UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 29, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to _____________

Commission File Number: 001-39675

ALLEGRO MICROSYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**46-2405937**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
955 Perimeter Road Manchester, New Hampshire	**03103**
(Address of principal executive offices)	(Zip Code)

(603) 626-2300
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ALGM	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of February 2, 2024, the registrant had 193,125,832 shares of common stock, par value $0.01 per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations and financial position, business strategy, prospective products and the plans and objectives of management for future operations, may be forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding the liquidity, growth and profitability strategies and factors and trends affecting our business are forward-looking statements. Without limiting the foregoing, in some cases, you can identify forward-looking statements by terms such as "aim," "may," "will," "should," "expect," "exploring," "plan," "anticipate," "could," "intend," "target," "project," "would," "contemplate," "believe," "estimate," "predict," "potential," "seek," or "continue" or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. No forward-looking statement is a guarantee of future results, performance, or achievements, and one should avoid placing undue reliance on such statements.

Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to us. Such beliefs and assumptions may or may not prove to be correct. Additionally, such forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A. "Risk Factors" in this Quarterly Report and Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended March 31, 2023, filed with the Securities and Exchange Commission ("SEC") on May 25, 2023 (the "2023 Annual Report") as any such factors may be updated from time to time in our Quarterly Reports on Form 10-Q, and our other filings with the SEC.

You should read this Quarterly Report and the documents that we reference completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. All forward-looking statements speak only as of the date of this Quarterly Report, and except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements, whether as a result of any new information, future events, changed circumstances or otherwise.

Unless the context otherwise requires, references to "we," "us," "our," the "Company" and "Allegro" refer to the operations of Allegro MicroSystems, Inc. and its consolidated subsidiaries.

PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

ALLEGRO MICROSYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value and share amounts)
(Unaudited)

	December 29, 2023	March 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 214,308	$ 351,576
Restricted cash	9,427	7,129
Trade accounts receivable, net	114,324	111,290
Trade and other accounts receivable due from related party	154	13,494
Inventories	165,553	151,301
Prepaid expenses and other current assets	41,980	27,289
Current portion of related party note receivable	3,750	3,750
Total current assets	549,496	665,829
Property, plant and equipment, net	325,822	263,099
Operating lease right-of-use assets	21,620	16,866
Deferred income tax assets	79,420	50,359
Goodwill	214,709	27,691
Intangible assets, net	293,699	52,378
Related party note receivable, less current portion	5,625	8,438
Equity investment in related party	25,974	27,265
Other assets	48,936	69,230
Total assets	$ 1,565,301	$ 1,181,155
Liabilities, Non-Controlling Interests and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 37,633	$ 56,256
Amounts due to related party	3,158	9,682
Accrued expenses and other current liabilities	69,951	94,894
Current portion of operating lease liabilities	5,486	4,493
Current portion of long-term debt	3,959	—
Total current liabilities	120,187	165,325
Long-term debt	250,464	25,000
Operating lease liabilities, less current portion	16,321	13,048
Deferred income tax liabilities	27,740	—
Other long-term liabilities	15,103	10,967
Total liabilities	429,815	214,340
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
Preferred stock, $0.01 par value; 20,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.01 par value; 1,000,000,000 shares authorized, 193,047,658 shares issued and outstanding at December 29, 2023; 1,000,000,000 shares authorized, 191,754,292 issued and outstanding at March 31, 2023	1,931	1,918
Additional paid-in capital	684,063	674,179
Retained earnings	470,127	310,315
Accumulated other comprehensive loss	(21,889)	(20,784)
Equity attributable to Allegro MicroSystems, Inc.	1,134,232	965,628
Non-controlling interests	1,254	1,187
Total stockholders' equity	1,135,486	966,815
Total liabilities, non-controlling interests and stockholders' equity	$ 1,565,301	$ 1,181,155

The accompanying notes are an integral part of these condensed consolidated financial statements.

