

## **Allegro MicroSystems Europe Limited**

Annual Report and Financial Statements

Period Ended

26 March 2021

Company Number 02475901



# Allegro MicroSystems Europe Limited

## Company Information

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<b>Directors</b>	M Glover G Pepka R Vig P Walsh
<b>Company secretary</b>	G Pepka
<b>Registered number</b>	02475901
<b>Registered office</b>	5 Fleet Place London EC4M 7RD
<b>Independent auditors</b>	Grant Thornton UK LLP 1020 Eskdale Road Winnersh Triangle Wokingham RG41 5TS
<b>Solicitors</b>	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 26 March 2021

### Introduction

The Directors present their Strategic Report for the 52 weeks ended 26 March 2021.

### 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 manufactured by its immediate parent undertaking.

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

	2021	2020	%
	£000	£000	
Turnover	86,442	102,052	(15.3)%
(Loss)/profit before tax	(959)	8,720	(111.0)%
(Loss)/profit before tax as a percentage of turnover	(1.1)%	8.5%	
Cash at bank and in hand	9,100	3,634	150.4%
Net assets	28,217	29,027	(2.8)%
Average number of employees	107	98	9.2%

Turnover for FY21 fell by 15.3% driven partly because of COVID slow down of sales but predominantly due to Sanken products no longer being sold by Allegro. Turnover was bolstered by the Company continuing to expand its R&D activity which is resold to the parent company. This grew by 25% mainly as a result of the Milan Branch expansion which opened at the end of FY20.

Profits decreased due to foreign exchange losses and transfer pricing adjustments with the parent company.

The Company continues to invest in its R&D capability in Edinburgh, Prague and Italy.

### 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. In addition, it participates in the processes that have been put in place by the parent undertaking for this purpose and which are regularly reviewed by senior management. The principal risks are summarised as follows:

#### *BREXIT risk*

The Company recognises the risks associated with the current BREXIT negotiations. It has taken steps to reduce this risk by reorganising its supply chain such that product is now imported into the EU via The Netherlands rather than via the UK.

#### *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.

# Allegro MicroSystems Europe Limited

## Strategic Report (continued) For the Period Ended 26 March 2021

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### Principal risks and uncertainties (continued)

#### *Credit risk*

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policy is aimed at minimising such losses and the customer base is predominantly blue-chip. Details of the Company's debtors are shown in note 15 to the financial statements. The Company has a large customer base of varying size and risk which covers a large geographical area and therefore this minimises the impact should an individual debtor default on its terms.

#### *Currency risk*

The Company has transactional currency exposures which arise from sales and purchases in currencies other than its functional currency as well as the currency risk associated with intercompany transactions in various currencies. Potential exposures to foreign currency exchange rate movements are regularly monitored and, 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 major customers and continuing to develop new business opportunities on the back of newly designed products. The ability to deliver products on time, cancellation of existing orders and process changes could all impact future prospects.

#### *Economic risk*

Following the changes in the economy over the past year 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.

#### *Environmental and legislative risk*

With the increase in awareness of 'green issues' there is more demand for the compliance of the Company's products to meet new requirements and continue to develop ever more environmentally-friendly products. Selling into the European market exposes the Company to a wide range of different legal systems due to the lack of true standardisation across the many different countries where customers are based. The Allegro MicroSystems LLC legal team places importance on ensuring that the group is aware of current practice and legislation to ensure that standards are met in the jurisdictions in which it operates.

#### *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 and implemented a gradual return to the office.

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 however shows that the Company is able to sustain a very significant downturn in revenue and still remain viable.

# Allegro MicroSystems Europe Limited

## Strategic Report (continued) For the Period Ended 26 March 2021

### 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's a responsibility we have to our customers, shareholders, employees, and the global community. We acknowledge that the climate is changing, and we're committed to doing our part to protect our shared environment.

Across teams and around the world, we're leading by example. Whether it's 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're supporting a cleaner, greener world through action and innovation.

### 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 would be most likely to promote the success of the company for the benefit of the members as a whole. In so doing they have considered (amongst other matters) factors (a) to (f) as noted below:

- 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 maintaining 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, decisions and policies are set at the group level.

