumers and the main repository of data relates to its employees and service providers.

The Company 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 Company 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 Company 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 Company 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 Company'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 Company's customers rely on the integrity of its components to protect their overall product security.

#### MARKET DISRUPTION

The Company 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 Company to compete and execute its strategy and achieve goals and objectives. The Company regularly tracks market share of its products against data from such publications. The Company continues to invest heavily in intellectual property, which it believes will create the greatest long-term value for the Company.

#### 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 Company continues and that appropriate accommodations and training are arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 25 JUNE 2022

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#### GLOBAL AND POLITICAL LANDSCAPE

The global political landscape continues to shift with ongoing uncertainty surrounding Brexit, the Ukraine: Russia conflict, 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 Company's gross margin is US dollar denominated and much of the Company's overhead base is GBP denominated. The Company 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 Company's ability to hire EU citizens and this is expected to continue. The Company is partly able to mitigate this by using an outsourcing partner for software development employing engineering teams based in Europe.

The Ukraine: Russia conflict has had an indirect impact on the Company primarily related to currency fluctuation and energy costs. The Company has not seen a direct impact of the conflict, but does employ a workforce in Poland which borders Ukraine and Russian aligned Kaliningrad. An unexpected escalation of the conflict could result in a direct impact to the Company.

Although the Company'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 Company's revenues in the past, it is difficult to predict the outcome of current negotiations, but the Company 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, the Ukraine: Russia conflict, Brexit uncertainty, high inflation or sudden economics shocks such as the Covid-19 pandemic may result in an economic recession to which the Company will be exposed, as it will likely reduce end-user demand for finished products using the Company's components.

#### CREDIT RISK

The Company's principal financial assets are bank balances and intercompany debtors. Since the acquisition the Company 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.

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

#### INTEREST RATE RISK

Due to the size of the Company's cash and treasury balances and that Company no longer has third party debt, and thus the Company considers risk of rising interest rates to be low.

#### FOREIGN EXCHANGE RISK

The Company'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 Company'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 12 month period ended.

	Metric	2022	2021
Scope 1 – Combustion of fuel from direct operation of facilities	tCO2e	124.45	109.54
Scope 2 – Electricity, heat, steam and cooling purchased for own use	tCO2e	1.28	0.89
Total	tCO2e	125.73	110.43
Intensity measurement	tCO2e/\$m revenue	1.45	1.64
Energy consumption – energy used to calculate emissions	mWh	650.55	520.76

The Company 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.

DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 25 JUNE 2022

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**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the 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 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 Company's profit or loss for that period. In preparing the 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 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 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 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 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 Company 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 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 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 01 March 2023.*

STRATEGIC REPORT  
FOR THE PERIOD ENDED 25 JUNE 2022

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The directors present their strategic report for the company for the period ended 25 June 2022.

**BUSINESS REVIEW**

The Company has had another successful year with turnover \$86.6 million for period ended 25 June 2022 (2021: \$67.2 million). DisplayLink has always been a fabless semiconductor manufacturer, relying on test and fabrication partners in Asia to manufacture its products. Post-acquisition in July 2020, Synaptics holds both the external customer relationship and manages the cost of sales function centrally. Turnover and gross profit of DisplayLink are now entirely driven by Synaptics, with a quarterly intercompany royalty in the period ended 25 June 2022. The royalty in the year 2022 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 Company made an operating profit in 2022 of \$41.5 million (2021: \$30.9 million). The Company'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 Company is expected to continue to make profits in 2023 and beyond. The Company plans to continue its strong investment in the business to drive growth.

The Company 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 Company has aligned these goals with Synaptics goals and values.

Company net funds (cash and short-term deposits) increased from \$47.0 million on 26 June 2021 to \$67.8 million on 25 June 2022, a net funds inflow of \$20.8 million. This was largely due to cash inflows from operating activities.

The average number of employees within the Company decreased from 125 in 2021 to 105 in 2022.

**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.



STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 25 JUNE 2022

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

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.

