

Allegro MicroSystems Europe Limited

Annual Report and Financial Statements

Period Ended

25 March 2022

Company Number 02475901

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Allegro MicroSystems Europe Limited

Company Information

Directors	M Glover G Pepka M Paull
Company secretary	G Pepka
Registered number	02475901
Registered office	5 Fleet Place London EC4M 7RD
Independent auditors	Grant Thornton UK LLP First Floor One Valpy 20 Valpy Street Reading RG1 1AR
Solicitors	Charles Russell LLP 5 Fleet Place London EC4M 7RD

Allegro MicroSystems Europe Limited

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Allegro MicroSystems Europe Limited

Strategic Report For the Period Ended 25 March 2022

Introduction

The Directors present their Strategic Report for the 52 weeks ended 25 March 2022.

Business review

The Company acts as the principal European sales and marketing representative of Allegro MicroSystems LLC, the immediate parent undertaking. The Company sells semiconductors across the EMEA region, manufactured by its immediate parent undertaking.

The Company's key financial and other performance indicators during the year were as follows:

	2022	2021	%
	£000	£000	
Turnover	109,383	86,442	26.5%
Profit/(loss) before tax	6,009	(959)	(726.6)%
Profit/(loss) before tax as a percentage of turnover	5.5%	(1.1)%	
Cash at bank and in hand	18,173	9,100	99.7%
Net assets	33,146	28,217	17.5%
Average number of employees	122	107	4.7%

The recovery from COVID continued as turnover for FY22 grew by 26.5%, with Sales driven by Allegro's demonstrated magnetic sensor and power technology leadership. Turnover was also bolstered by the Company's continued investment in R&D activity, which is resold to the parent company and alone grew by 40%.

The favourable impact on profit in the year is primarily as a result of foreign exchange movements and transfer pricing adjustments with the parent company.

The increased turnover and profit had a favourable impact on the closing cash balance.

The Company continues to invest in headcount and laboratory capability in its R&D facilities in Edinburgh, Prague and Milan.

Principal risks and uncertainties

The Company continues to monitor the major areas of risk and uncertainty that could affect the future success of the business. The principal risks are summarised as follows:

Cash flow risk

This is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance day-to-day operations of the Company. The Company manages cash flow risk by careful negotiation of terms with customers and suppliers and maintains sufficient available funds to enable it to meet its liabilities as they fall due. In addition, the parent company is in a strong financial position to support the Company's liquidity should this become necessary.

Credit risk

This is the risk that customers will cause a financial loss for Allegro by failing to discharge an obligation. Company policy is aimed at minimising such losses, with sound credit evaluation of customers, who are predominantly blue-chip. Details of the Company's debtors are shown in Note 14 to the financial statements. The Company has a large customer base of varying size and risk which covers a large geographical area across numerous market segments and therefore this minimises the impact should an individual debtor default on its terms.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Period Ended 25 March 2022

Principal risks and uncertainties (continued)

Currency risk

The Company has transactional currency exposures which arise from sales, purchases and intercompany transactions in currencies other than its functional currency. Potential exposures to foreign currency exchange rate movements are regularly monitored. In addition to natural hedges in the underlying transactions, the Company monitors its cash and currency flows regularly to reduce this risk.

Customer and competitive risk

As a specialist supplier of application specific and niche market electronic components, the number and range of potential customers is more limited than in the case of mass market or less technical products. The Company believes that its best interests are served by continuing to foster good working relationships with its existing customers and continuing to develop new business opportunities on the back of newly designed products. The ability to deliver products on time, minimizing cancellation of existing orders and process changes could all impact future risks. While historically the customer base has been in the automotive sector, allegro products are now getting traction in other industrial sectors, thus spreading the risk further.

Economic risk

The economic challenges faced include high inflation, rising fuel costs and potential recession but the Company continues to align its cost base to the level of its likely sales activities and it will continue to monitor its costs regularly. Rising fuel costs will accelerate the move to Electric vehicles, a market that provides opportunity for Allegro products.

Environmental and legislative risk

With the increase in awareness of 'green issues' there is more need for the Company's products to meet ever-tighter environmental requirements and continually develop environmentally friendly products and solutions.

Selling into the European market exposes the Company to a wide range of different legal systems.

COVID 19 risk

The risks surrounding COVID 19 fall into two main categories: firstly, there is a Health and Safety risk associated with the wellbeing of its employees. The Company has carried out thorough risk assessments throughout the pandemic and implemented a controlled return to the office whilst adopting a hybrid working model.

The second risk is the market risk associated with reduced consumer demand for the end products which contain the Company's parts. The Directors scenario planning shows that the Company has been able to sustain a very significant downturn in revenue whilst remaining viable.

Supply chain risk

The global shortage of semi-conductor products has an impact on our turnover, with order intake exceeding product availability.