#### B. *The interests of the company's employees Each of the factors is considered in more detail below, with examples of how the directors have applied or reflected the policies or decisions at the company level.*

Our employees are our most valuable assets. They contribute to Allegro's success and the skilled and experienced employees within our manufacturing, sales, service, research and development and quality assurance departments are instrumental in driving operational execution and strong financial performance, advancing innovation and maintaining a strong quality and compliance program.

The top strategic priority for managing during the pandemic has been to protect the health and support the well-being of employees. 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. For our research, engineering and production management positions, we require employees with university and graduate-level degrees. In 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 26 March 2021

### Section 172 Statement (continued)

To succeed in these conditions, Allegro implements key recruitment and retention strategies, objectives and effectiveness measures 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 balances 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 also generally provide equity grants and an employee stock purchase plan to salaried employees consistent with geographic compensation practices and subject to regulatory compliance. These programs each further align our employees' financial interests with the performance of the business and the interests of our stockholders.
- We generally provide annual compensation increases and incentive compensation based on merit.
- We purchase compensation data from a compensation and benefits consulting firm to allow us to ensure we provide competitive compensation in each of the geographic locations in which we operate.
- We provide comprehensive benefit options designed to retain our employees and support their families in living healthier and more secure lives.

#### *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.

We monitor employee turnover rates, as our success depends upon retaining and investing in our highly trained manufacturing and technical 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. Our retention at the technical, professional and managerial levels is high. In fiscal 2021, amidst European uncertainty and turmoil resulting from the COVID-19 pandemic, we introduced a number of special initiatives to minimize the impact on our employees and to safeguard their health and safety. These initiatives included compensation programs designed to provide a source of income to employees who needed to be absent from work as a result of the pandemic and enhanced "appreciation pay" to recognize the significant contributions of hourly employees who continued to work on-site. Throughout the crisis, we believe our employees took immense pride in the shared purpose of making products that supported the world's critical supply chains within a wide range of essential businesses and services.

# Allegro MicroSystems Europe Limited

## Strategic Report (continued) For the Period Ended 26 March 2021

### Section 172 Statement (continued)

#### 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, including through our direct sales force and through distributors and independent sales representatives, which resell our products to numerous end customers.

Our direct sales force and applications engineers 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. We provide ongoing technical training to our distributor and sales representatives to keep them informed of our existing and new products.

We maintain an internal marketing organization that is responsible for increasing our brand awareness and promoting our products to prospective customers. This includes the creative management of our website, market research and analytics, and development of demand generation strategies and materials such as product announcements, press releases, brochures, training and videos, as well as securing thought leadership through published technical and trend articles and advertisements, and active engagement in key industry events.

##### *Customers*

We sell our products to major European OEMs and their key suppliers, primarily in the automotive and industrial markets.

##### *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.*

##### *Environmental and Occupational Health and Safety Regulation*

Our operations are subject to International and UK laws and regulations governing pollution and environmental protection, including those relating to the release, storage, use, discharge, handling, generation, transportation, disposal, and labeling of, and human exposure to, hazardous and toxic materials, product composition and the investigation and clean-up of contaminated sites, including sites we currently or formerly owned or operated, due to the release of hazardous materials, regardless of whether we caused such release. In addition, we may be strictly liable for joint and several costs associated with investigation and remediation of sites at which we have arranged for the disposal of hazardous wastes if such sites become contaminated, even if we fully comply with applicable environmental laws and regulations. We are also subject to various UK and international laws and regulations relating to occupational health and safety. Any failure on our part to comply with these laws and regulations may subject us to significant fines or other civil or criminal costs, obligations, sanctions or property damage or personal injury claims, or suspension of our facilities' operating permits. In addition, in the event of an incident involving hazardous materials, we could be liable for damages and such liability could exceed the amount of any liability insurance coverage and the resources of our business. Compliance with current or future environmental and occupational health and safety laws and regulations could restrict our ability to expand our business or require us to modify processes or incur other substantial expenses which could harm our business.



