

Allegro MicroSystems Europe Limited

Annual Report and Financial Statements

Year Ended

31 March 2023

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	The Scalpel 18th Floor 52 Lime Street London EC3M 7AF
Independent auditors	PricewaterhouseCoopers LLP 3 Forbury Place 23 Forbury Road Reading RG1 3JH
Solicitors	Charles Russell LLP 5 Fleet Place London EC4M 7RD

Allegro MicroSystems Europe Limited

Contents

	Page
Strategic Report	1 - 7
Directors' Report	8 - 12
Independent Auditors' Report to the members of Allegro Microsystems Europe Limited	13 - 16
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Equity	19 - 20
Notes to the Financial Statements	21 - 39

Allegro MicroSystems Europe Limited

Strategic Report For the Year Ended 31 March 2023

Introduction

The Directors present their Strategic Report for the year ended 31 March 2023.

Principal activities

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. It also performs research and development activities on behalf of Allegro MicroSystems LLC.

Business review

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

	2023 £000	2022 £000	%
Turnover	153,906	109,383	40.7%
Profit before tax	9,966	6,009	65.8%
Profit before tax as a percentage of turnover	6.48%	5.5%	
Cash at bank and in hand	6,687	18,173	(63.2)%
Net assets	30,551	33,146	(7.8)%
Average number of employees	145	122	18.9%

The post COVID supply constraints eased as turnover for FY23 grew by 40.7%, 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 21%.

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.

Although higher turnover and profit had a positive impact on cash, there was a distribution to the parent which significantly reduced the year end 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:

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.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Year Ended 31 March 2023

Principal risks and uncertainties (continued)

Economic risk

The economic challenges faced include high inflation, rising interest rates, cost of living crisis 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. High 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.

Supply chain risk

Whilst the acute global shortage of semi-conductor products has eased during recent months, it will take time to build inventory levels to their pre-COVID level.

Political risk

The war in Ukraine and China's relationship with Taiwan generates political uncertainty in the global market place.

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.

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).

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Year Ended 31 March 2023

Principal risks and uncertainties (continued)

Climate change (continued)

- 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.

Financial risks

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 16 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.

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.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Year Ended 31 March 2023

Section 172 statement

In accordance with Section 172(1) 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.

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.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Year Ended 31 March 2023

Section 172 statement (continued)

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.

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.

Allegro MicroSystems Europe Limited

Strategic Report (continued) For the Year Ended 31 March 2023

Section 172 statement (continued)

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.
- 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 IC 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 Year Ended 31 March 2023

Section 172 statement (continued)

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

As Allegro Microsystems Europe Limited 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 21st December 2023 and signed on its behalf.



M Paul
Director

Allegro MicroSystems Europe Limited

Directors' Report For the Year Ended 31 March 2023

The Directors present their report and the audited financial statements for the year ended 31 March 2023.

Results and dividends

The profit for the year, after taxation, amounted to £7,924,793 (2022 - £4,924,157).

A final dividend in respect of financial year ending 25 March 2022 of £10,594,125 (2022 - £Nil) was declared and paid in the year to Allegro Microsystems LLC - the Company's immediate parent undertaking. No interim dividends were paid in the year (2022 - £Nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

M Glover
G Pepka
M Paull
R Vig (resigned 13 June 2022)

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

Allegro MicroSystems Europe Limited

Directors' Report (continued) For the Year Ended 31 March 2023

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 and 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, 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 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 year ended 31 March 2023 have therefore been prepared on a going concern basis.

Branches

The Company has branch offices in Czech Republic and Italy.

Directors' indemnities

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 was in place during the financial year and remains in force as at the date of approving the Directors' Report.

Allegro MicroSystems Europe Limited

Directors' Report (continued) For the Year Ended 31 March 2023

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. Please see the Strategic Report for further details of the Company's strategy.

Matters covered in the Strategic Report

Financial risk management and engagement with suppliers and customers are disclosed in the Strategic Report on pages 1 to 7.

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 £12,567,694 (2022 - £10,247,957).

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.

	2023	2022
Energy consumption used to calculate emissions (kWh)	178,466	189,276
Emissions from purchased electricity (Scope 2) tCO ₂ e	38	42
Emissions from purchased gas (Scope 2) tCO ₂ e	10	10
Total gross tCO ₂ e based on above (Scope 1)	48	52
Intensity ratio (kgCO ₂ e/sqft)	3.25	3.47

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

Energy efficiency action summary

Year ended 31 March 2023

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.