For the period to 25 June 2022, the important decisions made by the Directors of the Company have included (i) the approval of the annual budget for Financial Year 2022 along with a discussion about a three-year strategic plan, and (ii) approval of audited financial statements for the period ended 26 June 2021

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

The Company 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 Company 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](http://www.displaylink.com).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company'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 Company'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 Company in delivering its strategic objectives and include revenue, operating costs, EBITDA, cash and headcount. Progress is assessed by comparison with the Company's strategy, goals and objectives, its budget for the year, and against historical performance. Executive management uses 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 Company. In general, the Company has performed well against all of its KPIs.

**FUTURE OUTLOOK**

The directors expect revenues to continue to grow. Increased investment is expected to take place in new products and new markets. The Company derives its revenue from four distinct chip platforms (G2, G3, G4 and G5) serving different customers and segments. The G6 chip has 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 Company's technology is also being applied to a number of other applications such as mobile phones, network displays and meeting room solutions.

The Company 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 01 March 2023.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DISPLAYLINK (UK) LIMITED  
FOR THE PERIOD ENDED 25 JUNE 2022

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**Opinion**

We have audited the financial statements of DisplayLink (UK) Limited ("the Company") for the period ended 25 June 2022 which comprise the Profit and Loss account, Statement of Comprehensive Income, Balance Sheet, Statement of change in equity, Statement of cash flow and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 June 2022 and of the company'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 Company 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 Company or to cease its operations, and as they have concluded that 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 its 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 Company's business model and analysed how those risks might affect the 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 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 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 Company'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 the auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition as there is no rental income. We did not identify any additional fraud risk.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DISPLAYLINK (UK) LIMITED (CONTINUED)  
FOR THE PERIOD ENDED 25 JUNE 2022

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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 financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors 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 Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and we assessed the extent of companies with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company 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 standard. 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 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DISPLAYLINK (UK) LIMITED (CONTINUED)  
FOR THE PERIOD ENDED 25 JUNE 2022

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**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](http://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*

Dragonfly House  
2 Gilders Way  
Norwich  
Norfolk  
NR3 1UB

2 March 2023

DISPLAYLINK (UK) LIMITED  
REGISTERED NUMBER: 04811048

COMPANY PROFIT AND LOSS ACCOUNT / COMPANY STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 25 JUNE 2022

**PROFIT AND LOSS ACCOUNT**

	Note	For the period ended			For the period ended		
		25-Jun-22	25-Jun-22	25-Jun-22	26-Jun-21	26-Jun-21	26-Jun-21
		\$	\$	\$	\$	\$	\$
		Before exceptional items	Exceptional items (Note 4)	Total	Before exceptional items	Exceptional items (Note 4)	Total
Turnover	5	86,611,346	-	86,611,346	67,159,054	-	67,159,054
Cost of sales		(1,115,314)	-	(1,115,314)	(626,752)	-	(626,752)
<b>GROSS PROFIT</b>		85,496,032	-	85,496,032	66,532,302	-	66,532,302
Administrative expenses		(43,801,181)	(159,869)	(43,961,050)	(35,292,266)	(304,285)	(35,596,551)
<b>OPERATING PROFIT</b>	6	41,694,851	(159,869)	41,534,982	31,240,036	(304,285)	30,935,751
Interest receivable and similar income	8	6,081	-	6,081	108,703	-	108,703
<b>PROFIT BEFORE TAXATION</b>		41,700,932	(159,869)	41,541,063	31,348,739	(304,285)	31,044,454
Tax on profit	10	(4,231,323)	-	(4,231,323)	(3,602,056)	-	(3,602,056)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		37,469,609	(159,869)	37,309,740	27,746,683	(304,285)	27,442,398

All activities derive from continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME**

	25-Jun-22	25-Jun-22	25-Jun-22	26-Jun-21	26-Jun-21	26-Jun-21
	\$	\$	\$	\$	\$	\$
	Before exceptional items	Exceptional items (Note 4)	Total	Before exceptional items	Exceptional items (Note 4)	Total
	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	37,469,609	- 159,869	37,309,740	27,746,683	- 304,285	27,442,398