## Allegro MicroSystems Europe Limited

### Strategic Report (continued) For the Period Ended 26 March 2021

#### Section 172 Statement (continued)

E. *The desirability of the company maintaining a reputation for high standards of business conduct*

#### *Sustainability Efforts*

We strive to develop intelligent solutions that move the world toward 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 inverter, DC/DC converter, 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.
- Energy efficiency in next generation infrastructure. Our power TC products, such as motor driver TCs, are used extensively in data centre cooling fan applications. In addition, our magnetic current sensor TCs 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.

## **Allegro MicroSystems Europe Limited**

### **Strategic Report (continued) For the Period Ended 26 March 2021**

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#### **Section 172 Statement (continued)**

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

As Allegro Microsystems Europe is ultimately wholly owned by Allegro Microsystems, Inc., the directors do not have to manage potential conflicts between stakeholders and therefore the requirement is not applicable.

#### *Supplier payment policy*

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure 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 11/11/2021 and signed on its behalf.

*Gary Pepka*  
**G Pepka**  
Director

# **Allegro MicroSystems Europe Limited**

## **Directors' Report For the Period Ended 26 March 2021**

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The Directors present their report and the financial statements for the 52 weeks ended 26 March 2021.

### **Results and dividends**

The loss for the period, after taxation, amounted to £801,511 (2020 - profit £7,130,571).

A dividend of £Nil (2020 - £6,110,000) 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  
R Vig  
P Walsh  
R Hunt (resigned 16 June 2021)  
G Pepka (appointed 26 May 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.

The Company continues to devote considerable efforts to managing and regularly updating detailed forecast data on customers' requirements and over the life of individual programmes.

In addition, the Company has a well-established, strong representative and distribution network that provides good coverage throughout Europe. The amounts due from customers continue to be monitored closely and the Company has a good record in that regard. In addition to the availability of support from Allegro MicroSystems LLC, the Company has a strong cash position and has in place all of the facilities with its bankers that it deems necessary to ensure continuing liquidity for the foreseeable future. It has no third party loans, borrowings or complex financial instruments.

Operating costs continue to be controlled carefully as the Directors recognise that a correction in the recent levels of demand may be possible, particularly given the current fiscal deficits and continuing uncertainty across Europe with its resultant impact on consumer spending. COVID 19 presents a sizeable shock to the overall economy and therefore an increased risk to the Company. The Directors have assessed this risk by assessing 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 despite the general economic outlook. 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 26 March 2021 have therefore been prepared on a going concern basis.

# Allegro MicroSystems Europe Limited

## Directors' Report (continued) For the Period Ended 26 March 2021

### Branches

The Company has a branch offices in Czech Republic and Italy.

### Directors' liabilities

The Company has granted an indemnity to one or more of 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 remains 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.

### Financial risk management and objectives

In accordance with S414C(11) of the Companies Act 2006 the Directors have opted to include this information in the Strategic Report.

### Streamlined energy and carbon reporting (SECR) disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and 3 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.

	2021
Energy consumption used to calculate emissions (kWh)	221,092
Emissions from purchased electricity (Scope 2) tCO <sub>2</sub> e	32
Emissions from purchased gas (Scope 2) tCO <sub>2</sub> e	13
Total gross tCO <sub>2</sub> e based on above	45
Intensity ratio (kgCO <sub>2</sub> e/sqft)	3.02

The SECR disclosure did not apply for the prior period as it is required for accounting periods beginning on or after 1 April 2019.

### *Energy efficiency action summary*

52 weeks to 26 March 2021

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).
- Implemented programs and policies that help ensure full compliance with all applicable laws, regulations and requirements in the communities the Company operates.

## Allegro MicroSystems Europe Limited

### Directors' Report (continued) For the Period Ended 26 March 2021

#### *Energy efficiency action summary (continued)*

- 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 footprints, 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	28 March 2020 to 26 March 2021
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with the Company annual accounts made up to 26 March 2021
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	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance-inc_SECR_31March.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance-inc_SECR_31March.pdf</a>
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.