Skilled labour

The success and growth of Allegro's business is dependent in large part on our ability to attract, retain and develop a diverse population of talented and high-performing employees at all levels of our organization. Our design centres rely on university degree and PhD qualified design engineers. Across Europe, the demand for employees with such levels of education is high and competitive.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Period Ended 25 March 2022

Principal risks and uncertainties (continued)

Climate change

At Allegro, we believe that innovative products should leave their mark on our world, not our planet. A sustainability-first approach to product development and manufacture is key to innovating with purpose; it is a responsibility we have to our customers, shareholders, employees, and the global community. We acknowledge that the climate is changing, and we are committed to doing our part to protect the environment.

Across teams and around the world, we are leading by example. Whether it is designing new products to use fewer raw materials, developing processes to reduce production complexity, or giving customers new ways to reduce energy consumption and carbon footprints. We are supporting a cleaner, greener world through action and innovation. Here are some of the ways we're working to help minimize our environmental impact and mitigate the impacts of climate change:

- We are reducing energy consumption across our operations and in our supply chain, implementing alternative or renewable options where possible to provide sustainable energy for our facilities.
- We are investing in R&D efforts that will help manufacturing customers to reduce carbon emissions, improve energy efficiency, and facilitate the transition to clean, renewable energy. Our products are widely adopted in Electric cars and renewable energy applications.
- We are implementing and improving water efficiency efforts in all aspects of our operations and in the communities where we operate. (See our Water Policy for more information).
- We are collaborating and engaging with customers, employees, supply chain partners, and other ecosystem members on new ways to reduce energy consumption and water usage, as well as streamline raw material and process needs.
- We are reporting our GHG emissions, results, and engagements openly and in accordance with the Carbon Disclosure Project (CDP).

We will build on these efforts in the years to come and adopt new approaches to further reduce our carbon footprint, as well as help customers and partners reduce theirs. We are committed to driving the development of the safe and sustainable technologies of tomorrow — today.

Section 172 statement

In accordance with Section 172 of the Companies Act 2006, the Directors have acted in a way they consider to be in good faith, and which would be most likely to promote the success of the Company for the benefit of all stakeholders. In so doing they have considered, the following factors:

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

A. *The likely consequences of any decision in the long term*

As Allegro Microsystems Europe Limited is a wholly owned subsidiary of Allegro Microsystems. Inc, an American listed company, many strategic decisions and policies are set at the group level.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Period Ended 25 March 2022

Section 172 Statement (continued)

B. *The interests of the Company's employees*

Our employees are our most valuable assets, and they contribute to Allegro's success. The skilled and experienced employees across our organization are instrumental in driving operational execution and strong financial performance, advancing innovation and maintaining a strong quality and compliance program. We operate in a very competitive market, where skilled labour is in short supply. To succeed in these conditions, Allegro implements key recruitment and retention strategies as part of the overall management of our business.

These core strategies are advanced through the following programs, policies and initiatives:

Competitive Pay and Benefits

Allegro's compensation programs are designed to align the compensation of our employees, who operate in a highly competitive and technologically challenging environment, with Allegro's business performance and to provide the proper incentives to attract, retain and motivate employees to achieve superior performance. The structure of our compensation programs balance incentive earnings for both short-term and long-term performance. Specifically:

- We provide employee wages that are competitive and consistent with employees' positions, skill levels, experience, knowledge and geographic location.
- All employees participate in our annual cash bonus program, allowing them to share in the profitability and business performance of Allegro.
- We provide equity programs which further align our employees' financial interests with the performance of the business and the interests of our stockholders.
- Our benefit options are designed to retain our employees and support their families in living healthier and more secure lives.
- We benchmark our compensation and benefits to ensure we provide competitive compensation in each of the geographic locations in which we operate.

Employee recruitment, retention and development

Allegro works diligently to attract the best talent from a broad array of sources to meet the current and future demands of our business. We have established relationships with trade schools, world-class universities, professional associations and industry groups to proactively attract talented and capable new hires. We also utilize social media, local job fairs and educational organizations to find diverse, motivated and responsible employees. Allegro has made strides to increase diversity in management positions, building internal resources for potential future leadership openings.

Our success depends upon retaining and investing in our highly trained staff. Allegro strives to decrease voluntary turnover rates and thereby increase employee tenure by ensuring a combination of competitive compensation, individual developmental opportunities and personal career enrichment and growth.

C. *The need to foster the Company's business relationships with suppliers, customers, and others*

Sales, Marketing and Customer Support

We sell our products worldwide through multiple sales channels.

Our direct sales force, applications engineers and technical centres provide our customers with specialized technical support. We believe that maintaining a close relationship with our customers and serving their specific technical needs improves their level of satisfaction and enables us to anticipate and influence their future product needs.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Period Ended 25 March 2022

Section 172 Statement (continued)

We provide continued technical training and support to our distributor and sales representatives to keep them informed of our existing and new products, to better service their customers.

We maintain an internal marketing organization that is responsible for increasing our brand awareness and promoting our products to prospective customers.