Allegro MicroSystems Europe Limited

Directors' Report (continued) For the Year Ended 31 March 2023

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

Energy efficiency action summary (continued)

- 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.
- 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.
- Implemented and encouraged use of video conferencing.

Methodology notes

Reporting period	26 March 2022 to 31 March 2023
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with the Company annual financial statements made up to 31 March 2023
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-31March.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.

Allegro MicroSystems Europe Limited

Directors' Report (continued) For the Year Ended 31 March 2023

Post balance sheet events

There are no post balance sheet events affecting the Company.

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.

This report was approved by the board on 21st December 2023 and signed on its behalf.



M Paull
Director

Allegro MicroSystems Europe Limited

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

Report on the audit of the financial statements

Opinion

In our opinion, Allegro Microsystems Europe Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Allegro MicroSystems Europe Limited

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Auditors' 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.

Allegro MicroSystems Europe Limited

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

Auditors' responsibilities for the audit of the financial statements (continued)

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK and overseas tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the overstatement of revenue and profit, mainly through the posting of journals, and management bias in accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Performing a reconciliation of all transactions in the year to the financial statements, obtaining a complete population of journals, and identifying and testing journal entries based on our risk assessment;
- Challenging assumptions made by management in their significant accounting estimates;
- Agreeing the financial statement disclosures to supporting documentation and assessing compliance with applicable laws and regulations;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud and actual and potential litigation and claims;
- Evaluating the business rationale of significant transactions outside the normal course of business; and
- Review of minutes of board meetings.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Allegro MicroSystems Europe Limited

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

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Christopher Taylor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

Date: 21 December 2023

Allegro MicroSystems Europe Limited

Statement of Comprehensive Income For the Year Ended 31 March 2023

	Note	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Turnover	4	153,905,868	109,383,159
Cost of sales		(120,367,998)	(83,342,187)
Gross profit		33,537,870	26,040,972
Administrative expenses		(23,870,940)	(20,090,980)
Other operating income	5	133,105	-
Operating profit	6	9,800,035	5,949,992
Income from shares in group undertakings		56,984	54,136
Interest receivable and similar income	10	108,607	4,563
Profit before tax		9,965,626	6,008,691
Tax on profit	11	(2,040,833)	(1,084,534)
Profit for the financial year		7,924,793	4,924,157
Other comprehensive income for the year			
Foreign exchange movement		74,534	5,361
Other comprehensive income for the year		74,534	5,361
Total comprehensive income for the year		7,999,327	4,929,518

All amounts relate to continuing activities.

The notes on pages 21 to 39 form part of these financial statements.

Allegro MicroSystems Europe Limited

Registered number: 02475901

Statement of Financial Position As at 31 March 2023

	Note	As at 31 March 2023 £	As at 25 March 2022 £
Fixed assets			
Tangible assets	13	1,312,150	763,163
Investments	14	6,562,198	6,562,198
		<u>7,874,348</u>	<u>7,325,361</u>
Current assets			
Stocks	15	419,838	441,615
Debtors: amounts falling due within one year	16	25,606,393	16,022,720
Cash at bank and in hand		6,687,056	18,173,386
		<u>32,713,287</u>	<u>34,637,721</u>
Creditors: amounts falling due within one year	17	(9,866,401)	(8,798,348)
Net current assets		<u>22,846,886</u>	<u>25,839,373</u>
Total assets less current liabilities		<u>30,721,234</u>	<u>33,164,734</u>
Provisions for liabilities			
Deferred tax	18	(169,872)	(18,574)
Net assets		<u>30,551,362</u>	<u>33,146,160</u>
Capital and reserves			
Called up share capital	19	1,300	1,300
Share premium account	20	585,040	585,040
Foreign exchange reserve	20	101,748	27,214
Merger reserve	20	166,512	166,512
Profit and loss account	20	29,696,762	32,366,094
Total equity		<u>30,551,362</u>	<u>33,146,160</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21st December 2023



M Paul
Director

The notes on pages 21 to 39 form part of these financial statements.