#### **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 auditors 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 auditors are aware of that information.

## **Allegro MicroSystems Europe Limited**

### **Directors' Report (continued) For the Period Ended 26 March 2021**

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#### **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 and signed on its behalf.

*Gary Pepka*

**G Pepka**  
Director

11/11/2021

## **Allegro MicroSystems Europe Limited**

### **Directors' Responsibilities Statement For the Period Ended 26 March 2021**

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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). 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 26 March 2021, 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 26 March 2021 and of its loss 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)**

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#### **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)

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### 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](http://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 that are applicable to the Company and determined that the most significant which are directly relevant to the financial statements are those related to the reporting frameworks (Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006).

In addition, we concluded that there are certain significant laws and regulations, such as Employment Law and Health and Safety regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, data protection, environmental, and bribery and corruption practices.

We obtained an understanding of how the Company complies with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company secretary. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies.

## **Allegro MicroSystems Europe Limited**

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

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#### **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 focus on material manual journals, those posted at the end of the reporting period and those posted directly to cash, revenue or control accounts;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

We assessed 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 client operates;
- understanding of the legal and regulatory requirements specific to the entity including:
  - o the provisions of the applicable legislation;
  - o the regulators' rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
  - o the applicable statutory provisions.
  - o The Company's management have not communicated to the audit team any matters of non-compliance with laws and regulations or fraud and no such matters were identified by the audit team.

## Allegro MicroSystems Europe Limited

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

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#### 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.

GRANT THORNTON UK LLP

**Jonathan Oakey FCA** (Senior Statutory Auditor)

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

Date: 11/11/2021

# Allegro MicroSystems Europe Limited

## Statement of Comprehensive Income For the Period Ended 26 March 2021

	Note	2021 £	2020 £
Turnover	4	86,441,761	102,052,140
Cost of sales		(75,338,144)	(85,926,542)
<b>Gross profit</b>		<b>11,103,617</b>	<b>16,125,598</b>
Administrative expenses		(12,121,425)	(8,776,795)
<b>Operating (loss)/profit</b>	5	<b>(1,017,808)</b>	<b>7,348,803</b>
Dividend income		56,536	1,296,457
Interest receivable and similar income	9	2,338	74,714
<b>(Loss)/profit before tax</b>		<b>(958,934)</b>	<b>8,719,974</b>
Taxation	10	157,423	(1,589,403)
<b>(Loss)/profit for the financial period</b>		<b>(801,511)</b>	<b>7,130,571</b>
<b>Other comprehensive income for the period</b>			
Foreign exchange movement		(9,100)	(37)
<b>Other comprehensive income for the period</b>		<b>(9,100)</b>	<b>(37)</b>
<b>Total comprehensive income for the period</b>		<b>(810,611)</b>	<b>7,130,534</b>

All amounts relate to continuing activities.

The notes on pages 22 to 37 form part of these financial statements.

**Allegro MicroSystems Europe Limited**

Registered number:02475901

**Statement of Financial Position  
As at 26 March 2021**

	Note	26 March 2021 £	27 March 2020 £
<b>Fixed assets</b>			
Tangible assets	12	882,032	1,176,726
Investments	13	6,562,198	6,562,198
		<u>7,444,230</u>	<u>7,738,924</u>
<b>Current assets</b>			
Stocks	14	1,748,432	1,969,457
Debtors: amounts falling due within one year	15	14,946,674	20,096,297
Cash at bank and in hand		9,100,254	3,633,539
		<u>25,795,360</u>	<u>25,699,293</u>
Creditors: amounts falling due within one year	16	(5,022,948)	(4,400,039)
<b>Net current assets</b>		<u>20,772,412</u>	<u>21,299,254</u>
<b>Total assets less current liabilities</b>		<u>28,216,642</u>	<u>29,038,178</u>
<b>Provisions for liabilities</b>			
Deferred tax	17	-	(10,925)
<b>Net assets</b>		<u><u>28,216,642</u></u>	<u><u>29,027,253</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	1,300	1,300
Share premium account	19	585,040	585,040
Foreign currency translation reserve	19	21,853	30,953
Merger reserve	19	166,512	166,512
Profit and loss account	19	27,441,937	28,243,448
		<u><u>28,216,642</u></u>	<u><u>29,027,253</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11/11/2021

