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Cirrus Logic International Semiconductor Ltd
Registered number: SC495735

Financial Statements
for the 52 week period ended
25 March 2023



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Company Information
For the 52 week period ended 25 March 2023

Directors: Thurman K. Case (resigned 18 April 2022)
Allan W. Hughes
Sarah Wallis
Venk Nathamuni (appointed 5 May 2022)

Secretary: Andrew Keir

Registered Office: Cirrus Logic International Semiconductor Ltd
7B Nightingale Way
Quartermile
Edinburgh
Scotland
EH3 9EG
United Kingdom

Registered Number: SC495735

Independent Auditor: Ernst & Young LLP
144 Morrison Street
Edinburgh
EH3 8EB
United Kingdom

Principal Bankers: Wells Fargo Bank, N.A.
London Branch
One Plantation Place
30 Fenchurch Street
London
EC3M 3BD
United Kingdom

Legal Advisors: Baker McKenzie LLP
100 New Bridge Street
London
EC4V 6JA
United Kingdom

Strategic Report

For the 52 week period ended 25 March 2023

The directors present their Strategic Report for Cirrus Logic International Semiconductor Ltd (the ‘Company’) for the 52 week period ended 25 March 2023.

Principal Activities and Products

Audio Products

The Company designs low-power, low-latency, high-precision audio components that are used in a variety of applications including smartphones, tablets, laptops, AR/VR headsets, home theatre systems, automotive entertainment systems and professional audio systems. The Company has an extensive portfolio of products: “codecs”, which are components that integrate analogue-to-digital converters (“ADCs”) and digital-to-analogue converters (“DACs”) into a single integrated circuit (“IC”); “smart codecs,” which are codecs with integrated digital signal processing; boosted amplifiers; and standalone digital signal processors (“DSPs”). Additionally, the Company’s SoundClear® technology consists of a broad portfolio of tools, software and algorithms that help to differentiate our customers’ products by improving the user experience with features such as louder, high-fidelity sound, high-quality audio playback, voice capture, and hearing augmentation.

High-Performance Mixed-Signal Products

Drawing on our extensive mixed-signal design and low-power processing expertise, the Company has expanded beyond our traditional audio domain into new categories where we provide a range of high-performance mixed-signal products, including camera controllers, haptic and sensing solutions, and battery and power ICs. These products are primarily used in smartphones to help deliver a more immersive and compelling user experience while also improving battery health and performance. This product line also includes legacy industrial and energy applications such as digital utility meters, power supplies, energy control, energy measurement and energy exploration.

Future Developments

There are no expected changes to the Company’s activities in the coming year.

Research and Development

The Company concentrates its research and development efforts on the design and development of new products for each of our principal markets. We also fund certain advanced-process technology development, as well as other emerging product opportunities. Our future success is highly dependent upon our ability to develop complex new products, transfer new products to volume production, introduce them into the marketplace in a timely fashion, and have them selected for design into products of systems manufacturers. Our future success may also depend on assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp. Research and development expenditure for the 52 week period ended 25 March 2023 was \$398.8 million (*52 week period ended 26 March 2022: \$361.1 million*).

Strategic Report (continued)

For the 52 week period ended 25 March 2023

Financial Performance

Key Performance Indicators

	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
Revenue	\$741.9 million	\$709.1 million
Gross profit (as a % of revenue)	100.0%	100.0%
Research and development expenses (as a % of revenue)	53.8%	50.9%
Administrative expenses (as a % of revenue)	1.2%	1.0%
Operating profit (as a % of revenue)	45.1%	48.0%

Revenue

The Company earned royalty income in respect of an intellectual property license from another Group company, Cirrus Logic International (UK) Ltd of \$741.9 million during the 52 week period ended 25 March 2023 (52 week period ended 26 March 2022: \$709.1 million).

Operating Expenses

The amount of expenditure on research and development ('R&D') for the 52 week period ended 25 March 2023 was \$398.8 million (52 week period ended 26 March 2022: \$361.1 million).

Administrative expenses were \$8.7 million in the 52 week period ended 25 March 2023, compared to \$7.3 in the 52 week period ended 26 March 2022.

Operating Profit

The operating profit for the 52 week period ended 25 March 2023 and the 52 week period ended 26 March 2022 was \$334.3 million and \$340.6 million respectively.

Taxation

The total effective tax rate for the 52 week period ended 25 March 2023 was 10.5% primarily due to the UK patent box claim (52 week period ended 26 March 2022: 10.8% primarily due to the UK patent box claim). A reconciliation of the effective tax rate is presented in note 6 to the financial statements.

Financial Position

Cash and cash equivalents totalled \$229.3 million at 25 March 2023 (26 March 2022: \$251.9 million).

Strategic Report (continued)

For the 52 week period ended 25 March 2023

Principal Risks and Uncertainties

Risk Factors

The Company's business faces significant risks. The risk factors set forth below may not be the only risks that we face and there is a risk that we may have failed to identify all possible risk factors. Additional risks that we are not aware of yet or that currently are not material may adversely affect our business operations. You should read the following cautionary statements in conjunction with the factors discussed elsewhere in this document. These cautionary statements are intended to highlight certain factors that may affect the financial condition and results of operations of the Company and are not meant to be an exhaustive discussion of risks that apply to companies such as ours.

Risks Related to Operating our Business

If we fail to attract, hire and retain qualified personnel, we may not be able to develop, market, or sell our products or successfully manage our business.

Competition for highly qualified personnel in our industry, particularly for employees with technical backgrounds, is intense. The number of technology companies in the geographic areas in which we operate is greater than it has been historically. In addition, some companies in our industry have announced plans to adopt flexible remote work arrangements that further increase competition for talent. Accordingly, we expect competition for qualified personnel to intensify because there are only a limited number of individuals in the job market with the skills that we require.

There also is a risk that changes in immigration laws and regulations, or their administration or enforcement, can impair our ability to attract and retain qualified engineering personnel. In the U.S., where a significant portion of our research and development teams are located, tightening of immigration controls may adversely affect the employment status of non-U.S. engineers and other key technical employees or further impact our ability to hire new non-U.S. employees. Moreover, certain immigration policies in the U.S. may make it more difficult for us to recruit and retain highly skilled foreign national graduates of universities in the U.S., additionally limiting the pool of available talent.

There are significant costs to the Company associated with attracting and retaining qualified personnel in key technology positions. Recruiting and employee costs, such as cash and stock-based compensation, have increased relative to historic levels and may continue to increase, which could adversely affect our results of operations. Further, the loss of the services of key personnel or our inability to hire new personnel with the requisite skills or to assimilate talent could restrict our ability to develop new products or timely enhance existing products, sell products to our customers, or manage our business effectively.

Risks Related to Research and Development and New Technologies

Our failure to develop and ramp new products into production in a timely manner could harm our operating results.

Our success depends upon our ability to develop new products for new and existing customers, and to introduce these products in a timely and cost-effective manner. The development of new products involves significant investment and is highly complex. From time-to-time, we have experienced delays in developing and introducing these new products. Successful product development and introduction depend on a number of factors including, but not limited to:

- proper new product definition;

Strategic Report (continued) For the 52 week period ended 25 March 2023

Principal Risks and Uncertainties (continued)

- timely completion of design and testing of new products;
- assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp;
- successfully developing and implementing software necessary to integrate our products into our customers' products;
- achievement of acceptable manufacturing yields;
- availability of wafer fabrication, assembly, and test capacity; and
- market acceptance of our products and the products of our customers.