DISPLAYLINK (UK) LIMITED  
REGISTERED NUMBER: 04811048

COMPANY BALANCE SHEET  
FOR THE PERIOD ENDED 25 JUNE 2022

	Note	For the period ended 25-Jun-22 \$	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$	For the period ended 26-Jun-21 \$
<b>FIXED ASSETS</b>					
Intangible assets	11		24,170		1,006,536
Tangible assets	12		5,191,250		5,303,263
Investments	13		86,008		19,258
			<u>5,301,428</u>		<u>6,329,057</u>
<b>CURRENT ASSETS</b>					
Debtors (\$5,032,949 due after more than one year)	14	17,622,139		33,788,486	
Investments				18,000,000	
Cash at bank and in hand		<u>67,840,283</u>		<u>28,964,178</u>	
		<u>85,462,422</u>		<u>80,752,664</u>	
Creditors: amounts falling due within one year	15	<u>(11,553,373)</u>		<u>(18,085,663)</u>	
<b>NET CURRENT ASSETS</b>			<u>73,909,049</u>		<u>62,667,001</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>79,210,477</u>		<u>68,996,058</u>
Creditors: amounts falling due after more than one year					
<b>NET ASSETS</b>			<u>79,210,477</u>		<u>68,996,058</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		17,166,021		17,166,021
Capital contribution reserve			53,366,750		53,300,000
Foreign currency translation reserve			(2,890,431)		(2,890,431)
Other reserves			25,995		25,994
Profit and loss account			11,542,142		1,394,474
<b>TOTAL EQUITY</b>			<u>79,210,477</u>		<u>68,996,058</u>

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 01 March 2023.

DISPLAYLINK (UK) LIMITED  
REGISTERED NUMBER: 04811048

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 25 JUNE 2022

COMPANY	Called up share capital \$	Capital contribution reserve \$	Foreign currency translation reserve \$	Other reserves \$	Profit and loss account \$	Total equity \$
<b>BALANCE AS AT 27 JUNE 2021</b>	<b>17,166,021</b>	<b>53,300,000</b>	<b>(2,890,431)</b>	<b>25,994</b>	<b>1,394,475</b>	<b>68,996,059</b>
Profit for the financial period	-	-	-	-	37,309,740	37,309,740
Other comprehensive expense for the period	-	66,750	-	-	-	66,750
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,309,740</b>	<b>37,378,490</b>
Recharge for equity settled share-based payments	-	-	-	-	(525,312)	(525,312)
Dividends	-	-	-	-	(26,636,760)	(26,636,760)
<b>BALANCE AS AT 26 JUNE 2022</b>	<b>17,166,021</b>	<b>53,366,750</b>	<b>(2,890,431)</b>	<b>25,994</b>	<b>11,542,143</b>	<b>79,210,477</b>
<b>BALANCE AS AT 26 SEPTEMBER 2020</b>	<b>17,166,021</b>	<b>53,300,000</b>	<b>(2,890,431)</b>	<b>25,994</b>	<b>43,626,585</b>	<b>111,228,169</b>
Profit for the financial period	-	-	-	-	27,442,398	27,442,398
Other comprehensive expense for the period	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,442,398</b>	<b>27,442,398</b>
Credit for equity settled share-based payments	-	-	-	-	615,309	615,309
Dividends	-	-	-	-	(70,289,817)	(70,289,817)
<b>BALANCE AS AT 26 JUNE 2021</b>	<b>17,166,021</b>	<b>53,300,000</b>	<b>(2,890,431)</b>	<b>25,994</b>	<b>1,394,475</b>	<b>68,996,059</b>

**DISPLAYLINK (UK) LIMITED**  
**REGISTERED NUMBER: 04811048**

**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 25 JUNE 2022**

	Note	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash from operating activities	19	50,366,919	30,376,592
Interest paid	19	(23)	-
Tax received	19	1,548,922	1,547,864
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>51,915,818</b>	<b>31,924,456</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of tangible assets		(1,789,126)	(596,615)
Purchase of intangible assets		-	-
Interest received		6,104	108,703
Purchase of investments		-	(18,000,000)
Maturities and sales of investments		18,000,000	63,989,174
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>16,216,978</b>	<b>45,501,262</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to equity owners		(26,636,760)	(70,289,817)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(26,636,760)</b>	<b>(70,289,817)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>41,496,036</b>	<b>7,135,901</b>
Cash and cash equivalents at the beginning of the year		28,964,178	20,456,000
Foreign exchange effect on cash and cash equivalents		(2,619,931)	1,372,277
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>67,840,283</b>	<b>28,964,178</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

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**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 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.