Allegro MicroSystems Europe Limited

Statement of Changes in Equity For the Year Ended 31 March 2023

	Called up share capital	Share premium account	Foreign exchange reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 26 March 2022	1,300	585,040	27,214	166,512	32,366,094	33,146,160
Comprehensive income for the year						
Profit for the year	-	-	-	-	7,924,793	7,924,793
Foreign currency movement	-	-	74,534	-	-	74,534
Other comprehensive income for the year	-	-	74,534	-	-	74,534
Total comprehensive income for the year	-	-	74,534	-	7,924,793	7,999,327
Contributions by and distributions to owners						
Dividends	-	-	-	-	(10,594,125)	(10,594,125)
Total transactions with owners	-	-	-	-	(10,594,125)	(10,594,125)
At 31 March 2023	1,300	585,040	101,748	166,512	29,696,762	30,551,362

The notes on pages 21 to 39 form part of these financial statements.

Allegro MicroSystems Europe Limited

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

	Share capital £	Share premium account £	Foreign exchange 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 year						
Profit for the year	-	-	-	-	4,924,157	4,924,157
Foreign currency movement	-	-	5,361	-	-	5,361
Other comprehensive income for the year	-	-	5,361	-	-	5,361
Total comprehensive income for the year	-	-	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 39 form part of these financial statements.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

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.

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. It also performs research and development activities on behalf of Allegro MicroSystems LLC.

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 accounting policies have been applied consistently in both financial years.

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

The financial statements are presented in Pounds Sterling which is the functional currency of the Company and values are rounded to the nearest pound.

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 26 Share-based Payment;
- 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; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

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 and 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, 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 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 year ended 31 March 2023 have therefore been prepared on a going concern basis.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.5 Foreign currency translation

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 year end foreign currency monetary items are translated using the closing rate. Nonmonetary 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 year end date. Income and expenses for each Statement of Comprehensive Income are translated at the average rate for the year. 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 turnover 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 turnover 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 turnover 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. Turnover 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 turnover is recognised at this time even if the parts remain in stock.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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 Year Ended 31 March 2023

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year 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
Assets under construction	- Not depreciated

Assets under construction will be reclassified to an alternative tangible fixed asset category upon completion at which point the asset will be put into use and the asset will be depreciated over the same useful economic life as other assets in the same category.

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 Year Ended 31 March 2023

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 fixed assets

At each reporting date the Company reviews the carrying value of its tangible fixed 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 year 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.

2.18 Creditors

Short-term creditors are measured at the transaction price.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

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. Dividend income from investments in subsidiary undertakings is recognised in profit or loss when it is received.

2.20 Share based options

Where share options are awarded to employees by the Company's ultimate parent company, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

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

In preparing these financial statements, the Directors have made the following judgements:

Functional Currency

The Company trades predominantly in US dollars but operates, along with its subsidiaries, outside of the United States of America and has fixed costs in Pounds Sterling and Euros, as well as its share capital in Pounds Sterling. The Directors have judged that as the Company is incorporated in the United Kingdom, and based on the other factors above, the functional currency is Pounds Sterling. The financial statements are presented in Pounds Sterling.

Other key sources of estimation uncertainty:

Impairment of fixed assets

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

If there is an indication of impairment, the 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. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. 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 year if and only if the reasons for the impairment loss have ceased to apply. There are no indicators of impairment at the reporting date, and as such there has been no need to test the carrying value of the investments for impairment.

Recovery of trade debtors

The Company periodically assesses the recoverability of its trade debtor balances and the requirement to carry bad debt provisions. The Company assesses its aged debtor profile alongside management information on the status of its customers and calculates bad debt provisions based on this information and the estimated risk of non-recoverability. Any debts which the Company feels will not be recovered are written off to profit or loss.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

4. Turnover

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

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Europe - Goods	139,779,028	97,477,010
UK - Goods	742,297	902,285
Europe - Services	8,007,359	6,124,195
UK - Services	5,377,184	4,879,669
	<u>153,905,868</u>	<u>109,383,159</u>

5. Other operating income

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Research and development expenditure tax credit	133,105	-

6. Operating profit

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

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Depreciation owned fixed assets	466,493	361,996
Exchange differences	(2,230,727)	(668,093)
Operating lease rentals	440,709	434,489
Expensed research and development costs	<u>12,567,694</u>	<u>10,247,957</u>

In the prior year the Expense research and development costs was only disclosed for United Kingdom and branches were omitted of £5,729,745. This has been restated to include the expense relating to both United Kingdom and branches.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

7. Auditors' remuneration

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	120,000	121,300

8. Employees

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

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Wages and salaries	9,149,945	6,360,865
Social security costs	2,226,489	1,776,835
Other pension costs	536,885	410,639
	11,913,319	8,548,339

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

	Year ended 31 March 2023 No.	Restated Year ended 25 March 2022 No.
Technical/research and development	121	101
Sales and marketing	8	6
Administrative staff	16	15
	145	122

The prior year categories for the average monthly number of employees have changed as it is considered more appropriate to have three categories rather than two. As a result, Technical/research and development has been included as a new category for employees previously included in Administrative staff. The prior year total average monthly number of employees has not changed.