Both sales and/or margins may be materially affected if new product introductions are delayed, or if our products are not designed into successive generations of new or existing customers' products. Our failure to develop and introduce new products successfully could harm our business and operating results.

In addition, difficulties associated with adapting our technology and product design to the proprietary process technology and design rules of new foundries can lead to complications resulting in delays and/or reduced yields of our products. Since low yields may result from either design or process technology failures, yield problems may not be effectively determined or resolved until an actual product exists that can be analyzed and tested to identify process sensitivities relating to the design rules that are used. As a result, yield problems may not be identified until well into the production process, and resolution of yield problems may require cooperation between our manufacturer and us. This risk could be compounded by the offshore location of certain of our manufacturers, increasing the effort and time required to identify, communicate, and resolve manufacturing yield problems. Manufacturing defects that we do not discover during the manufacturing or testing process may lead to costly product recalls. These risks may lead to increased costs or delayed product delivery, which would harm our profitability and customer relationships.

We continue to invest in research and development efforts for several new markets. If we are unable to commercialize these technologies, our future results and profits could be negatively affected.

Our investments into new markets subject us to additional risks. We may have limited or no experience in these markets, and our customers may not adopt our new offerings. These new offerings may present new and difficult challenges, including risks related to technology, customers, competitors, product cycles, customer demand, terms and conditions and other industry specific issues which could negatively affect our operating results. These developing products and market segments may not grow as significantly or as quickly as projected, or at all, and we may not realize an adequate return on our investments or may be required to write-down the value of certain tangible and intangible assets.

We may be unable to protect our intellectual property rights.

Our success depends in part on our ability to obtain patents and to preserve our other intellectual property rights covering our products. We seek patent protection for those inventions and technologies for which we believe such protection is suitable and is likely to provide a competitive advantage to us. We also rely on trade secrets, proprietary technology, non-disclosure and other contractual terms, and technical measures to protect our technology and manufacturing knowledge. We actively work to foster continuing technological innovation to maintain and protect our competitive position. We cannot provide assurances that steps taken by us to protect our intellectual property will be adequate, that our competitors will not independently develop or design around our patents, or that our intellectual property will not be misappropriated. In addition, the laws of some non-U.K. countries may not protect our intellectual property as well as the laws of the United Kingdom.

Any of these events could materially and adversely affect our business, operating results, or financial condition. Policing infringement of our technology is difficult, and litigation may be necessary in the future to enforce our intellectual property rights. Any such litigation could be expensive, take significant time, and divert management's attention.

Strategic Report (continued) For the 52 week period ended 25 March 2023

Principal Risks and Uncertainties (continued)

Risks Related to our Financial Performance

Our foreign currency exposures may change over time as the level of activity in foreign markets grows and could have an adverse impact upon financial results.

As a global enterprise, we face exposure to adverse movements in foreign currency exchange rates. Certain of our assets, including certain bank accounts, exist in non-U.S. dollar-denominated currencies, which are sensitive to foreign currency exchange rate fluctuations. The non-U.S. dollar-denominated currencies are principally the British Pound Sterling. We also have a significant number of employees that are paid in non-U.S. dollar-denominated currency, the largest group being United Kingdom-based employees who are paid in British Pounds Sterling.

If the value of the U.S. dollar weakens relative to these specific currencies, the cost of doing business in terms of U.S. dollars rises. With the growth of our international business, our foreign currency exposures may grow and under certain circumstances, could harm our business.

If we do not hedge against these risks, or our attempts to hedge against these risks are not successful, our financial condition and results of operations could be adversely affected.

We could be subject to changes in tax laws, the adoption of new U.K. or international tax legislation, or exposure to additional tax liabilities.

We are subject to taxes in the U.K. and numerous foreign jurisdictions where a number of our subsidiaries are organized. Due to economic and political conditions, tax laws in various jurisdictions may be subject to significant change. Changes in tax laws and regulations may impact our worldwide tax liabilities and result in increased complexity and costs. Our future effective tax rates could be affected by changes in tax laws or their interpretation, or changes in the valuation of deferred tax assets and liabilities. Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities. Our estimates of future taxable income can change as new information becomes available. Any such changes in our estimates or assumptions can significantly impact our tax provision in a given period.

We are also subject to the examination of our tax returns and other tax matters by His Majesty's Revenue and Customs ("HMRC") and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows, and financial condition could be adversely affected.

Strategic Report (continued)

For the 52 week period ended 25 March 2023

Section 172 Statement

Introduction

The directors, in line with their duties under section 172 (“s172”) of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long-term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Board training and support on s172 duties

Directors are supported in the discharge of their duties by the office of the Company Secretary. All directors receive guidance on their statutory duties including s172 and were briefed on the governance and reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018.

Stakeholders

The Company Board’s responsibility to promote the long-term success of the Company, relies on inputs from, and positive relationships with, a wide range of stakeholders.

Employees

The Company directors are actively involved in promoting employee engagement. The Company and the Group believe our employees are at the centre of why our Company continues to be recognized as one of the top companies to work for on a national level. By fostering a family-focused culture based on regular employee feedback used to direct new employee programs and services, we continue to build strong core values based on communication, integrity, innovation, continuous improvement and job satisfaction.

During the year we have engaged with our employees in the following ways:

- Leadership assessment survey: allowing employees the chance to assess their line managers and the overall leadership of the Company and the Group.
- Energage survey: allowing employees to rate the work environment at the Company and the Group.
- Quarterly “all hands” meetings: the CEO of the Group communicates the quarterly results to all employees and provides an update on the business, with time for Q&A from employees.
- New hire sessions: allowing new hires the opportunity to feedback on their initial experiences with the Company.
- Health and Safety Committee: the Health and Safety Committee provides a forum for employees and management to work together to address matters relating to employee health and safety.

Other Stakeholders

As the majority of the Group revenues are generated by the Company, the key strategic decisions and stakeholder engagement is addressed at the Group Board level. The Group Board takes account of all stakeholders, including the stakeholders of the Company. This includes directing employees of the Company and other Group companies to work alongside customers to help support their future products and working closely with foundries, assembly and test houses to understand impacts of new product lines on the supply chain. To the extent matters are raised relating to the Company, these are brought to the attention of the Company Board. The Chief Financial Officer of the Group sits on the Company’s Board and discusses the decisions made at the Group Board with the other Company directors. Additional details on the Group Board approach to stakeholder engagement, which applies to the Company and all Group companies, can be found within the Group annual report and on the Corporate Social Responsibility and Corporate Governance sections of our public website.

Strategic Report (continued) **For the 52 week period ended 25 March 2023**

Section 172 Statement (continued)

Principal Decisions

When making decisions, the directors have regard to the longer-term impact of such decisions and any possible impact on all stakeholders. Examples of principal decisions made by the Company board during the fiscal year include:

- Dividend Policy: in the current year, the directors approved the payment of three \$100 million dividends, having concluded that the future forecasts of the Company supported positive cash generation and the payment of the dividend to the parent company would not adversely impact on any of our stakeholders.

For and on behalf of the Board of Directors

DocuSigned by:
Sarah Anna Wallis
850D34FFD7314DC
Sarah Wallis
Director
21 June 2023

Directors' Report

For the 52 week period ended 25 March 2023

The directors hereby submit their report and financial statements for the 52 week period ended 25 March 2023 (referred to as '2023'). The previous financial period was the 52 week period ended 26 March 2022 (referred to as 2022')

The financial statements and related notes comprise those of Cirrus Logic International Semiconductor Ltd (the 'Company') and its overseas branch based in the United States of America.