**GOING CONCERN**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

The Directors have conducted a reverse stress test on the ability of the business to continue as a going concern, which assumes that the Company generates no revenue and assumes no changes to the fixed cost base for a period of at least 12 months from the date of approval of the financial statements. This shows that even when applying the reverse stress test scenario, the Company would still be able to meet its liabilities as they fall due for the forecast period.

The Company had significant cash reserves of \$67.8m as at 25 June 2022 and an intercompany receivable of \$8.1m. The Company has no external borrowings and the Directors continue to manage the business prudently.

Consequently, the Directors are confident that these resources, coupled with the successful future projections, the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

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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 Company recognises revenue from royalties at the later of: the occurrence 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 Company 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 Company'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 Company 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PENSION

The Company operates a defined contribution pension plan for employees. The assets of the plan are held separately from those of the Company. 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 Company'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 company has applied the requirements of Section 26 of FRS 102 "share-based payment". The company'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 25 June 2022, 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 \$5,032,949 was recognised as at 25 June 2022 (2021 - \$6,145,402), 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 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 Profit and Loss Account.

Synaptics commenced a restructuring program on 17 August 2020 with the aim of achieving synergies within the larger group. This has resulted in a reduction in headcount in the UK and Poland. June 2021 \$0.3m (Sept 2020: \$4.0m) recognised in the income statement during the period is regarded as exceptional on the basis that it is expected to be a one time reduction in force as a result of the acquisition.

	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
Restructuring provision	159,869	304,285
	<u>159,869</u>	<u>304,285</u>

**DISPLAYLINK (UK) LIMITED**  
REGISTERED NUMBER: 04811048

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 25 JUNE 2022**

**5 TURNOVER**

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

	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
Intercompany royalty / intercompany sales	86,611,346	67,159,054
	<u>86,611,346</u>	<u>67,159,054</u>

All turnover is earned by DisplayLink (UK) Limited.

**6 PROFIT BEFORE TAXATION**

	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
Depreciation of tangible fixed assets (owned)	1,901,138	1,358,223
Amortisation of intangible fixed assets	982,367	1,628,105
Operating lease rentals – Land and buildings	2,407,450	1,818,291
Share-based payments	2,575,917	615,309
Foreign exchange losses	13,171	119,948
	<u>7,880,043</u>	<u>5,539,876</u>

The analysis of auditors' remuneration is as follows:

*Fees payable to the company's auditors:*  
Audit of the annual financial statements

	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
Audit of the annual financial statements	65,000	65,000

**7 EMPLOYEES AND DIRECTORS**

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

	25-Jun-22	26-Jun-21
Administration	10	12
Sales & Marketing	6	5
Research & Development	90	101
Production	-	7
	<u>106</u>	<u>125</u>

**DISPLAYLINK (UK) LIMITED**  
**REGISTERED NUMBER: 04811048**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 25 JUNE 2022**

**7 EMPLOYEES AND DIRECTORS (CONTINUED)**

Their aggregate remuneration comprised:

	Company 25-Jun-22 \$	26-Jun-21 \$
Wages and salaries	12,480,271	9,989,355
Social security costs	1,819,612	1,159,256
Other pension costs	582,931	594,807
Share-based payments	2,575,917	615,309
	<u>17,458,731</u>	<u>12,358,727</u>

**DIRECTORS' REMUNERATION**  
**HIGHEST PAID DIRECTOR AND:**  
**KEY MANAGEMENT COMPENSATION**

	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
Aggregate emoluments	628,965	188,408
Company contributions to money purchase pension plans	12,379	9,116
	<u>641,344</u>	<u>197,524</u>

During the period, one director received remuneration (2021 - one).