Innovative Research and Development Strategy

We are a technology Company and believe that our future success depends on our ability to rapidly develop and introduce differentiated new products in our target markets. As a result, we are committed to investing in our process and product development capabilities and focusing our engineering efforts on designing and introducing new application-specific products, developing new semiconductor process technologies, enhancing design productivity, and evaluating new technologies.

D. *The impact of the Company's operations on the community and the environment.*

Our operations are subject to strict UK and International laws and regulations governing pollution and environmental protection, including those relating to the sourcing, production, transportation, handling, storage and disposal of hazardous and toxic materials. We are also subject to various UK and international laws and regulations relating to occupational health and safety. We adopt the highest possible standards of operation to fulfil our obligations to our employees, the wider population and the environment.

E. *The desirability of the Company to maintain a reputation for high standards of business conduct*

Sustainability Efforts

We strive to develop intelligent solutions that move the world towards a safer and more sustainable future. Our ICs address European challenges related to CO2 emissions, energy efficiency and clean, renewable energy in a variety of applications, for example:

- Reduced vehicle emissions and improved fuel economy for internal combustion engines. Our magnetic speed sensor ICs are used in combustion engines to reduce CO2 emissions and improve fuel economy by providing gear speed and position information necessary to improve engine performance. For example, we are a leading provider of specialized crankshaft speed sensor ICs needed to operate the stop/start engine systems designed to reduce emissions through improved efficiency. Our magnetic speed and position sensor ICs, motor driver ICs, and PMICs are used in advanced, high-efficiency vehicle transmissions. These ICs sense the position of gears and clutches, regulate power to the sensors and control electronics, and drive the actuators needed to operate high-efficiency 8 to 10 speed transmissions.
- Energy efficiency in hybrid and fully electric vehicles. Our "lossless" magnetic current sensor ICs are used to accurately measure and control electric current flowing in xEV powertrains, improving the energy efficiency of the electric vehicle. In many electric cars, ten to twenty total current sensor ICs are used in vehicle inverters, DC/DC converters, and on-board-charging systems. In addition, our power IC products improve energy efficiency and motion control in mild hybrid cars, where our 100-volt wafer technology is ideal for use - when driving 48-volt motors or powering electronics from the internal 48-volt battery.
- Renewable and smart energy applications. Our magnetic current sensor ICs, with embedded high voltage isolation, are used extensively in power conversion and inverter applications in solar and wind energy generation. In addition, our angle sensor ICs and motor driver ICs play a key role in the mechatronic systems used to optimise the alignment between solar panels and the changing position of the sun, for example. Our products also provide a non-intrusive, reliable, high-precision and low-cost way to measure power in power monitoring applications.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Period Ended 25 March 2022

Section 172 Statement (continued)

- Energy efficiency in next generation infrastructure. Our power IC products, such as motor driver ICs, are used extensively in data centre cooling fan applications. In addition, our magnetic current sensor ICs help improve energy efficiency and minimize energy losses in data centre power supplies and power amplifiers in 5G telecom systems. We expect the transition from 12-volt to 48-volt power architectures in data centre and 5G telecom markets will continue to require energy-efficient, high-voltage power and sensor TC solutions to achieve necessary levels of energy efficiency.

We are committed to a values-based culture that places high importance on running our business in a sustainable and safe manner. We are a member of the Responsible Business Alliance, dedicated to social responsibility in the supply chain. We also actively manage the carbon footprint of our operations and participate in the Carbon Disclosure Project to disclose our carbon emissions. We also strive to adhere to international standards and regulations regarding manufacturing and business procedures and product composition.

F. *The need to act fairly between members of the Company.*

As Allegro MicroSystems Europe is ultimately wholly owned by Allegro Microsystems, Inc., the potential conflicts between stakeholders are easily managed by the Directors and therefore this requirement is not applicable.

Supplier payment policy

The Company's policy is to clearly communicate the terms of payment with suppliers when agreeing the terms of each transaction. This ensures that suppliers are made aware of the terms of payment and abide by the terms of payment.

This report was approved by the board on 17/11/2022 and signed on its behalf.



M Paull
Director

Allegro MicroSystems Europe Limited

Directors' Report For the Period Ended 25 March 2022

The Directors present their report and the financial statements for the 52 weeks ended 25 March 2022.

Results and dividends

The profit for the period, after taxation, amounted to £4,924,157 (2021 - loss £801,511).

A dividend of £Nil (2021 - £Nil) was paid in the year to Allegro Microsystems LLC - the Company's immediate parent undertaking.