Financial

Results

The Company's profit after taxation for the 52 week period ended 25 March 2023 was \$308.8 million (52 week period ended 26 March 2022: \$305.7 million).

Financial Risk Management

The financial risk management objectives and policies are discussed below.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The management of market risk involves the control of market risk exposures within acceptable parameters.

Currency Risk

The Company operates internationally and is exposed to currency risk on operating expenses that are denominated in a currency other than United States dollars. The currency giving rise to this risk is primarily Pounds Sterling. Foreign exchange risk arises from transactions, recognised assets and liabilities and net investments in foreign operations.

Interest Rate Risk

The Company's primary financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The Company earns interest from bank deposits held with highly rated financial institutions.

The Company's cash and cash equivalents are subject to floating interest rates.

Credit Risk

Counterparties for cash and cash equivalents are limited to financial institutions that have a high credit rating.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company regularly reviews its cash flow requirements.

As at 25 March 2023, the Company had cash and cash equivalents of \$229.3 million (as at 26 March 2022: \$251.9 million).

Directors' Report (continued)

For the 52 week period ended 25 March 2023

Going Concern

The Company has, as at 25 March 2023, net assets of \$604.3 million (2022: \$591.0 million) and cash and cash equivalent balances of \$229.3 million (2022: \$251.9 million). The Company has no external loans or borrowings or complex financial instruments as at 25 March 2023 (2022: none). The Company generated a profit after tax of \$308.8 million in the 52 week period ended 25 March 2023 (52 week period ended 26 March 2022: \$305.7 million).

The directors have reviewed the latest forecast results and cash flow projections covering the period to 29 June 2024 and have considered the risk factors set out in the strategic report and the financial performance of the Company. The directors have considered downside scenarios and concluded that revenue would have to fall substantially, and for an extended duration exceeding 12 months, for there to be a going concern risk. The directors have concluded that this level of downside revenue risk is not a plausible scenario based on current forecasts and recent trading results. The ultimate parent company, Cirrus Logic, Inc. has issued a letter of support to the Company indicating its intention to support the Company to meet its obligations if necessary. After making enquiries, and in view of the recent trading results and liquidity position of the Company in the period since 25 March 2023 until the date of approval of these financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of signing these financial statements, until at least 29 June 2024. The financial statements for the 52 week period ended 25 March 2023 have therefore been prepared on a going concern basis.

Dividends

Dividends totalling \$300.0 million were declared and paid to Cirrus Logic UK International Holding Co. Ltd in the period ended 25 March 2023 (period ended 26 March 2022: \$75.0 million).

Strategic Report

The report of the directors should be read in conjunction with the Strategic Report on pages 2 to 8, which contains details of the principal activities of the Company during the period and an indication of main trends and factors likely to affect the future development, performance and position of the Company's business.

All of the information detailed in those sections, which is required for the Strategic Report or otherwise for this Directors' Report, is incorporated by reference in (and shall be deemed to form part of) this report.

Post Balance Sheet Events

There are no post balance sheet events.

Directors' Report (continued)

For the 52 week period ended 25 March 2023

Directors

The directors who served during the period and those holding office at 25 March 2023 and at the date of approval of these financial statements were:

Allan W. Hughes
Thurman K. Case resigned 18 April 2022
Sarah Wallis
Venk Nathamuni appointed 5 May 2022

None of these directors hold an interest in the shares of the Company for the period ended 25 March 2023 or 26 March 2022. No director had, during or at the end of the financial period, any material interest in any contract of significance in relation to the Company's business.

The emoluments for the directors were paid by other Group members and were deemed to be wholly attributable to their services for those entities.

Each of the directors confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Directors' Report contained in these financial statements includes a fair review of the business and position of the Company, together with a description of the principal risks and uncertainties that they face.

Employees

Employee involvement

The Company is committed to employee involvement throughout the business.

Discretionary employee share schemes are an established and effective part of reward packages for employees, encouraging and supporting employee share ownership. A summary of the employee share schemes, which have operated at any time during the period, is included in note 14 to the financial statements.

Employees with disabilities

The Company policy is to give full and fair consideration to suitable applications for employment from people with disabilities. If existing employees become disabled they will continue to be employed, wherever practicable, in the same job or, if this is not practicable, every effort will be made to find suitable alternative employment and to provide appropriate training.

Disclosure of Information to the Auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor for the fiscal year ended 25 March 2023 was Ernst & Young LLP. An auditor for the fiscal year ended 30 March 2024 will be proposed in accordance with Section 487 of the Companies Act 2006.

Directors' Report (continued)

For the 52 week period ended 25 March 2023

Streamlined Energy and Carbon Reporting (SECR)

This report was prepared in accordance with the Streamlined Energy and Carbon Reporting (“SECR”) requirements outlined in the Companies Act 2006 for large quoted and unlisted companies which requires Cirrus Logic International (UK) Ltd (“CLI(UK)”) to report on its Greenhouse Gas (“GHG”) emissions.

CLI(UK) shares premises with Cirrus Logic International Semiconductor Ltd (“CLIS”) and it is therefore not possible to allocate energy consumption to a specific entity. All references to the Company in this report are references to the combined operations and data for CLI(UK) and CLIS. This report contains details on annual GHG emissions and total energy consumption of the Company covering our offices, transport assets, and energy efficiency and environmental management actions implemented during fiscal years 2022 and 2023.

Methodology

Scope of Analysis and Data Collection

Over 2022/23 we have collected primary data for our offices and business travel activities including: electricity consumption (kWh), gas consumption (kWh), fuel expenses (£), and employee mileage claims. All primary data used within this report is from 1 April 2022 to 31 March 2023, covering the majority of our financial year, as our suppliers report the data to us on a calendar month basis. The scope of our GHG emissions calculation covers all of our UK operations; we have prepared our inventory using the operational control approach.

Calculation Methodology

We have used the Department for Business, Energy and Industrial Strategy (“BEIS”) and Greenhouse Gas Protocol Corporate Reporting Standard (“GHG Protocol”) methodology for compiling this GHG data and have calculated our GHG emissions in accordance with the UK Government’s reporting guidelines for company reporting, using location-based methodology.

To ensure consistency in our reporting we are reporting all GHG emissions in units of CO₂e (carbon dioxide equivalent) and have used 2022 GHG Conversion Factors for Company Reporting, published annually by Defra and BEIS.

Where incomplete electricity consumption or gas consumption datasets have had to be used, we have estimated consumption based on the pro-rated average of previous months’ energy consumption or utilised an equivalent 12-month data set. Where fuel expenses have been provided as a cost, we have estimated fuel use based on average prices per litre for petrol and diesel.

GHG Emissions Scopes

The following reporting scopes (as outlined by the GHG Protocol) are included within this disclosure:

- **Scope 1 emissions:** direct emissions from sources which the Company owns or controls. This includes natural gas consumption in our offices and research facilities.
- **Scope 2 emissions:** indirect emissions relating solely to the generation of purchased electricity that is consumed by the Company.
- **Scope 3 emissions:** indirect emissions relating to business travel by employees in their own vehicles (mileage and fuel claims).

