

LETTER TO STOCKHOLDERS

Fiscal year 2022 represented a record performance for Semtech with net sales up 24%, non-GAAP operating income up 45% and non-GAAP EPS up 49%. In addition, two of our three main product groups achieved record revenue years. While our revenue performance was very impressive, our fiscal year 2022 non-GAAP gross margins, which achieved a record 63.3%, were even more remarkable and demonstrate the sustainability of our model and the differentiated value of our products. Topping off this record year was the 71% annual growth in cash flow from operations to 27.4% of revenue.

The increasing global adoption of our LoRa® devices is evidence of the insight, technology investment thesis and patience of both the management team and the board of directors. The LoRaWAN® standard has now been recognized by the International Telecommunication Union (ITU) as an international standard for low power wide area networks (LPWANs) that enable Internet of Things (IoT) networks to make a smarter, more connected planet. Our Wireless and Sensing Products Group achieved record revenues in fiscal year 2022 driven by a record LoRa-enabled business.

Additionally, our portfolio of low power, optical connectivity solutions targeted at data centers, wireless base stations and passive optical networking systems led to record revenues for our Signal Integrity Products Group as the demand for higher bandwidth connectivity increased across all communications markets. The COVID-driven “work from home” environment, together with new applications such as artificial intelligence, autonomous driving and virtual reality, has expanded the need for higher bandwidth networks resulting in increased demand for Semtech’s high performance signal integrity products.

Finally, the circular economy’s drive to reduce waste and encourage reuse of electronics, as well as the use of advanced lithography chips in electronic systems, has benefited the growth of our Protection Products Group, which is very well positioned to take advantage of secular trends over the next five years.

This year, we appointed a Chief ESG officer to define the vision, strategy and execution plan for the company’s environmental, social and governance efforts. This marked a key milestone in the company’s advancement of ESG initiatives and internal Green Programs designed to drive more sustainable long-term results.

We continue to invest in secular trends that enable a smarter, more sustainable planet, higher bandwidth and greater mobility. Through the efforts of our leadership team, the dedication of our employees, and strong demand for our innovative products, we were able to finish fiscal year 2022 strongly, exceed our annual business plan, and are very well positioned for future success.

M. Maheswaran

Mohan Maheswaran
President and Chief Executive Officer

SMARTER PLANET

Semtech remains focused on furthering our role as a leading provider of disruptive technology platforms that enable our customers to deliver solutions to create a smarter, connected and sustainable planet.

Semtech’s LoRa® devices and the LoRaWAN® standard serve as the building blocks for a variety of environmentally friendly IoT applications that maximize efficiencies, reduce operating expenses and better manage our precious natural resources.

The technology is increasingly becoming the first choice for design engineers responsible for developing cutting-edge IoT applications for many reasons: reliability, security, scalability, and the ability to operate over long distances using a fraction of the power that other platforms require.

Here are just a few “smart” advancements being made across a variety of industries:



Agriculture

Precision irrigation systems help growers improve yields, optimize water usage and improve stewardship of lands. Solutions are scalable to cover large farming operations with microblock-level monitoring and control of local irrigation, taking into consideration soil conditions, plant stage and weather data at a level of granularity and accuracy not previously possible.



Cold Chain Logistics

A fresh approach to cold chain management allows transportation, retail and pharmaceutical companies to remotely and non-invasively monitor the product temperature of perishable food and medicine during the entire chain of custody – from processing and production to storage and delivery. Automated and continuous temperature monitoring systems in refrigerated equipment improve the safety and security of high-value goods while reducing waste.



Utility Management

Water, gas, heat, and electric utility service providers are utilizing automated monitoring applications to replace labor-intensive processes that reduce consumption and ensure a timely response to critical issues. Easy-to-install sensors placed into existing outdoor and indoor infrastructures offer strong connectivity in dense city environments for remote meter reading, leak and failure detection, predictive analytics, theft prevention, and resource management.



Tracking Endangered Species

Without a way to intelligently track endangered species, rangers have difficulty fending off poachers in many of Africa’s and Asia’s national parks. Innovative conservation companies have successfully deployed cost-effective networks, providing 2,000 square kilometers of long-distance connectivity coverage. Animals wear collars or tags with battery and solar powered geolocation tracking sensors that connect to the Cloud and provide real-time location, health and breeding data to ensure a better chance of survival.

In just a few years, LoRa and LoRaWAN have evolved from an innovation stage to mainstream maturity to mass adoption.