Directors

The Directors who served during the period were:

M Glover
G Pepka (appointed 26 May 2021)
M Paull (appointed 19 November 2021)
P Walsh (resigned 19 November 2021)
R Vig (resigned 13 June 2022)
R C Hunt (resigned 16 June 2021)

Going Concern

The Company has established close working relationships with a number of leading global automotive, industrial and consumer electronics manufacturers and its products are designed into a range of the end products for these customers. In the automotive market, which represents a significant proportion of the Company's sales, new programmes typically run for several years leading up to and through volume production. Our leading-edge products are also designed specifically for new technologies in this space such as electric vehicles and ADAS / driverless vehicles, thus safeguarding our sales well into the future. We are also broadening our product portfolio into new sectors such as data centres and renewable energy, thus reducing the risk on any specific industry segment. Extensive investment in Research & development ensures we remain innovative in our product portfolio. We are also fab-less so do not carry the cost of a manufacturing plant during economic downturns.

The Company continues to devote considerable efforts to managing and regularly updating forecast data on customers' requirements and over the life of individual programmes. In addition, the Company has a well-established, strong external Sales Representative and distribution network that provides good coverage throughout Europe. Customers demand continues to be monitored closely to enable us to respond quickly to changes in demand.

The Company has a strong cash position and also the support of Allegro Microsystems LLC, which has in place all of the facilities with its bankers that it deems necessary to ensure continuing liquidity. There is no third-party loans, borrowings or complex financial instruments across the whole group.

Operating costs continue to be controlled carefully as the Directors recognise that a reduction in the recent high levels of demand may be possible, particularly given the current fiscal deficits and continuing uncertainty across Europe. The Directors have assessed this risk by modelling the impact of a sustained downturn in revenue on the overall cash position of the Company and are satisfied that the Company would remain viable for a significant time-period.

As a result, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have reviewed the Company's latest forecast results and cash position and, following relevant enquiries made to the corporate management of Allegro Microsystems LLC, the immediate parent undertaking, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being not less than one year from the date of approval of these financial statements. The financial statements for the 52 weeks ended 25 March 2022 have therefore been prepared on a going concern basis.

Allegro MicroSystems Europe Limited

Directors' Report (continued) For the Period Ended 25 March 2022

Branches

The Company has branch offices in Czech Republic and Italy.

Directors' liabilities

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remain in force as at the date of approving the Directors' Report.

Future Developments

The Directors aim to maintain the management policies which have resulted in the stable position of the Company in recent years. They consider that a stable revenue performance is likely in the next year.

Matters covered in the Strategic Report

Financial risk management, engagement with suppliers, customers and others and research and development are disclosed in the Strategic Report on pages 1 to 6.

Research and development

The company undertakes research and development which is explained in further detail within the Strategic Report. Research and development expenditure in the current financial year was £4,518,212 (2021 - £3,699,424).

Streamlined energy and carbon reporting (SECR) disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1 and 2 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	2022	2021
Energy consumption used to calculate emissions (kWh)	189,276	221,092
Emissions from purchased electricity (Scope 2) tCO ₂ e	42	32
Emissions from purchased gas (Scope 2) tCO ₂ e	10	13
Total gross tCO ₂ e based on above (Scope 1)	52	45
Intensity ratio (kgCO ₂ e/sqft)	3.47	3.02

The square foot of the area was 14,855 in both the current and prior year.

Energy efficiency action summary

52 weeks to 25 March 2022

Allegro Microsystems Europe Limited continues to achieve direct and indirect savings in energy and associated carbon emissions, through operational and technological improvements, including:

- Reducing energy consumption across operations and in the supply-chain implementing alternative or renewable options where possible to provide sustainable energy for the facilities.
- Investing in R&D efforts that will help manufacturers reduce carbon emissions, improve energy efficiency and facilitate the transition to clean, renewable energy.
- Reporting GHG emissions, results and engagements openly and in accordance to the Carbon Disclosure Project (CDP).

Allegro MicroSystems Europe Limited

Directors' Report (continued) For the Period Ended 25 March 2022

Energy efficiency action summary (continued)

- Implemented programs and policies that help ensure full compliance with all applicable laws, regulations and requirements in the communities the Company operates.
- Dedicated to making products smaller, lighter and more user friendly. Not only does this help automotive and equipment manufacturers design productions with lower energy needs and smaller carbon footprint, it also reduces the consumption of fossil fuels, raw materials and water across the entire supply chain.
- Moved to remote home working due to COVID. This will be reviewed when the situation permits.
- Implemented and encouraged use of video conferencing.

Methodology notes

Reporting period	26 March 2021 to 25 March 2022
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with the Company annual accounts made up to 25 March 2022
Reporting method	SECR reporting is in line with "Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting" used in conjunction with Government GHG reporting conversion factors.
Emissions factor and conversion factor source	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815030/Env-reporting-guidance-inc-SECR-21March.pdf
Calculation method	Intensity ratios calculated using square footage: Kg CO2e per square foot of total site area.
Other relevant information on calculation	The calculations have been approved by a PAS51215 compliant body.
Reason for the intensity measurement choice	Based on the nature of our business, as well as following the recommendations of the SECR legislation we chose square foot area for intensity metric. This metric reflects the total CO2 emitted per square footage of the total Company managed sites. Through the comparison of the coming financial years this metric will show the trends in the Company's energy efficiency.