Directors' Report (continued)

For the 52 week period ended 25 March 2023

Energy Consumption

The table below displays our annual energy consumption for electricity, natural gas, and business travel for fiscal years 2022 and 2023. As per SECR reporting requirements this information is presented in kilowatt hours (kWh).

Emissions Source	GHG Scope (GHG Protocol)	Reporting Units	1 April 2022 – 31 March 2023	1 April 2021 – 31 March 2022
Electricity	Scope 2	Kilowatt hour (kWh)	4,012,788	4,041,931
Natural Gas	Scope 1	Kilowatt hour (kWh)	1,169,655	1,247,048
Fuel Expenses	Scope 3	Kilowatt Hour (kWh)	2,724	1,660
Grey Fleet Mileage	Scope 3	Kilowatt Hour (kWh)	10,537	2,607
Total Energy Consumption (kWh)			5,195,704	5,293,246

GHG Emissions Reporting

In accordance with the SECR Emissions Reporting requirements outlined in the Companies Act 2006 for large companies our GHG disclosure for fiscal years 2022 and 2023 is listed below. Results have been split by Scope as outlined by the GHG Protocol calculation methodology.

GHG Emissions Scope	Result units	1 April 2022 – 31 March 2023	Percentage of GHG Emissions
Scope 1	tonnes CO ₂ e	213.51	21.5 %
Scope 2	tonnes CO ₂ e	775.99	78.2 %
Scope 3	tonnes CO ₂ e	3.11	0.3 %
Total Energy Consumption (kWh)	tonnes CO₂e	992.61	100.0 %

GHG Emissions Intensity 1	tonnes CO₂e/m² floor area	0.07
GHG Emissions Intensity 2	tonnes CO₂e/employee	2.20

GHG Emissions Scope	Result units	1 April 2021 – 31 March 2022	Percentage of GHG Emissions
Scope 1	tonnes CO ₂ e	228.41	21.1 %
Scope 2	tonnes CO ₂ e	858.22	78.8 %
Scope 3	tonnes CO ₂ e	1.00	0.1 %
Total Energy Consumption (kWh)	tonnes CO₂e	1,087.63	100.0 %

GHG Emissions Intensity 1	tonnes CO₂e/m² floor area	0.07
GHG Emissions Intensity 2	tonnes CO₂e/employee	2.46

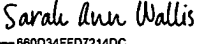
There was an increase in the number of employees during fiscal year 2023, resulting in lower emissions per employee compared to fiscal year 2022.

Directors' Report (continued) **For the 52 week period ended 25 March 2023**

Energy Efficiency and Environmental Management

Since fiscal year 2021, all of our UK locations are contracted to be sourced with renewable electricity. Additionally, our Edinburgh and London office buildings are highly rated on the BREEAM scale, a leading sustainability building assessment scheme, and all U.K. sites have an energy performance asset rating of B or above.

For and on behalf of the Board of Directors

DocuSigned by:

660D34FFD7214DC...
Sarah Wallis
Director
21 June 2023

Statement of Directors' Responsibilities For the 52 week period ended 25 March 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent Auditor’s Report to the members of Cirrus Logic International Semiconductor Ltd

Opinion

We have audited the financial statements of Cirrus Logic International Semiconductor Ltd for the 52 week period ended 25 March 2023 which the Income Statement, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 “Reduced Disclosure Framework.

In our opinion, the financial statements:

- give a true and fair view of the company’s affairs as at 25 March 2023 and of its result for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue to 29 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company’s ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

Independent Auditor's Report to the members of Cirrus Logic International Semiconductor Ltd (continued)

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed

Independent Auditor's Report to the members of Cirrus Logic International Semiconductor Ltd (continued)

below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

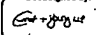
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006). In addition, the company has to comply with laws and regulations relating to its operations, including health and safety, employees, GDPR and anti-bribery and corruption.
- We understood how the company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation and consideration of the results of our audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur considering risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of company board minutes to identify any non-compliance with laws and regulations; a review of the Cirrus Logic Inc. board and audit committee minutes; and enquiries of those charged with governance and management.

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

Use of our report

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

DocuSigned by:

 637E8E8F7124

Fabrizio Marchetti (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

23 June 2023

Income Statement

For the 52 week period ended 25 March 2023

		52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
	Notes	\$'000	\$'000
Revenue		741,866	709,091
Cost of sales		—	—
Gross profit		741,866	709,091
Research and development expenses		(398,846)	(361,149)
Administrative expenses		(8,732)	(7,334)
Operating profit	3	334,288	340,608
Finance income	5	10,889	2,602
Finance costs	5	(48)	(387)
Net finance income		10,841	2,215
Profit before tax		345,129	342,823
Income tax expense	6	(36,361)	(37,111)
Profit for the period attributable to equity holders of the Company		308,768	305,712

The notes are an integral part of these financial statements.

Other Comprehensive Income

The Company has no Other Comprehensive Income for the current or prior period.

Balance Sheet

As at 25 March 2023

		As at 25 March 2023 \$'000	As at 26 March 2022 \$'000
Assets			
Property, plant and equipment	7	41,410	43,218
Leases ROU Assets	8	2,026	2,274
Intangible assets	9	1,408	2,728
Deferred tax assets	10	21,134	11,387
Other assets	11	11,791	15,280
Income tax receivable	6	26,029	22,241
Loans due from other group companies	16	255,000	255,014
Total non-current assets		358,798	352,142
Trade and other receivables	11	91,241	78,394
Income tax receivable	6	20,161	18,281
Cash and cash equivalents	12	229,326	251,906
Total current assets		340,728	348,581
Total assets		699,526	700,723
Equity			
Issued share capital	13	—	—
Capital contribution	13	12,010	12,010
Retained earnings	13	592,325	578,960
Total equity attributable to equity holders of the parent		604,335	590,970
Liabilities			
Other payables	15	6,072	12,815
Deferred tax liabilities	10	—	—
Lease liability – non-current	8	1,772	2,151
Total non-current liabilities		7,844	14,966
Trade and other payables	15	87,071	94,490
Lease liability – current	8	276	297
Total current liabilities		87,347	94,787
Total liabilities		95,191	109,753
Total equity and liabilities		699,526	700,723

The notes are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 21 June 2023 and were signed on its behalf by:

DocuSigned by:
Sarah Ann Wallis
060034FFD7214DC

Sarah Wallis
Director

Statement of Changes in Equity As at 25 March 2023

	Share capital	Capital contribution	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 27 March 2021	—	12,010	346,340	358,350
Profit for the period	—	—	305,712	305,712
Total comprehensive income for the period ended 26 March 2022	—	—	305,712	305,712
<i>Transactions with owners of the Company recognised directly in equity:</i>				
Current tax on equity settled share-based payment transactions recognised in equity	—	—	583	583
Deferred tax on equity settled share-based payment transactions recognised in equity	—	—	1,325	1,325
Dividends paid	—	—	(75,000)	(75,000)
Total contributions by and distributions to the owners of the Company	—	—	(73,092)	(73,092)
Balance at 26 March 2022	—	12,010	578,960	590,970
Profit for the period	—	—	308,768	308,768
Total comprehensive income for the period ended 25 March 2023	—	—	308,768	308,768
<i>Transactions with owners of the Company recognised directly in equity:</i>				
Current tax on equity settled share-based payment transactions recognised in equity	—	—	28	28
Deferred tax on equity settled share-based payment transactions recognised in equity	—	—	4,569	4,569
Dividends paid	—	—	(300,000)	(300,000)
Total contributions by and distributions to the owners of the Company	—	—	(295,403)	(295,403)
Balance at 25 March 2023	—	12,010	592,325	604,335

The notes are an integral part of these financial statements.