*Gary Pepka*

**G Pepka**  
Director

The notes on pages 22 to 37 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
<b>Comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(801,511)	(801,511)
Foreign currency movement	-	-	(9,100)	-	-	(9,100)
<b>Other comprehensive income for the period</b>	-	-	(9,100)	-	-	(9,100)
<b>Total comprehensive income for the period</b>	-	-	(9,100)	-	(801,511)	(810,611)
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>At 26 March 2021</b>	<b>1,300</b>	<b>585,040</b>	<b>21,853</b>	<b>166,512</b>	<b>27,441,937</b>	<b>28,216,642</b>

The notes on pages 22 to 37 form part of these financial statements.

# Allegro MicroSystems Europe Limited

## Statement of Changes in Equity For the Period Ended 27 March 2020

	Called up share capital	Share premium account	Foreign currency translation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 29 March 2019	1,300	585,040	30,990	166,512	27,222,877	28,006,719
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	-	7,130,571	7,130,571
Foreign currency movement	-	-	(37)	-	-	(37)
<b>Other comprehensive income for the period</b>	-	-	(37)	-	-	(37)
<b>Total comprehensive income for the period</b>	-	-	(37)	-	7,130,571	7,130,534
Dividends paid	-	-	-	-	(6,110,000)	(6,110,000)
<b>Total transactions with owners</b>	-	-	-	-	(6,110,000)	(6,110,000)
<b>At 27 March 2020</b>	<b>1,300</b>	<b>585,040</b>	<b>30,953</b>	<b>166,512</b>	<b>28,243,448</b>	<b>29,027,253</b>

The notes on pages 22 to 37 form part of these financial statements.



# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 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's ultimate parent undertaking, Sanken Electric Co. Ltd includes the Company in its consolidated financial statements. The Company's immediate parent undertaking is Allegro MicroSystems, Inc. (formerly Sanken North America Inc.) a company incorporated in the United States of America. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan and are available to the public and may be obtained from [sanken-ele.co.jp](http://sanken-ele.co.jp). In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate company financial statements under FRS 102:

- 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) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

# **Allegro MicroSystems Europe Limited**

## **Notes to the Financial Statements For the Period Ended 26 March 2021**

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### **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.

The Company continues to devote considerable efforts to managing and regularly updating detailed forecast data on customers' requirements and over the life of individual programmes.

In addition, the Company has a well-established, strong representative and distribution network that provides good coverage throughout Europe. The amounts due from customers continue to be monitored closely and the Company has a good record in that regard. In addition to the availability of support from Allegro MicroSystems LLC, the Company has a strong cash position and has in place all of the facilities with its bankers that it deems necessary to ensure continuing liquidity for the foreseeable future. It has no third party loans, borrowings or complex financial instruments.

Operating costs continue to be controlled carefully as the Directors recognise that a correction in the recent levels of demand may be possible, particularly given the current fiscal deficits and continuing uncertainty across Europe with its resultant impact on consumer spending. COVID 19 presents a sizeable shock to the overall economy and therefore an increased risk to the Company. The Directors have assessed this risk by assessing 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 despite the general economic outlook. 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 26 March 2021 have therefore been prepared on a going concern basis.

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 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.

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 26 March 2021

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### 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 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 Statement of Financial Position 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.

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 2. Accounting policies (continued)

#### 2.11 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.

#### 2.12 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 the Statement of Comprehensive Income.

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.

#### 2.13 Impairment of non-current assets

At each reporting date the Company reviews the carrying value of its tangible and intangible 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.

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 2. Accounting policies (continued)

#### 2.14 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.

#### 2.15 Debtors

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

#### 2.16 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.

#### 2.17 Creditors

Short term creditors are measured at the transaction price.

#### 2.18 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.

### 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 and intangible 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.