Directors' statement of compliance with duty to promote the success of the Company

The Directors acknowledge their duty under s.172 of the Companies Act 2006 and consider that they have individually and together acted in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, as set out in our s.172 statement on page 3 of the strategic Report. A consideration of the Company's relationship with wider stakeholders, including suppliers and customers, is also disclosed in the same statement.

Allegro MicroSystems Europe Limited

Directors' Report (continued) For the Period Ended 25 March 2022

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17/11/2022 and signed on its behalf.

M J Paull

M Paull
Director

Allegro MicroSystems Europe Limited

Directors' Responsibilities Statement For the Period Ended 25 March 2022

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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

Allegro MicroSystems Europe Limited

Independent Auditors' Report to the Members of Allegro MicroSystems Europe Limited

Opinion

We have audited the financial statements of Allegro MicroSystems Europe Limited (the 'Company') for the period ended 25 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 March 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

Allegro MicroSystems Europe Limited

Independent Auditors' Report to the Members of Allegro MicroSystems Europe Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 the Directors' Report.

Matters on which we are required to report by exception

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.

Allegro MicroSystems Europe Limited

Independent Auditors' Report to the Members of Allegro MicroSystems Europe Limited (continued)

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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.

Auditors' 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.

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

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates through our commercial and sector experience; discussions with management; those charged with governance, inspection of the company's legal correspondence and board minutes. We enquired of management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected or alleged fraud.

Through the understanding that we obtained, we determined that the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (UK-adopted international accounting standards and the Companies Act 2006), and the relevant taxation legislation.

We have considered the impact of the sanctions against Russia on the group and company's operations, customer base and credit risk as well as the possibility of further more restrictive sanctions being imposed and nothing has come to our attention to suggest that the operations or the liquidity of the group and company have been adversely affected directly by the current political and economic situation other than the negative impact on capital markets and the financing options available to management. We reviewed management's assessment of the sanctions impact on the group and company's operations.

Allegro MicroSystems Europe Limited

Independent Auditors' Report to the Members of Allegro MicroSystems Europe Limited (continued)

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

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the entity's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- the applicable statutory provisions;
- the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by making enquires of management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a high-level fraud risk assessment. We considered the risk of fraud to be higher through the potential for management override of controls.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a particular focus on journals indicating large or unusual transactions based on our understanding of the business;
- challenging assumptions and judgements made by management in its significant accounting estimates, especially in relation to investment impairments and receivables provisions;
- vouching the occurrence and accuracy of revenue to supporting evidence;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- performing audit procedures to consider the compliance of disclosure in the financial statements with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Allegro MicroSystems Europe Limited

Independent Auditors' Report to the Members of Allegro MicroSystems Europe Limited (continued)

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's: understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation; knowledge of the industry in which the company operates; understanding of the legal and regulatory requirements specific to the company including: the provisions of the applicable legislation; the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and the applicable statutory provisions.

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

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.



Amrish Shah, BSc, FCA (Senior Statutory Auditor)

For and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants

Reading

Date: 17/11/2022

Allegro MicroSystems Europe Limited

Statement of Comprehensive Income For the Period Ended 25 March 2022

	Note	2022 £	2021 £
Turnover	4	109,383,159	86,441,761
Cost of sales		(83,342,187)	(75,338,144)
Gross profit		26,040,972	11,103,617
Administrative expenses		(20,090,980)	(12,121,425)
Operating profit/(loss)	5	5,949,992	(1,017,808)
Dividend income from investment in subsidiary undertakings		54,136	56,536
Interest receivable and similar income	9	4,563	2,338
Profit/(loss) before tax		6,008,691	(958,934)
Taxation	10	(1,084,534)	157,423
Profit/(loss) for the financial period		4,924,157	(801,511)
Other comprehensive income for the period			
Foreign exchange movement		5,361	(9,100)
Other comprehensive income/(expense) for the year		5,361	(9,100)
Total comprehensive income/(expense) for the period		4,929,518	(810,611)

All amounts relate to continuing activities.

The notes on pages 21 to 36 form part of these financial statements.

Allegro MicroSystems Europe Limited

Registered number:02475901

**Statement of Financial Position
As at 25 March 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	763,163	882,032
Investments	12	6,562,198	6,562,198
		<u>7,325,361</u>	<u>7,444,230</u>
Current assets			
Stocks	13	441,615	1,748,432
Debtors: amounts falling due within one year	14	16,022,720	14,946,674
Cash at bank and in hand		18,173,386	9,100,254
		<u>34,637,721</u>	<u>25,795,360</u>
Creditors: amounts falling due within one year	15	(8,798,348)	(5,022,948)
Net current assets		<u>25,839,373</u>	<u>20,772,412</u>
Total assets less current liabilities		<u>33,164,734</u>	<u>28,216,642</u>
Provisions for liabilities			
Deferred tax	16	(18,574)	-
Net assets		<u><u>33,146,160</u></u>	<u><u>28,216,642</u></u>
Capital and reserves			
Called up share capital	17	1,300	1,300
Share premium account	18	585,040	585,040
Foreign exchange reserve	18	27,214	21,853
Merger reserve	18	166,512	166,512
Profit and loss account	18	32,366,094	27,441,937
Total equity		<u><u>33,146,160</u></u>	<u><u>28,216,642</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf
17/11/2022

M J Paull

M Paull
Director

The notes on pages 21 to 36 form part of these financial statements.