During the period, two directors received no remuneration for their services to the Company (2021 - two).

The number of directors who:

	For the period ended 25-Jun-22	For the period ended 26-Jun-21
Were a member of a money purchase pension plan	1	1
Received share-based payments	<u>1</u>	<u>1</u>

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 25-Jun-22 \$	For the period ended 26-Jun-21 \$
Bank interest receivable	6,081	108,703
	<u>6,081</u>	<u>2,075,076</u>

**9 INTEREST PAYABLE AND SIMILAR EXPENSES**

There was interest payable \$23 and similar expenses for the period ended 25 June 2022 (26 June 2021 - \$Nil)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

10 TAX ON PROFIT

a) ANALYSIS OF CREDIT / (TAX) IN YEAR	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
Adjustments in respect of prior years	(1)	333,459
Movement in deferred tax asset	(1,112,453)	(1,619,145)
WHT on HK royalty	(2,598,340)	(2,014,772)
UK corporation tax	(520,529)	(301,599)
<b>Total tax expense</b>	<b>(4,231,323)</b>	<b>(3,602,056)</b>

The standard rate of tax for the year, based on the UK effective standard rates of corporation tax, is 19%. (2021 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 25-Jun-22 \$	For the year ended 26-Jun-21 \$
<b>PROFIT BEFORE TAXATION</b>	<b>41,541,063</b>	<b>31,044,454</b>
Tax on profit at effective standard rate	7,892,802	5,898,446
Factors affecting the charge:		
Disallowable expenses	489,424	96,728
Other differences	-	25,390
Adjustments in respect of prior years	1	(333,459)
WHT on HK royalty	2,598,340	2,014,772
Patent Box Deduction	(3,380,838)	-
Difference of allowable tax loss utilised in current period	(3,368,407)	(4,099,821)
<b>Total tax expense</b>	<b>4,231,323</b>	<b>3,602,056</b>

b) FACTORS AFFECTING FUTURE TAX CHARGES

Please see Note 16 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 25 June 2022 is measured at 19% up to March 2023 and 25% from April 2023.

DISPLAYLINK (UK) LIMITED  
REGISTERED NUMBER: 04811048

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

**11 INTANGIBLE ASSETS**

	Purchased intellectual property \$	Total \$
<b>COMPANY</b>		
<b>COST</b>		
At 27 June 2021	6,512,417	6,512,417
Additions	-	-
Disposals	-	-
At 25 June 2022	<u>6,512,417</u>	<u>6,512,417</u>
<b>ACCUMULATED AMORTISATION</b>		
At 27 June 2021	5,505,880	5,505,880
Charge for the period	982,367	982,367
Disposals	-	-
At 25 June 2022	<u>6,488,247</u>	<u>6,488,247</u>
<b>NET BOOK VALUE</b>		
At 25 June 2022	<u>24,170</u>	<u>24,170</u>
At 27 June 2021	<u>1,006,537</u>	<u>1,006,537</u>

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

	Carrying amount		Remaining amortisation period (years)	
	25-Jun-22 \$	26-Jun-21 \$	25-Jun-22 \$	26-Jun-21 \$
<b>PURCHASE INTELLECTUAL PROPERTY</b>				
Purchased IP for 6th generation chip development	-	790,563	-	0.4
	<u>-</u>	<u>790,563</u>	<u>-</u>	<u>0.4</u>

**DISPLAYLINK (UK) LIMITED**  
**REGISTERED NUMBER: 04811048**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 25 JUNE 2022**