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

9. Directors' remuneration

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Directors' emoluments	208,216	158,143
Company contributions to defined contribution pension schemes	17,731	5,536
	<u>225,947</u>	<u>163,679</u>

During the year, 1 Director (2022 – 1) exercised Restricted Stock Units (RSUs) in the parent's shares during the year.

During the year, retirement benefits were accruing to 1 Director (2022 - 2) in respect of defined contribution pension schemes.

During the year, the highest paid director received remuneration and contributions paid to a defined contribution pension scheme of £208,216 and £17,731 respectively.

Services provided by directors who are not remunerated by the Company or its subsidiaries are considered incidental compared to their services provided to other Group companies.

10. Interest receivable and similar income

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Bank interest receivable	<u>108,607</u>	<u>4,563</u>

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

11. Tax on profit

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Corporation tax		
Current tax on profits for the year	1,773,643	990,619
Adjustments in respect of previous years	96,068	(71,157)
Double taxation relief	(161,338)	-
	<u>1,708,373</u>	<u>919,462</u>
Foreign tax on income for the year	181,162	-
	<u>181,162</u>	<u>-</u>
Total corporation tax	<u><u>1,889,535</u></u>	<u><u>919,462</u></u>
Deferred tax		
Origination and reversal of timing differences	133,523	211,335
Effects of tax rate change on opening balances	-	(46,263)
Adjustments in respect of prior year	17,775	-
Total deferred tax	<u><u>151,298</u></u>	<u><u>165,072</u></u>
Taxation on profit	<u><u>2,040,833</u></u>	<u><u>1,084,534</u></u>

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Profit before tax	9,965,626	6,008,691
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,893,469	1,141,651
Effects of:		
Expenses not deductible for tax purposes	757	319
Fixed asset differences	(8,278)	19,550
Income not taxable for tax purposes	(10,827)	(10,286)
Adjustments to tax charge in respect of previous years - current tax	96,068	(71,157)
Remeasurement of deferred tax for changes in rates	32,045	4,457
Adjustments to tax charge in respect of previous years - deferred tax	17,775	-
Foreign tax credits	19,824	-
Total tax charge for the year	2,040,833	1,084,534

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting years when the timing differences reverse.

12. Dividends

	Year ended 31 March 2023 £	Year ended 25 March 2022 £
Ordinary shares		
Final dividend paid in respect of the prior year of £8,149.33 (2022 - £Nil) per share	10,594,125	-

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

13. Tangible fixed assets

	Leasehold improvements £	Machinery and equipment £	Furniture and fittings £	Computers £	Assets under construction £	Total £
Cost						
At 26 March 2022	722,645	601,082	333,275	556,633	-	2,213,635
Additions	99,419	675,823	1,791	112,506	55,772	945,311
Disposals	-	-	-	(87,630)	-	(87,630)
Exchange adjustments	42,957	44,784	19,087	27,463	-	134,291
At 31 March 2023	865,021	1,321,689	354,153	608,972	55,772	3,205,607
Accumulated depreciation						
At 26 March 2022	447,308	332,863	244,651	425,650	-	1,450,472
Charge for the financial year	108,055	205,653	51,990	100,795	-	466,493
Disposals	-	-	-	(86,387)	-	(86,387)
Exchange adjustments	23,140	25,668	12,046	2,025	-	62,879
At 31 March 2023	578,503	564,184	308,687	442,083	-	1,893,457
Net book value						
At 31 March 2023	286,518	757,505	45,466	166,889	55,772	1,312,150
At 25 March 2022	275,337	268,219	88,624	130,983	-	763,163

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

14. Investments

	Investments in subsidiary undertakings £
Cost	
At 26 March 2022	6,562,198
At 31 March 2023	<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 Atlas, 74650 Chavanod, France	Ordinary	100%
Heyday Integrated Circuits*	4 Traverse Dupont, Innovagrasse 06130 Grasse, France	Ordinary	100%

*Held indirectly by Allegro Microsystems France SAS.