#### *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.

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 4. Turnover

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
Europe - Goods	77,255,875	92,335,414
UK - Goods	1,435,528	2,757,071
Europe - Services	3,754,982	2,699,102
UK - Services	3,995,376	4,260,553
	<u>86,441,761</u>	<u>102,052,140</u>

### 5. Operating (loss)/profit

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

	2021 £	2020 £
Depreciation owned fixed assets	394,545	363,874
Exchange differences	2,748,016	(2,196,744)
Operating lease rentals - land and buildings	453,234	465,601
Operating lease rentals - plant and machinery	6,515	7,582
	<u>3,602,310</u>	<u>(1,359,687)</u>

### 6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>110,000</u>	<u>110,000</u>

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 7. Employees

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

	2021 £	2020 £
Wages and salaries	5,247,118	4,806,112
Social security costs	1,027,606	722,449
Cost of defined contribution scheme	401,303	594,864
	<u>6,676,027</u>	<u>6,123,425</u>

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

	2021 No.	2020 No.
Sales, marketing and technical	101	92
Administrative staff	6	6
	<u>107</u>	<u>98</u>

### 8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	365,250	395,386
Directors pension costs - defined contribution scheme	16,533	16,524
	<u>381,783</u>	<u>411,910</u>

During the period retirement benefits were accruing to 1 Director (2020 - 1) in respect of defined contribution pension schemes.

The above reflects the remuneration paid to the highest paid director.

### 9. Interest receivable and similar income

	2021 £	2020 £
Bank interest receivable	<u>2,338</u>	<u>74,714</u>



# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 10. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on (losses)/profits for the period	-	1,629,606
Adjustments in respect of previous periods	-	(37,609)
<b>Total corporation tax</b>	-	1,591,997
Double taxation relief	-	(35,380)
<b>Total corporation tax</b>	-	1,556,617
<b>Foreign tax</b>		
Foreign tax on income for the period	-	35,695
<b>Total foreign tax</b>	-	35,695
<b>Total current tax</b>	-	1,592,312
<b>Deferred tax</b>		
Origination and reversal of timing differences	(157,423)	(2,909)
<b>Total deferred tax</b>	(157,423)	(2,909)
<b>Taxation on (loss)/profit on ordinary activities</b>	(157,423)	1,589,403

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 10. Taxation (continued)

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	<u>(958,934)</u>	<u>8,719,974</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(182,197)	1,656,792
<b>Effects of:</b>		
Expenses not deductible for tax purposes	396	-
Adjustments to tax charge in respect of prior periods	-	(37,609)
Fixed asset differences	20,448	-
Income not taxable	(10,742)	(242,334)
Adjustments to brought forward values	14,672	-
Overseas tax in excess of UK tax rate	-	212,554
<b>Total tax charge for the period</b>	<u><b>(157,423)</b></u>	<u><b>1,589,403</b></u>

#### Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase from 19% to 25%. This new law was not substantively enacted until after the reporting date and therefore its effects are not reflected in these financial statements. However, it is likely that the overall effect of this change would be to impact the Company's future tax charge accordingly. If this rate change had been substantively enacted at the current Balance Sheet date the deferred tax asset would have increased by £46,263.

### 11. Dividends

	2021 £	2020 £
Interim paid of £Nil (2020 - £4,700) per share	-	6,110,000
	<u>-</u>	<u>6,110,000</u>

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 12. Tangible fixed assets

	Leasehold improvements £	Machinery and equipment £	Furniture and fittings £	Computers £	Total £
<b>Cost</b>					
At 28 March 2020	714,012	438,801	319,007	469,785	1,941,605
Additions	13,789	49,967	8,356	46,717	118,829
Disposals	-	-	-	(1,115)	(1,115)
Exchange adjustments	(13,065)	(6,558)	(5,107)	(5,625)	(30,355)
At 26 March 2021	<u>714,736</u>	<u>482,210</u>	<u>322,256</u>	<u>509,762</u>	<u>2,028,964</u>
<b>Depreciation</b>					
At 28 March 2020	213,421	115,816	147,884	287,758	764,879
Charge for the period	116,540	98,327	50,944	128,734	394,545
Disposals	-	-	-	(1,115)	(1,115)
Exchange adjustments	(3,005)	(2,997)	(1,729)	(3,646)	(11,377)
At 26 March 2021	<u>326,956</u>	<u>211,146</u>	<u>197,099</u>	<u>411,731</u>	<u>1,146,932</u>
<b>Net book value</b>					
At 26 March 2021	<u>387,780</u>	<u>271,064</u>	<u>125,157</u>	<u>98,031</u>	<u>882,032</u>
At 27 March 2020	<u>500,591</u>	<u>322,985</u>	<u>171,123</u>	<u>182,027</u>	<u>1,176,726</u>