Notes to the Financial Statements

For the 52 week period ended 25 March 2023

1 Basis of Preparation

Cirrus Logic International Semiconductor Ltd (the 'Company') is a company domiciled and incorporated in Scotland. The comparative period presented for these financial statements is the 52 weeks ended 26 March 2022, referred to as '2022' for the purposes of these notes to the financial statements.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 8. The financial position of the Company and liquidity positions are described within the Financial Performance section of the Strategic Report on page 3. In addition, the Directors' Report and note 16 to the financial statements include the Company's financial risk management objectives; details of its financial instruments and hedging activities; its exposures to credit and liquidity risk; and its objectives, policies and processes for managing its capital.

1.1 Going Concern

The Company has, as at 25 March 2023, net assets of \$604.3 million (2022: \$591.0 million) and cash and cash equivalent balances of \$229.3 million (2022: \$251.9 million). The Company has no external loans or borrowings or complex financial instruments as at 25 March 2023 (2022: none). The Company generated a profit after tax of \$308.8 million in the 52 week period ended 25 March 2023 (52 week period ended 26 March 2022: \$305.7 million).

The directors have reviewed the latest forecast results and cash flow projections covering the period to 29 June 2024 and have considered the risk factors set out in the strategic report and the financial performance of the Company. The directors have considered downside scenarios and concluded that revenue would have to fall substantially, and for an extended duration exceeding 12 months, for there to be a going concern risk. The directors have concluded that this level of downside revenue risk is not a plausible scenario based on current forecasts and recent trading results. The ultimate parent company, Cirrus Logic, Inc. has issued a letter of support to the Company indicating its intention to support the Company to meet its obligations if necessary. After making enquiries, and in view of the recent trading results and liquidity position of the Company in the period since 25 March 2023 until the date of approval of these financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of signing these financial statements, until at least 29 June 2024. The financial statements for the 52 week period ended 25 March 2023 have therefore been prepared on a going concern basis.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

1 Basis of Preparation (continued)

1.2 Statement of Compliance

The financial statements of the Company for the 52 week period ended 25 March 2023 were authorised for issue by the directors on 21 June 2023. The financial statements of the Company were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and in accordance with applicable accounting standards. The principal accounting policies adopted by the Company are set out in note 2.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment' because the share-based payment arrangements concern the instruments of another Group company;
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraph 35H of IFRS 7 'Financial Instruments: Disclosure';
- the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- the requirements of paragraphs 6 and 21 of IFRS 1 'First-time Adoption of International Financial Reporting Standards';
- the requirements of paragraphs 110 (second sentence), 113 (a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'.

1.3 Basis of Measurement

The financial statements have been prepared on the historical cost basis.

1.4 Functional and presentation currency

The financial statements are presented in United States dollars ('US dollars'), the Company's functional currency, rounded to the nearest thousand.

1.5 New standards, amendments and IFRIC interpretations

There were no new accounting standards applicable in the 52 week period ended 25 March 2023 which had a material impact on the financial statements.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

1 Basis of Preparation (continued)

1.6 Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

Impairment testing for intangible assets

The Company tests whether intangible assets have suffered any impairment at least annually. If management concludes that it is more likely than not that impairment exists, the recoverable amounts of the intangible assets would be determined based on value-in-use calculations. These calculations require the use of estimates of asset useful lives and the timing and amount of projected cash flows.

Leases – estimating the incremental borrowing rate

The interest rate implicit in the lease cannot be readily determined, therefore the incremental borrowing rate ('IBR') is used to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Company estimates the IBR using observable inputs, such as market interest rates, when available and is required to make certain entity-specific estimates, such as the Company's credit rating.

Judgements

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company's lease for its lab facility includes a termination option. The Company applies judgement in evaluating whether it is reasonably certain or not to exercise the option to terminate the lease. In doing so, all relevant factors are considered that create an economic incentive for the Company to exercise the termination. After the commencement date, the lease term is reassessed if there is a significant event or change in circumstances that is within the Company's control and affects its ability to exercise or not to exercise the option to terminate, for example, construction of significant leasehold improvements.

The Company has included the period covered by the termination option, as part of the lease term for the lab facility lease as this is considered reasonably certain not to be exercised. The lab facility is a key part to our business, and we have invested significant amounts of money in leasehold improvements to make them fit for the Company's purpose.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

2 Significant Accounting Policies

The accounting policies set out below, unless otherwise stated in note 1 above, have been applied consistently to all periods presented in these financial statements.

2.1 Foreign Currency

Transactions in currencies other than US dollars, are remeasured at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in currencies other than US dollars at the balance sheet date are remeasured to US dollars at the exchange rate ruling at that date. Exchange differences arising on remeasurement are recognised in the income statement at the average exchange rate. Non-monetary assets and liabilities that are measured in terms of historical cost in a currency other than US dollars are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in currencies other than US dollars that are measured at fair value are retranslated to US dollars at the date that fair value was determined.

2.2 Property, Plant and Equipment

2.2.1 Owned Assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see accounting policy 2.2.2) and accumulated impairment losses (see accounting policy 2.6).

Cost includes the expenditure that is directly attributable to the acquisition of the asset.

Where parts of an item of property, plant and equipment have different estimated useful lives, they are accounted for and depreciated as separate items of property, plant and equipment.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance expenditure is expensed as incurred.

2.2.2 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of property, plant and equipment. Freehold land is not depreciated.

The estimated useful lives are as follows:

Leasehold improvements	shorter of term of lease or 10 years
Plant and machinery	3 to 10 years
Computer hardware	3 years
Furniture and fittings	3 to 10 years

The residual values and estimated useful lives of items of property, plant and equipment are reviewed annually and adjusted if appropriate.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net disposal proceeds with the carrying amount and are included in the income statement.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

2 Significant Accounting Policies (continued)

2.3 Intangible Assets

2.3.1 Research and Development

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised as an expense in the income statement as incurred.

2.3.2 Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight-line method over their estimated useful lives (three years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives (three years).

Amortisation methods, useful lives and the estimated residual values are reviewed and adjusted, if appropriate, at each balance sheet date.

2.3.3 Other Intangible Assets

Other intangible assets are stated at cost net of amortisation and any provision for impairment. The directors are primarily responsible for determining the fair value of intangible assets acquired as part of a business combination although the Company may choose to obtain independent valuations for those intangible assets which are significant.

Amortisation is provided at rates so as to write off the cost or fair value, less estimated residual value, of each asset on a straight-line basis over its expected useful economic life.

The principal economic lives used for this purpose are:

Intellectual property rights	1 to 6 years
Technology licences	3 years
Computer software	3 years

Amortisation methods, useful lives and the estimated residual values are reviewed and adjusted, if appropriate, at each balance sheet date.

2.4 Trade and Other Receivables

Trade and other receivables are initially stated at their fair value plus any directly attributable transactions costs. Subsequent to initial recognition, such assets are measured at amortised cost using an effective interest rate less any impairment losses (see accounting policy 2.6). A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows, discounted if material. The amount of the provision is recognised in the income statement.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

2 Significant Accounting Policies (continued)

2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances held with banks and money market funds.