**12 TANGIBLE ASSETS**

<b>COMPANY</b>	<b>Leasehold improvements \$</b>	<b>R&amp;D equipment \$</b>	<b>Fixtures and fittings \$</b>	<b>Computer equipment \$</b>	<b>Production tooling \$</b>	<b>Construction in progress \$</b>	<b>Total \$</b>
<b>COST</b>							
At 27 June 2021	3,663,358	2,258,383	842,930	676,739	1,849,837	18,301	9,309,548
Additions	1,386,052	404,829	-	13,187	3,359	18,301	1,789,126
At 25 June 2022	<u>5,049,410</u>	<u>2,663,212</u>	<u>842,930</u>	<u>689,926</u>	<u>1,853,196</u>	<u>-</u>	<u>11,098,674</u>
<b>ACCUMULATED DEPRECIATION</b>							
At 27 June 2021	580,032	1,501,408	417,395	393,101	1,114,350	-	4,006,286
Charge for the period	535,532	496,246	277,083	208,285	383,992	-	1,901,138
At 25 June 2022	<u>1,115,564</u>	<u>1,997,654</u>	<u>694,478</u>	<u>601,386</u>	<u>1,498,342</u>	<u>-</u>	<u>5,907,424</u>
<b>NET BOOK VALUE</b>							
At 25 June 2022	<u>3,933,846</u>	<u>665,558</u>	<u>148,452</u>	<u>88,540</u>	<u>354,854</u>	<u>-</u>	<u>5,191,250</u>
At 27 June 2021	<u>3,083,326</u>	<u>756,975</u>	<u>425,535</u>	<u>283,638</u>	<u>735,487</u>	<u>18,301</u>	<u>5,303,262</u>

**13 INVESTMENTS**

<b>COST AND NET BOOK VALUE</b>	<b>25-Jun-22 \$</b>	<b>26-Jun-21 \$</b>
	<u>86,008</u>	<u>19,258</u>

At 25 June 2022, the company held 100% of the issued ordinary share capital in DisplayLink (Poland) Sp. z o.o., a company incorporated in Poland, and 100% of the issued ordinary share capital in Synaptics Holding GmbH a company incorporated in Zug, Switzerland. DisplayLink (Poland) Sp. z o.o., and Synaptics GmbH operate as research and development company, and holding company respectively within the DisplayLink (UK) Limited group. The registered office of DisplayLink (Poland) Sp z o.o. is Katowice, UL. Ligocka 103. The registered office of Synaptics Holding GmbH is Poststrasse 6, 6302 Zug Switzerland. The directors believe that the carrying value of these investments are supported by the company's underlying net assets.



DISPLAYLINK (UK) LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

**14 DEBTORS**

	Company	
	25-Jun-22	26-Jun-21
	\$	\$
Amounts owed by Synaptics group undertakings	8,170,701	23,049,394
Deferred Tax Asset (due after more than one year)	5,032,949	6,145,402
Research and development tax credit receivable	3,818,054	3,147,880
Other debtors	60,366	55,124
Prepayments and accrued income	540,069	1,390,686
	<u>17,622,139</u>	<u>33,788,486</u>

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

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Company	
	25-Jun-22	26-Jun-21
	\$	\$
Trade creditors	461,309	94,828
Amounts owed to group undertakings	2,959,994	9,317,176
Taxation and social security	330,822	313,328
Other creditors	3,844,152	3,387,612
Restructuring provision	-	112,091
Accruals and deferred income	3,957,096	4,860,628
	<u>11,553,373</u>	<u>18,085,663</u>

As in 2021, 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:

	Provided		Not provided	
	25-Jun-22	26-Jun-21	25-Jun-22	26-Jun-21
	\$	\$	\$	\$
Accelerated capital allowances	(520,180)	(977,606)	-	-
Trading losses	5,553,129	7,123,008	-	-
	<u>5,032,949</u>	<u>6,145,402</u>	<u>-</u>	<u>-</u>

The Company 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.

DISPLAYLINK (UK) LIMITED  
REGISTERED NUMBER: 04811048

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

17 FINANCIAL INSTRUMENTS

		25-Jun-22	26-Jun-21
		\$	\$
<b>Financial assets that are measured at amortised cost</b>			
Other debtors	14	60,366	55,124
Amounts owed by group entities	14	8,170,701	23,049,394
		<u>8,231,067</u>	<u>23,104,518</u>
<b>Financial liabilities that are measured at amortised cost</b>			
		\$	\$
Trade creditors	15	461,309	94,828
Amounts owed to group undertakings	15	2,959,994	9,317,176
Other creditors	15	3,844,152	3,499,703
Accruals and deferred income	15	3,957,096	4,860,628
		<u>11,222,551</u>	<u>17,772,335</u>

18 CALLED UP SHARE CAPITAL

	25-Jun-22	26-Jun-21
	\$	\$
9,337,224 (2021: 9,337,224) Ordinary shares of £1 each	17,166,021	17,166,021
	<u>17,166,021</u>	<u>17,166,021</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

19 NOTES TO THE CASH FLOW STATEMENT

The Company has not taken advantage of the disclosure exemption under FRS 102 from preparing a 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.