Allegro MicroSystems Europe Limited

Statement of Changes in Equity For the Period Ended 25 March 2022

	Called up share capital	Share premium account	Foreign currency translation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 26 March 2021	1,300	585,040	21,853	166,512	27,441,937	28,216,642
Comprehensive income for the period						
Profit for the period	-	-	-	-	4,924,157	4,924,157
Foreign currency movement	-	-	5,361	-	-	5,361
Other comprehensive income for the period	-	-	5,361	-	-	5,361
Total comprehensive income for the period	-	-	5,361	-	4,924,157	4,929,518
Total transactions with owners	-	-	-	-	-	-
At 25 March 2022	1,300	585,040	27,214	166,512	32,366,094	33,146,160

The notes on pages 21 to 36 form part of these financial statements.

Allegro MicroSystems Europe Limited

Statement of Changes in Equity For the Period Ended 26 March 2021

	Called up share capital	Share premium account	Foreign currency translation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 28 March 2020	1,300	585,040	30,953	166,512	28,243,448	29,027,253
Comprehensive income for the period						
Loss for the period	-	-	-	-	(801,511)	(801,511)
Foreign currency movement	-	-	(9,100)	-	-	(9,100)
Other comprehensive income for the period	-	-	(9,100)	-	-	(9,100)
Total comprehensive income for the period	-	-	(9,100)	-	(801,511)	(810,611)
Total transactions with owners	-	-	-	-	-	-
At 25 March 2021	1,300	585,040	21,853	166,512	27,441,937	28,216,642

The notes on pages 21 to 36 form part of these financial statements.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

1. General information

The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England with a registered number of 02475901. The principal place of business is Melita House, 124 Bridge Road, Chertsey, Surrey, KT16 8LH. The address of the registered office is on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of preparation - consolidation exemption

The Company is itself a subsidiary undertaking and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2.3 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b), 12.29A and 12.30;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

2. Accounting policies (continued)

2.4 Going concern

The Company has established close working relationships with a number of leading global automotive, industrial and consumer electronics manufacturers and its products are designed into a range of the end products for these customers. In the automotive market, which represents a significant proportion of the Company's sales, new programmes typically run for several years leading up to and through volume production. Our leading-edge products are also designed specifically for new technologies in this space such as electric vehicles and ADAS / driverless vehicles, thus safeguarding our sales well into the future. We are also broadening our product portfolio into new sectors such as data centres and renewable energy, thus reducing the risk on any specific industry segment. Extensive investment in Research & development ensures we remain innovative in our product portfolio. We are also fab-less so do not carry the cost of a manufacturing plant during economic downturns.

The Company continues to devote considerable efforts to managing and regularly updating forecast data on customers' requirements and over the life of individual programmes. In addition, the Company has a well-established, strong external Sales Representative and distribution network that provides good coverage throughout Europe. Customers demand continues to be monitored closely to enable us to respond quickly to changes in demand.

The Company has a strong cash position and also the support of Allegro Microsystems LLC, which has in place all of the facilities with its bankers that it deems necessary to ensure continuing liquidity. There is no third-party loans, borrowings or complex financial instruments across the whole group.

Operating costs continue to be controlled carefully as the Directors recognise that a reduction in the recent high levels of demand may be possible, particularly given the current fiscal deficits and continuing uncertainty across Europe. The Directors have assessed this risk by modelling the impact of a sustained downturn in revenue on the overall cash position of the Company and are satisfied that the Company would remain viable for a significant time-period.

As a result, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have reviewed the Company's latest forecast results and cash position and, following relevant enquiries made to the corporate management of Allegro Microsystems LLC, the immediate parent undertaking, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being not less than one year from the date of approval of these financial statements. The financial statements for the 52 weeks ended 25 March 2022 have therefore been prepared on a going concern basis.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. All resulting exchange differences are recognised in profit or loss.

The assets and liabilities of the overseas branches are translated into the presentational currency at the spot rate at the period end date. Income and expenses for each Statement of Comprehensive Income are translated at the average rate for the period. All resulting exchange differences are recognised in other comprehensive income and accumulated within foreign currency translation reserve.

2.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the significant risks and rewards of ownership of the products have passed to the buyer, usually on dispatch of the products;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover includes intercompany sales for services provided by the Edinburgh, Prague and Milan design centres. The costs of the design centre are included within cost of sales. This is on a cost-plus basis and turnover is recognised at the point the cost is incurred.