2.6 Impairment

The carrying amounts of the Company's actual assets, other than financial assets and deferred tax assets (see accounting policy 2.14), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the carrying amount of an asset or its cash-generating unit ('CGU') exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

2.7 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

2.9 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach is applied for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

2.9.1 ROU Assets

ROU assets are recognised at the commencement date of the lease, being the date the underlying asset is available for use. ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the lease term. The ROU assets are also subject to impairment (see accounting policy 2.6).

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

2 Significant Accounting Policies (continued)

2.9 Leases (continued)

2.9.2 Lease Liabilities

At the commencement date of the lease, lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised, and payments of penalties for terminating the lease if the lease term reflects a termination option being exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the incremental borrowing rate at the lease commencement date is applied, as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are presented separately on the balance sheet, split between those that are due within one year and those due after one year.

2.9.3 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

2 Significant Accounting Policies (continued)

2.10 Employee Benefits

2.10.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when services are rendered by employees.

2.10.2 Share-based payment transactions

The fair value of share options granted to employees is recognised as an employee expense and spread over the period during which the employee becomes unconditionally entitled to the options. The Black-Scholes model is used in the measurement of the fair value of the options granted.

The grant date fair value of contingent restricted stock units awarded to employees is recognised as an employee expense over the period that the employees become unconditionally entitled to the shares. The amount recognised as an expense, for awards with service and non-market performance conditions, is adjusted to reflect the actual number of shares that vest.

The fair value of performance shares awarded to employees is recognised as an employee expense over the period that the employees become unconditionally entitled to the shares. The Monte Carlo simulation is used in the measurement of the fair value of the awards granted. The amount recognised as an expense is determined at the time of grant, regardless of the actual number of shares that vest.

2.11 Trade and Other Payables

Trade and other payables are stated at amortised cost using the effective interest rate method.

2.12 Revenue

Revenue comprises royalty income earned from other Group companies during the period and is recognised as the underlying product sale is made by the other Group companies.

2.13 Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, interest on lease liabilities and the unwinding of the discount on provisions and contingent consideration.

Interest income is recognised in the income statement as it accrues, using the effective rate of interest method.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

2 Significant Accounting Policies (continued)

2.14 Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax.

Current tax is provided on taxable profits at the current rate of tax.

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset within the same taxation authority and where the Company intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2.15 Determination of Fair Values

Some of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information regarding the assumptions made in determining the fair values is disclosed in the notes to the financial statements which are specific to that asset or liability.

2.15.1 Intangible Assets

The fair value of developed technology acquired as a result of a business combination is based on the discounted royalty payments that have been avoided as a result of the developed technology being owned. For in-process research and development acquired as a result of a business combination, the fair value is estimated based either on the income method taking into account the cash flows post technological feasibility or on the cost method, taking into account the estimated current cost to recreate or duplicate the technology. The fair values of licence agreements and of customer relationships acquired as a result of a business combination are estimated based on the risk adjusted present value of the marginal cash flows derived from the agreements and relationships respectively.

2.15.2 Non-derivative functional liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal cash flows, discounted at the market rate of interest at the reporting date.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

3 Operating Profit

	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
<i>Operating profit is stated after charging:</i>	\$'000	\$'000
Depreciation (notes 7 and 8)	15,621	13,787
Amortisation of intangible assets (note 9)	1,543	1,737
Variable lease payments	98	94
Loss/(Gain) on disposal of property, plant and equipment and intangible assets	(7)	9

	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
<i>Amounts receivable by the auditor and their associates in respect of:</i>	\$'000	\$'000
Audit of these financial statements	100	95
All other services (including non-audit services)	—	—

The above fee reflects the fee for the audit of these financial statements.

4 Personnel Expenses

	52 weeks ended 25 March 2023 Number	52 weeks ended 26 March 2022 Number
Average number of employees, including executive directors, by activity:		
Research and development	1,149	1,083
General and administration	8	8
	<u>1,157</u>	<u>1,091</u>
	52 weeks ended 25 March 2023 \$'000	52 weeks ended 26 March 2022 \$'000
Wages and salaries	193,764	186,591
Social security costs	15,012	15,760
Contributions to defined contribution pension plans	7,294	6,934
Equity settled share-based payment transactions	57,002	44,057
	<u>273,072</u>	<u>253,342</u>

Information regarding the remuneration of the directors is included in note 18.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

5 Net Finance Income

	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
	\$'000	\$'000
Bank interest receivable	5,293	14
Foreign exchange gain	294	—
Interest receivable on loan to other group company	5,157	2,474
Other financial income	145	114
Finance income	10,889	2,602
Interest on lease liabilities (note 8)	(48)	(59)
Foreign exchange loss	—	(328)
Finance costs	(48)	(387)
Net finance income	10,841	2,215

6 Income Tax

Current Tax

Current tax for the current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a non-current asset or a current asset, depending when the Company expect to realise those assets. The Company has a net non-current tax asset and a net current tax asset of and \$26.0 million and \$20.2 million respectively at 25 March 2023 (2022: \$22.2 million and \$18.3 million respectively).

Recognised in the Income Statement:	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
	\$'000	\$'000
Current Tax Expense		
<i>UK Taxes</i>		
Current year tax charge	41,542	43,706
Adjustments for prior years	(3)	45
	41,539	43,751
Deferred Tax Expense		
Origination and reversal of temporary differences	(2,768)	(5,935)
Adjustments for prior years	56	(79)
Impact of changes in tax rates	(2,466)	(626)
	(5,178)	(6,640)
Total income tax charge in the income statement	36,361	37,111

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

6 Income Tax (continued)

Recognised Directly in Other Comprehensive Income and Equity:	52 weeks ended 25 March 2023	52 weeks ended 26 March 2022
	\$'000	\$'000
Recognised in Equity:		
Relating to equity settled transactions – current tax	(28)	(583)
Relating to equity settled transactions – deferred tax	<u>(4,569)</u>	<u>(1,325)</u>
Increase in equity	<u>(4,597)</u>	<u>(1,908)</u>

The standard rate of UK corporation tax was 19% for the period ended 25 March 2023. An increase to the standard rate to 25% from 1 April 2023 was announced in the UK Budget on 3 March 2021 and was substantively enacted on 24 May 2021. The deferred tax balances at 25 March 2023 have therefore been remeasured to ensure they are recorded in these financial statements at the tax rate at which they are expected to unwind in the future.