Prior year holding for Heyday Integrated Circuits was 0% as it was acquired by Allegro MicroSystems France SAS in the current year. All other holdings remained the same.

15. Stocks

	As at 31 March 2023 £	As at 25 March 2022 £
Finished goods	<u>419,838</u>	<u>441,615</u>

The difference between the purchase price of stocks and their replacement cost at 31 March 2023 is not material (2022 - not material).

There were no stock write downs during the year (2022 - £Nil).

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

16. Debtors: amounts falling due within one year

	As at 31 March 2023 £	As at 25 March 2022 £
Trade debtors	24,965,907	15,665,958
Amounts owed by group undertakings	60,939	24,956
Other debtors	199,744	104,496
Corporation tax recoverable	76,609	-
Prepayments and accrued income	303,194	227,310
	<u>25,606,393</u>	<u>16,022,720</u>

All amounts fall due within one year.

The impairment loss recognised in the Company's profit or loss for the year in respect of bad and doubtful trade debtors was £2,355 (2022 - £7,244).

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

17. Creditors: amounts falling due within one year

	As at 31 March 2023 £	As at 25 March 2022 £
Trade creditors	840,396	68,016
Amounts owed to group undertakings	5,312,934	5,356,818
Corporation tax	-	424,554
Other taxation and social security	1,039,070	605,715
Accruals and deferred income	2,674,001	2,343,245
	<u>9,866,401</u>	<u>8,798,348</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 Year Ended 31 March 2023

18. Deferred taxation

	As at 31 March 2023 £	As at 25 March 2022 £
At beginning of year	(18,574)	146,498
Charged to profit or loss	(151,298)	(165,072)
At end of year	(169,872)	(18,574)

The deferred taxation liability is made up as follows:

	As at 31 March 2023 £	As at 25 March 2022 £
Fixed asset timing differences	(170,843)	(18,574)
Short term timing differences	971	-
	(169,872)	(18,574)

The reversal of the deferred tax liability expected in 2023 is £136,674 (2022 - £14,859). This is expected to arise because of accelerated capital allowances for tax purposes.

19. Called up share capital

	As at 31 March 2023 £	As at 25 March 2022 £
Allotted, called up and fully paid		
1,300 (2022 - 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 Year Ended 31 March 2023

20. Reserves

Share premium account

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

Foreign exchange 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.

21. Share based options

During the year, certain employees of the Company were granted share awards relating to shares in a parent company, Allegro MicroSystems, Inc. The fair value of these shares granted is not material to the Company and as such no expense has been recognised in profit or loss.

22. Contingent liabilities

At the year ended 31 March 2023, a pledge over the shares of the Company and its property and assets was held by Barclays Bank PLC. At the year end there is no amount owed to Barclays Bank PLC and therefore the directors consider it reasonable that no contingent liability has been recognised.

23. 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 £536,885 (2022 - £410,639).

Amounts in creditors payable to the pension fund amounted to £3,881 (2022 - £64,869)

Allegro MicroSystems Europe Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

24. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following years:

	As at 31 March 2023 £	As at 25 March 2022 £
Not later than 1 year	499,565	549,709
Later than 1 year and not later than 5 years	1,184,354	1,895,513
Later than 5 years	246,299	296,317
	<u>1,930,218</u>	<u>2,741,539</u>

25. 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.

	As at 31 March 2023 £	As at 25 March 2022 £
CrivaSense Technologies SAS		
Intermediary billings to related party during the year	<u>20,726</u>	<u>20,415</u>

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

During the year, the Company received a dividend of £56,984 (2022 - £54,136) from CrivaSense Technologies.

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

26. Controlling party

The Company's immediate parent undertaking is Allegro MicroSystems LLC, and the smallest group within which these financial statements are included is Allegro MicroSystems, Inc. a company incorporated in the United States of America. The ultimate controlling party and ultimate parent and the largest group within which these financial statements are included is Sanken Electric Co. Ltd, 3-6-3 Kitano Niiza-Shi, Saitama-Ken, Japan 352-8666. Allegro MicroSystems, Inc.'s group financial statements are available from Allegro MicroSystems, Inc. (Headquarters), 955 Perimeter Road, Manchester, NH 03103.