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 13. Fixed asset investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 28 March 2020	6,562,198
At 26 March 2021	<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%

### 14. Stocks

	2021 £	2020 £
Finished goods	<u>1,748,432</u>	<u>1,969,457</u>

The difference between the purchase price of stocks and their replacement cost at 26 March 2021 is not material (2020 - not material).

There were no stock write downs during the year (2020 - £Nil).

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 15. Debtors

	2021 £	2020 £
Trade debtors	14,162,347	17,972,811
Amounts owed by group undertakings	29,201	1,954,989
Other debtors	133,932	44,139
Prepayments and accrued income	105,224	124,358
Tax recoverable	369,472	-
Deferred tax asset (note 17)	146,498	-
	<u>14,946,674</u>	<u>20,096,297</u>

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 £2,164 (2020 - £Nil).

### 16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	278,282	160,427
Amounts owed to group undertakings	3,310,078	2,285,461
Corporation tax	-	1,001,361
Other taxation and social security	169,430	146,798
Accruals and deferred income	1,265,158	805,992
	<u>5,022,948</u>	<u>4,400,039</u>

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 26 March 2021

### 17. Deferred taxation

	2021 £	2020 £
At beginning of year	10,925	-
Credited to profit or loss	(157,423)	10,925
<b>At end of year</b>	<b>(146,498)</b>	<b>10,925</b>

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

	2021 £	2020 £
Fixed asset timing differences	(10,562)	25,597
Other timing differences	-	(14,672)
Losses and other deductions	(135,936)	-
	<b>(146,498)</b>	<b>10,925</b>

### 18. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
1,300 (2020 - 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 26 March 2021

### 19. 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.

### 20. Contingent liabilities

The Company has no contingent liabilities and no assets pledged as security (2020 - £Nil).

### 21. 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 £401,303 (2020 - £594,864).

### 22. Commitments under operating leases

At 26 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	544,521	452,949
Later than 1 year and not later than 5 years	1,627,071	1,372,547
Later than 5 years	575,007	793,917
	<u>2,746,599</u>	<u>2,619,413</u>

# Allegro MicroSystems Europe Limited

## Notes to the Financial Statements For the Period Ended 26 March 2021

### 23. 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 transactions that have been entered into with related parties not including those covered by this exemption.

	2021 Euro	2020 Euro
<b>CrivaSense Technologies SAS</b>		
Intermediary billings to related party during the year	<u>25,520</u>	<u>25,520</u>
	2021 £	2020 £
<b>Sanken Electric Company Ltd</b>		
Intermediary billings to related party during the year	<u>-</u>	<u>7,591,937</u>

During the prior year, CrivaSense Technologies repaid a portion of the share premium the Company contributed upon incorporation of CrivaSense Technologies. In line with CrivaSense Technologies' Articles of Association, CrivaSense Technologies repaid EUR 1.0 million to the Company, which consisted of EUR 554,588 capital repayment and EUR 445,412 interest.

During the year, the Company received a dividend of EUR 66,096 (2020 - EUR 65,000) from CrivaSense Technologies.

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

### 24. 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.

In the Directors' opinion, the Company's ultimate parent undertaking and controlling party and the largest group which these financial statements are included is Sanken Electric Co. Limited, which is incorporated in Japan. Sanken Electric Co. Limited's group financial statements are available from Sanken Electric Co. Ltd, 3-6-3 Kitano, Niiza-shi, Saitama-ken 352-8666, Japan.