Reconciliation of Effective Tax Rate

	52 weeks ended 25 March 2023		52 weeks ended 26 March 2022	
	%	\$'000	%	\$'000
Profit before tax		<u>345,129</u>		<u>342,823</u>
Income tax charge using the UK corporation tax rate	19.0 %	65,575	19.0 %	65,137
Non-deductible expenses	— %	164	0.1 %	406
UK patent box claim	(7.8)%	(26,965)	(8.1)%	(27,772)
Adjustments relating to prior years	— %	53	— %	(34)
Impact of changes in tax rates	<u>(0.7)%</u>	<u>(2,466)</u>	<u>(0.2)%</u>	<u>(626)</u>
Total Tax Charge	<u>10.5 %</u>	<u>36,361</u>	<u>10.8 %</u>	<u>37,111</u>

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

7 Property, Plant and Equipment

	Leasehold Improvements \$'000	Plant and Machinery \$'000	Computer Hardware \$'000	Furniture and Fittings \$'000	Total \$'000
<i>Cost</i>					
As at 27 March 2021	27,305	39,602	15,714	6,620	89,241
Additions	—	9,624	4,084	—	13,708
Disposals	—	(221)	(826)	—	(1,047)
As at 26 March 2022	27,305	49,005	18,972	6,620	101,902
Additions	27	9,397	4,638	40	14,102
Disposals	—	(309)	(2,572)	—	(2,881)
As at 25 March 2023	27,332	58,093	21,038	6,660	113,123
<i>Depreciation</i>					
As at 27 March 2021	9,975	25,799	7,934	2,474	46,182
Charge for the period	2,685	6,508	3,684	662	13,539
Disposals	—	(215)	(822)	—	(1,037)
As at 26 March 2022	12,660	32,092	10,796	3,136	58,684
Charge for the period	2,676	6,820	5,216	661	15,373
Impairment	367	—	—	163	530
Disposals	—	(308)	(2,566)	—	(2,874)
As at 25 March 2023	15,703	38,604	13,446	3,960	71,713
<i>Net Book Value</i>					
As at 26 March 2022	14,645	16,913	8,176	3,484	43,218
As at 25 March 2023	11,629	19,489	7,592	2,700	41,410

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

8 Leases

Company as Lessee

The Company has a lease contract for a lab facility. The remaining lease term is 8 years. The lease includes a termination option which is included in the lease term, and variable lease payments, which are recognised as an expense in the income statement when incurred.

Set out below are the carrying amounts of the ROU assets recognised and the movements during the period.

	Facilities 2023 \$'000	Facilities 2022 \$'000
Opening balance	2,274	2,522
Additions	—	—
Depreciation – ROU asset	(248)	(248)
Closing balance	2,026	2,274

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023 \$'000	2022 \$'000
Opening balance	2,448	2,801
Additions	—	—
Accretion of interest (note 5)	48	59
Payments	(277)	(313)
Foreign currency on GBP denominated lease liabilities	(171)	(99)
Closing balance	2,048	2,448
<i>Split:</i>		
Current lease liabilities	276	297
Non-current lease liabilities	1,772	2,151
	2,048	2,448

The maturity analysis of lease payments is set out below:

	2023 \$'000	2022 \$'000
Less than one year	279	300
Between one and five years	1,118	1,201
More than five years	838	1,201
Total future minimum lease payments	2,235	2,702
Less imputed interest	(187)	(254)
Total lease liabilities	2,048	2,448

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

9 Intangible Assets

	Intellectual property rights \$'000	Technology licences \$'000	Computer software \$'000	Total \$'000
<i>Cost</i>				
As at 27 March 2021	217,720	9,980	2,781	230,481
Additions	—	1,177	566	1,743
Disposals	—	(2,515)	(257)	(2,772)
As at 26 March 2022	217,720	8,642	3,090	229,452
Additions	—	505	66	571
Disposals	—	(5,487)	(278)	(5,765)
As at 25 March 2023	217,720	3,660	2,878	224,258
<i>Amortisation</i>				
As at 27 March 2021	217,720	7,371	2,266	227,357
Amortisation for the period	—	1,379	358	1,737
Disposals	—	(2,113)	(257)	(2,370)
As at 26 March 2022	217,720	6,637	2,367	226,724
Amortisation for the period	—	1,162	381	1,543
Disposals	—	(5,139)	(278)	(5,417)
As at 25 March 2023	217,720	2,660	2,470	222,850
<i>Net Book Value</i>				
As at 26 March 2022	—	2,005	723	2,728
As at 25 March 2023	—	1,000	408	1,408

Amortisation Charge

The amortisation charge is recognised in the following line items in the income statement:

	52 weeks ended 25 March 2023 \$'000	52 weeks ended 26 March 2022 \$'000
Research and development expenses	1,543	1,737
	1,543	1,737

Impairment Loss

No indications of impairment were identified in relation to any intangible assets in the period ended 25 March 2023 or 26 March 2022, and therefore no impairment charge was recognised in accordance with IAS 36 'Impairment of Assets'.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

10 Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities (see note 6)

	Assets		Liabilities		Net	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Property, plant and equipment		—	6,843	6,740	6,843	6,740
Employee benefits – share-based payments	(26,390)	(16,575)		—	(26,390)	(16,575)
Other items	(1,587)	(1,552)		—	(1,587)	(1,552)
Deferred tax (assets) / liabilities	(27,977)	(18,127)	6,843	6,740	(21,134)	(11,387)
Set off tax	6,843	6,740	(6,843)	(6,740)	—	—
Net deferred tax (assets) / liabilities	(21,134)	(11,387)	—	—	(21,134)	(11,387)

Movement in deferred tax balances during the period (see note 6)

	Balance at 27 March 2021 \$'000	Recognised in profit or loss \$'000	Recognised in equity \$'000	Balance at 26 March 2022 \$'000
Property, plant and equipment	5,947	793	—	6,740
Employee benefits – share-based payments	(8,197)	(7,053)	(1,325)	(16,575)
Other items	(1,172)	(380)	—	(1,552)
	<u>(3,422)</u>	<u>(6,640)</u>	<u>(1,325)</u>	<u>(11,387)</u>
	Balance at 26 March 2022 \$'000	Recognised in profit or loss \$'000	Recognised in equity \$'000	Balance at 25 March 2023 \$'000
Property, plant and equipment	6,740	103		6,843
Employee benefits – share-based payments	(16,575)	(5,246)	(4,569)	(26,390)
Other items	(1,552)	(35)		(1,587)
	<u>(11,387)</u>	<u>(5,178)</u>	<u>(4,569)</u>	<u>(21,134)</u>

The Company has no unrecognised deferred tax assets at 25 March 2023 and 26 March 2022.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

11 Trade and Other Receivables

	2023 \$'000	2022 \$'000
Non-current assets		
Other assets	11,791	15,280
Current assets		
Other receivables	943	335
Amounts due from other Group companies	66,171	48,019
Prepayments and accrued income	24,127	30,040
	<u>91,241</u>	<u>78,394</u>

Amounts due from Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in the Directors' Report on page 9.

12 Cash and Cash Equivalents

	2023 \$'000	2022 \$'000
Bank balances	<u>229,326</u>	<u>251,906</u>
	<u>229,326</u>	<u>251,906</u>

The Company's exposure to interest rate risk for financial assets and liabilities are disclosed in the Directors' Report on page 9.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

13 Capital and Reserves

Share capital

	2023 Number	2023 \$'000	2022 Number	2022 \$'000
In issue at start and end of period	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>

The Company's share capital during the current and prior period comprises ordinary shares which have a nominal value of \$ 0.01 per share. All issued shares are fully paid.

The holders of the ordinary shares are entitled to one vote per share at meetings of the Company and are entitled to receive dividends as recommended by the directors. The holders of ordinary shares also have an unlimited right to share in the surplus remaining on a winding up after all creditors are satisfied.

The Company did not issue or purchase any of its own ordinary shares of \$0.01 each in the current or prior financial period.

Retained earnings reserve

The movements in this reserve for the Company, in the 52 week period ended 25 March 2023 and the 52 week period ended 26 March 2022 are shown in the statement of changes in equity on page 21.

The Company declared and paid dividends totalling \$300.0 million in the period ended 25 March 2023 (*period ended 26 March 2022: \$75.0 million*).