Vendor Managed Inventory (VMI)

The Company operates VMI arrangements with a number of customers. Under these arrangements parts are held at a customer's premises and used by the customer as required. Revenue is recognised by the Company when the customer removes the parts from stock. Under certain contracts customers are obliged to use the stock within a number of days (60/90) and in these cases revenue is recognised at this time even if the parts remain in stock.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

2. Accounting policies (continued)

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Research and development costs

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight line basis over their expected useful economic lives, which range from 3 to 6 years. Amortisation begins when the intangible asset is available for use, ie when it is in the location and condition necessary for it to be usable in the manner intended by management.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10 years
Machinery and equipment	- 5 years
Furniture and fittings	- 5 years
Computers	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

2. Accounting policies (continued)

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating activities of an entity so as to obtain benefits from its activities.

2.14 Impairment of non-current assets

At each reporting date the Company reviews the carrying value of its tangible assets to determine whether there is any indication that the assets may be impaired. If such an indication exists, the Company shall estimate the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss.

An impairment loss recognised on all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Short-term creditors are measured at the transaction price.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Impairment of non-current assets

At each reporting date the Company reviews the carrying value of its tangible assets and investments in subsidiary undertakings to determine whether there is any indication that the assets may be impaired. If such an indication exists, the Company shall estimate the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit or loss. An impairment loss recognised on all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.

Recovery of receivables

The Company periodically assesses the recoverability of its account receivable balances. The Company assess its aged debt profile alongside management information on the status of its suppliers. Any debts which the Company feels will not be recovered are charged to the Statement of Comprehensive Income.

4. Turnover

An analysis of turnover by class of business and country of destination is as follows:

	2022 £	2021 £
Europe - Goods	97,477,010	77,255,875
UK - Goods	902,285	1,435,528
Europe - Services	6,124,195	3,754,982
UK - Services	4,879,669	3,995,376
	<u>109,383,159</u>	<u>86,441,761</u>

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2022 £	2021 £
Depreciation owned fixed assets	361,996	394,545
Exchange differences	(668,093)	2,748,016
Operating lease rentals - land and buildings	425,151	453,234
Operating lease rentals - plant and machinery	9,338	6,515
Expensed research and development costs	4,518,212	3,699,424
	<u>4,646,602</u>	<u>7,301,734</u>

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

6. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>121,300</u>	<u>110,000</u>

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	6,360,865	5,247,118
Social security costs	1,776,835	1,027,606
Cost of defined contribution scheme	410,639	401,303
	<u>8,548,339</u>	<u>6,676,027</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	2022 No.	2021 No.
Sales, marketing and technical	107	101
Administrative staff	15	6
	<u>122</u>	<u>107</u>

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	256,910	365,250
Directors' emoluments (excluding share related items)	158,143	365,250
Company contributions to defined contribution pension schemes	5,536	16,533
	163,679	381,783

During the period 1 Director (2021 – 1) exercised Restricted Stock Units (RSUs) in the parent's shares during the year.

During the period retirement benefits were accruing to 2 Directors (2021 - 1) in respect of defined contribution pension schemes.

9. Interest receivable and similar income

	2022 £	2021 £
Bank interest receivable	4,563	2,338
	4,563	2,338

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the period	990,619	-
Adjustments in respect of previous periods	(71,157)	-
Total corporation tax	919,462	-
Deferred tax		
Origination and reversal of timing differences	211,335	(157,423)
Effects of tax rate change on opening balances	(46,263)	-
Total deferred tax	165,072	(157,423)
Taxation on profit/(loss) on ordinary activities	1,084,534	(157,423)

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	<u>6,008,691</u>	<u>(958,934)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,141,651	(182,197)
Effects of:		
Expenses not deductible for tax purposes	319	396
Fixed asset differences	19,550	20,448
Income not taxable	(10,286)	(10,742)
Adjustments to brought forward values	-	14,672
Adjustments to tax charge in respect of previous periods	(71,157)	-
Remeasurement of deferred tax for changes in rates	4,457	-
Total tax charge/(credit) for the year	<u><u>1,084,534</u></u>	<u><u>(157,423)</u></u>

Factors that may affect future tax charges

A change in the main UK corporation tax rate, announced in the Budget on 3 March 2021, was substantively enacted on 24 May 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the Company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

11. Tangible fixed assets

	Leasehold improvements £	Machinery and equipment £	Furniture and fittings £	Computers £	Total £
Cost					
At 26 March 2021	714,736	482,210	322,256	509,762	2,028,964
Additions	3,454	112,936	15,877	108,955	241,222
Disposals	-	-	(6,763)	(66,176)	(72,939)
Exchange adjustments	4,455	5,936	1,905	4,092	16,388
At 25 March 2022	<u>722,645</u>	<u>601,082</u>	<u>333,275</u>	<u>556,633</u>	<u>2,213,635</u>
Depreciation					
At 26 March 2021	326,956	211,146	197,099	411,731	1,146,932
Charge for the period	116,402	117,649	52,567	75,378	361,996
Disposals	-	-	(6,763)	(66,176)	(72,939)
Exchange adjustments	3,950	4,068	1,748	4,717	14,483
At 25 March 2022	<u>447,308</u>	<u>332,863</u>	<u>244,651</u>	<u>425,650</u>	<u>1,450,472</u>
Net book value					
At 25 March 2022	<u><u>275,337</u></u>	<u><u>268,219</u></u>	<u><u>88,624</u></u>	<u><u>130,983</u></u>	<u><u>763,163</u></u>
At 25 March 2021	<u><u>387,780</u></u>	<u><u>271,064</u></u>	<u><u>125,157</u></u>	<u><u>98,031</u></u>	<u><u>882,032</u></u>