	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
<b>RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS</b>		
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>37,309,740</b>	<b>27,442,398</b>
Adjustment for:		
Tax on profit	4,231,323	3,561,150
Net interest income	(6,081)	(108,703)
<b>OPERATING PROFIT</b>	<b>41,534,982</b>	<b>30,894,845</b>
Share-based payment charge	(525,312)	615,309
Depreciation and amortisation	2,883,505	2,986,327
Loss on disposal of tangible fixed assets	-	-
Foreign exchange gains/(losses)	2,619,930	(1,372,275)
Change in debtors	10,386,103	(5,422,336)
Change in stocks	-	-
Change in creditors	(6,532,290)	2,674,722
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>50,366,919</b>	<b>30,376,592</b>

	For the period ended 25-Jun-22 \$	For the period ended 26-Jun-21 \$
<b>ANALYSIS OF CASH FLOWS</b>		
<b>TAXATION</b>		
Research and development tax credits received	1,548,922	1,547,864
Withholding tax paid	-	(2,014,772)
	<b>1,548,922</b>	<b>(466,908)</b>

ANALYSIS AND RECONCILIATION OF NET FUNDS

	27-Jun-21 \$	Cash flow \$	Foreign exchange effect \$	25-Jun-22 \$
Cash at bank and in hand	28,964,178	41,496,036	-	67,840,283
Investments	18,000,000	(18,000,000)	-	-
	<b>46,964,178</b>	<b>23,496,036</b>	<b>(2,619,931)</b>	<b>67,840,283</b>

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.

Displaylink (UK) Limited signed an agreement effective 01 October 2022 to surrender part of the currently leased space on the Cambridge Science Park, the surrender cost included a premium of \$2.3m, the new lease, on similar terms, will result in a reduction of future lease liability.

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

	25-Jun-22 \$	26-Jun-21 \$
<b>PAYMENTS DUE</b>		
Within one year	4,030,920	2,905,335
Between two and five years	5,010,138	11,621,340
Greater than five years	2,673,060	8,453,331
	<b>11,714,117</b>	<b>22,980,007</b>

At 25 June 2022, the Company had no capital commitments (2021 - \$Nil).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JUNE 2022

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 2022, and the balance and aggregate intrinsic value of RSUs as of the end of fiscal 2022 was as follows:

	RSU awards outstanding	Weighted Average Grant Date Fair Value
	Units	\$
Outstanding at the beginning of the period	34,850	82
Granted during the year	42,633	174
Forfeited during the year	(11,165)	83
Exercised during the year	(8,919)	142
Outstanding at the end of the period	<u>57,399</u>	<u>141</u>

The Company recognised a total expense for equity-settled share-based payments (including RSUs) of 2022 \$2,575,917 (2021 \$615,309). The costs are recharged from DisplayLink Corp. and Synaptics Inc. in connection with those staff employed by the Company.

22 RELATED PARTY TRANSACTIONS

During the period, DisplayLink (UK) Limited earned an intercompany royalty of \$86,611,346 (2021 - \$67,159,054) from Synaptics Hong Kong Limited, an intercompany entity. At year end, an amount of withholding tax of \$2,598,340 (2021: \$2,014,772) 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 2022 totalled \$Nil (2021 - \$Nil).

23 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Synaptics International Inc (California), a company incorporated in the 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. A dividend was declared in respect of 2022 of \$28.1m was settled in Cash. No dividends remain outstanding as at the date of these financial statements. Displaylink UK has signed an agreement effective 01 October 2022 to surrender part of the currently leased unoccupied space in no. 22 Cambridge Science Park, the surrender cost included a premium of \$2.3m