Capital contributions from parent

The capital contribution of \$12.0 million comprises a cash contribution of \$10.0 million received from the Company's ultimate parent company, and the contribution of Cirrus Logic Korea and Cirrus Logic Japan of \$0.6 million and \$1.4 million respectively. There were no capital contributions in the current or prior period.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

14 Share-based Payments

Employees of the Company have been granted contingent restricted stock units ('RSUs'), stock options and performance shares by Cirrus Logic, Inc. under the Cirrus Logic, Inc. 2006 Stock Incentive Plan and the 2018 Long Term Incentive Plan.

The ordinary shares of Cirrus Logic, Inc. are traded on NASDAQ in the United States of America.

The Cirrus Logic, Inc. 2006 Stock Incentive Plan and 2018 Long Term Incentive Plan

RSUs

The fair value of the RSU awards granted from these Plans to the Company's employees is the market value of the Cirrus Logic, Inc. shares on the date of the award. Vesting of these awards is dependent on the individual remaining an employee within the Cirrus Logic, Inc. Group of companies throughout the specified vesting period, which is 3 years. In accordance with the terms of these share scheme awards, no amounts are payable by the employees in respect of the grant of these RSUs.

Performance shares

The fair value of the performance shares granted from these Plans to the Company's employees is determined using the Monte Carlo simulation. Vesting of these shares is dependent on the individual remaining an employee within the Cirrus Logic, Inc. Group of companies throughout the specified vesting period, which is 3 years, as well as the relative total shareholder return of the Company as compared to that of the Philadelphia Semiconductor Index. In accordance with the terms of these share scheme awards, no amount is payable by the employees in respect of the grant of these performance shares.

Options

The fair value of the options granted from these Plans to the Company's employees is determined using the Black-Scholes model. Vesting of these options is dependent on the individual remaining an employee within the Cirrus Logic, Inc. Group of companies throughout the specified vesting period, which is generally 4 years. In accordance with the terms of the share option scheme, options are exercisable over 10 years at the market price of the shares at the date of grant.

The exercise price on options granted in the period was \$102.37 per share. The range of exercise prices of options outstanding at the end of the period and the weighted average contractual life of options outstanding at 25 March 2023 and 26 March 2022 is shown in the table below.

Exercise Price/Range	As at 25 March 2023		As at 26 March 2022	
	Number outstanding	Weighted average remaining contractual term (years)	Number outstanding	Weighted average remaining contractual term (years)
\$38.34	30,000	5.10	30,000	6.10
\$41.49 - \$68.56	23,609	6.19	37,797	7.20
\$78.00	25,563	7.94	25,563	8.94
\$88.00	21,126	8.94	21,126	9.93
102.37	20,270	9.87	—	—
	<u>120,568</u>	<u>7.39</u>	<u>114,486</u>	<u>7.80</u>

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

15 Trade and Other Payables

	2023 \$'000	2022 \$'000
Non-current liabilities		
Other payables	<u>6,072</u>	<u>12,815</u>
Current liabilities		
Trade payables	10,036	10,584
Amounts due to ultimate parent company	19,966	16,798
Amounts due to other Group companies	172	88
Accruals	36,393	45,625
Non-trade payables	<u>20,504</u>	<u>21,395</u>
	<u>87,071</u>	<u>94,490</u>

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in the Directors' Report.

16 Financial Instruments and Financial Risk Management

The Company's principal financial instruments as at 25 March 2023 and 26 March 2022 comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments which mainly comprise trade receivables and trade payables which arise directly from its operations.

The Company does not hold or issue derivative financial instruments for trading purposes.

Exposure to market risk (which includes currency and interest rate risk) and credit risk arises in the normal course of the Company's business.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

16 Financial Instruments and Financial Risk Management (continued)

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value approximation for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Loans and receivables	Other financial liabilities	Total
As at 25 March 2023	\$'000	\$'000	\$'000
Financial assets not measured at fair value			
Trade and other receivables	91,241	—	91,241
Cash and cash equivalents	229,326	—	229,326
Interest-bearing loans and borrowings	255,000	—	255,000
	<u>575,567</u>	<u>—</u>	<u>575,567</u>
Financial liabilities not measured at fair value			
Trade and other payables	—	(87,071)	(87,071)
	<u>—</u>	<u>(87,071)</u>	<u>(87,071)</u>
	\$000	\$000	\$000
Financial assets not measured at fair value			
Trade and other receivables	78,394	—	78,394
Cash and cash equivalents	251,906	—	251,906
Interest-bearing loans and borrowings	255,014	—	255,014
	<u>585,314</u>	<u>—</u>	<u>585,314</u>
Financial liabilities not measured at fair value			
Trade and other payables	—	(94,490)	(94,490)
	<u>—</u>	<u>(94,490)</u>	<u>(94,490)</u>

Interest-bearing loans and borrowings

The Company entered into a \$300.0 million intercompany loan agreement during fiscal year 2022 and has advanced \$255.0 million during fiscal year 2022. This loan is unsecured and is receivable in full on 30 September 2026, with early repayment permitted. The outstanding principal accrues interest at a rate of 2.0% per annum, receivable quarterly in arrears.

Notes to the Financial Statements (continued)

For the 52 week period ended 25 March 2023

16 Financial Instruments and Financial Risk Management (continued)

Capital Management

The Board's policy is to maintain a strong balance sheet so as to maintain customer and creditor confidence and to sustain the future development of the business. The Company is part of a larger Group of companies whose ultimate parent company, Cirrus Logic, Inc. has its ordinary shares traded on NASDAQ in the United States of America.

Management of cash and cash equivalents balances

The total cash and cash equivalents balance decreased by \$22.6 million to \$229.3 million as at 25 March 2023.

17 Capital Commitments

As at 25 March 2023, the Company had entered into contracts to purchase property, plant and equipment and computer software for \$26.1 million (*as at 26 March 2022: \$34.0 million*) of which \$20.0 million (*as at 26 March 2022: \$21.2 million*) is expected to be settled in the next financial year and \$6.1 million (*as at 26 March 2022: \$12.8 million*) in later financial years.

18 Related Parties

Identity of related parties

The Company has a related party relationship with its ultimate parent company, fellow Group companies and with its directors. The names of the directors who have served during the period are included in the Directors' Report on page [11](#).

Transactions with key management personnel

Key management personnel compensation

None of the directors received compensation from the Company in respect of their directorships of the Company (*2021: none*).

Key management personnel and director transactions

Directors of the Company as at 25 March 2023 do not own, or otherwise have an interest in, the shares of the Company.

19 Post Balance Sheet Events

There are no post balance sheet events.

Notes to the Financial Statements (continued)
For the 52 week period ended 25 March 2023

20 Ultimate Parent Company

The Company is a wholly owned subsidiary undertaking of Cirrus Logic UK International Holding Co. Ltd, a company incorporated in England, which is the Company's immediate parent undertaking. Cirrus Logic, Inc. is the parent undertaking of the Group of undertakings for which Group financial statements are drawn up and of which the Company is a member. Copies of Cirrus Logic, Inc.'s financial statements can be obtained from 800 West Sixth Street, Austin, TX 78701, United States of America. The Company's ultimate parent undertaking and controlling party is Cirrus Logic, Inc. The common shares of Cirrus Logic, Inc. are listed and traded on NASDAQ. The financial results of the Company are included in the consolidated financial statements of the Cirrus Logic, Inc. Group of companies. The consolidated financial statements of the Cirrus Logic, Inc. Group of companies are available on the website www.cirrus.com.