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

12. Fixed asset investments

	Investments in subsidiary undertakings £
Cost	
At 26 March 2021	6,562,198
At 25 March 2022	<u>6,562,198</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Allegro MicroSystems Germany GmbH	Vangerowstrasse 18/1, 69115 Heidelberg, Germany	Ordinary	100%
CrivaSense Technologies SAS	Parc Technologique Mercury 2, 91190 St Aubin, France	Ordinary	65%
Allegro MicroSystems France SAS	60 rue Cassiopee, Parc Atlais, 74650 Chavanod, France	Ordinary	100%

13. Stocks

	2022 £	2021 £
Finished goods	<u>441,615</u>	<u>1,748,432</u>

The difference between the purchase price of stocks and their replacement cost at 25 March 2022 is not material (2021 - not material).

There were no stock write downs during the year (2021 - £Nil).

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

14. Debtors

	2022 £	2021 £
Trade debtors	15,665,958	14,162,347
Amounts owed by group undertakings	24,956	29,201
Other debtors	104,496	133,932
Prepayments and accrued income	227,310	105,224
Tax recoverable	-	369,472
Deferred taxation (note 16)	-	146,498
	16,022,720	14,946,674

All amounts fall due within one year.

The impairment loss recognised in the Company profit or loss for the period in respect of bad and doubtful trade debtors was £7,244 (2021 - £2,164).

Amounts owed by group undertakings are unsecured, non interest bearing and repayable on demand.

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	68,016	278,282
Amounts owed to group undertakings	5,356,818	3,310,078
Corporation tax	424,554	-
Other taxation and social security	605,715	169,430
Accruals and deferred income	2,343,245	1,265,158
	8,798,348	5,022,948

Amounts owed to group undertakings are unsecured, non interest bearing and repayable on demand.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

16. Deferred taxation

	2022 £	2021 £
At beginning of year	146,498	(10,925)
(Charged)/credited to profit or loss	(165,072)	157,423
At end of year	(18,574)	146,498

The deferred taxation (liability)/asset is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(18,574)	10,562
Losses and other deductions	-	135,936
	(18,574)	146,498

17. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,300 (2021 - 1,300) Ordinary shares of £1.00 each	1,300	1,300

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights to redemption.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

18. Reserves

Share premium account

The share premium account records the amount above nominal value received for shares sold, less transactions costs.

Foreign currency translation reserve

The foreign currency translation reserve records the foreign exchange gains or losses arising on the translation of overseas branches net assets.

Merger Reserve

The merger reserve account was created as a result of the internal restructuring of the Company in 1991.

Profit and loss account

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

19. Contingent liabilities

The Company has no contingent liabilities and no assets pledged as security (2021 - £Nil).

20. Pension commitments

The Company operates a defined contribution pension scheme for its Directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

During the year, contributions payable amounted to £410,639 (2021 - £401,303).

21. Commitments under operating leases

At 25 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	549,709	544,521
Later than 1 year and not later than 5 years	1,895,513	1,627,071
Later than 5 years	296,317	575,007
	2,741,539	2,746,599

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Period Ended 25 March 2022

22. Related party transactions

The Company has taken advantage of the exemption offered under FRS102 from disclosing related party transactions with other wholly owned subsidiaries within the same group.

The following table provides the total amount of transaction that have been entered into with related parties not including those covered by this exemption.

	2022	2021
	Euro	Euro
CrivaSense Technologies SAS		
Intermediary billings to related party during the year	24,000	25,520

CrivaSense Technologies SAS is a 65% subsidiary undertaking of the Company.

During the prior year, CrivaSense Technologies did not repay a portion of the share premium the Company contributed upon incorporation of CrivaSense Technologies.

During the year, the Company received a dividend of EUR 65,000 (2021 - EUR 65,000) from CrivaSense Technologies.

Sales and purchases between related parties are made at normal market prices.

23. Controlling party

The Company's immediate parent undertaking and smallest group within which these financial statements are included is Allegro MicroSystems, Inc. (formerly Sanken North America Inc.) a company incorporated in the United States of America. Allegro MicroSystems, Inc.'s group financial statements are available from Allegro MicroSystems, Inc (Headquarters), 955 Perimeter Road, Manchester, NH 03103.