ALLEGRO MICROSYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(Unaudited)

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Net sales	$ 254,984	$ 203,672	$ 802,625	$ 572,356
Net sales to related party	—	45,117	6,161	131,852
Total net sales	254,984	248,789	808,786	704,208
Cost of goods sold	121,156	84,776	354,561	247,805
Cost of goods sold to related party	—	21,419	2,944	63,413
Gross profit	133,828	142,594	451,281	392,990
Operating expenses:				
Research and development	44,396	39,593	130,799	109,017
Selling, general and administrative	52,746	37,373	140,135	143,770
Total operating expenses	97,142	76,966	270,934	252,787
Operating income	36,686	65,628	180,347	140,203
Other income (expense):				
Interest expense	(3,854)	(613)	(5,381)	(1,581)
Interest income	857	360	2,550	1,144
Other income (expense), net	2,682	6,716	30	3,659
Income before income taxes	36,371	72,091	177,546	143,425
Income tax provision	2,969	7,540	17,584	17,943
Net income	33,402	64,551	159,962	125,482
Net income attributable to non-controlling interests	57	32	150	102
Net income attributable to Allegro MicroSystems, Inc.	$ 33,345	$ 64,519	$ 159,812	$ 125,380
Net income per common share attributable to Allegro MicroSystems, Inc.:				
Basic	$ 0.17	$ 0.34	$ 0.83	$ 0.66
Diluted	$ 0.17	$ 0.33	$ 0.82	$ 0.65
Weighted average shares outstanding:				
Basic	192,724,541	191,328,538	192,384,315	191,082,141
Diluted	194,570,380	193,935,908	194,925,040	193,100,762

The accompanying notes are an integral part of these condensed consolidated financial statements.

ALLEGRO MICROSYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(Unaudited)

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Net income	$ 33,402	$ 64,551	$ 159,962	$ 125,482
Net income attributable to non-controlling interests	57	32	150	102
Net income attributable to Allegro MicroSystems, Inc.	33,345	64,519	159,812	125,380
Other comprehensive loss:				
Foreign currency translation adjustment, net of tax	3,618	8,303	(1,188)	(6,414)
Comprehensive income	36,963	72,822	158,624	118,966
Other comprehensive gain attributable to non-controlling interests	2	(56)	83	81
Comprehensive income attributable to Allegro MicroSystems, Inc.	$ 36,965	$ 72,766	$ 158,707	$ 119,047

The accompanying notes are an integral part of these condensed consolidated financial statements.

ALLEGRO MICROSYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands, except share amounts)
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount					
Balance at September 23, 2022	—	$ —	191,308,141	$ 1,913	$ 662,082	$ 183,819	$ (33,028)	$ 1,089	$ 815,875
Net income	—	—	—	—	—	64,519	—	32	64,551
Stock-based compensation, net of forfeitures and restricted stock vested	—	—	127,728	1	8,862	—	—	—	8,863
Payments of taxes withheld on net settlement of equity awards	—	—	—	—	(3,036)	—	—	—	(3,036)
Foreign currency translation adjustment	—	—	—	—	—	—	8,247	56	8,303
Balance at December 23, 2022	—	$ —	191,435,869	$ 1,914	$ 667,908	$ 248,338	$ (24,781)	$ 1,177	$ 894,556

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount					
Balance at September 29, 2023	—	$ —	192,469,731	$ 1,925	$ 683,891	$ 436,782	$ (25,509)	$ 1,199	$ 1,098,288
Net income	—	—	—	—	—	33,345	—	57	33,402
Stock-based compensation, net of forfeitures and restricted stock vested	—	—	577,927	6	10,904	—	—	—	10,910
Payments of taxes withheld on net settlement of equity awards	—	—	—	—	(10,732)	—	—	—	(10,732)
Foreign currency translation adjustment	—	—	—	—	—	—	3,620	(2)	3,618
Balance at December 29, 2023	—	$ —	193,047,658	$ 1,931	$ 684,063	$ 470,127	$ (21,889)	$ 1,254	$ 1,135,486

The accompanying notes are an integral part of these condensed consolidated financial statements.

ALLEGRO MICROSYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – continued
(in thousands, except share amounts)
(Unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount					
Balance at March 25, 2022	—	$ —	190,473,595	$ 1,905	$ 627,792	$ 122,958	$ (18,448)	$ 1,156	$ 735,363
Net income	—	—	—	—	—	125,380	—	102	125,482
Employee stock purchase plan issuances	—	—	89,454	1	1,572	—	—	—	1,573
Stock-based compensation, net of forfeitures and restricted stock vested	—	—	872,820	8	51,186	—	—	—	51,194
Payments of taxes withheld on net settlement of equity awards	—	—	—	—	(12,642)	—	—	—	(12,642)
Foreign currency translation adjustment	—	—	—	—	—	—	(6,333)	(81)	(6,414)
Balance at December 23, 2022	—	$ —	191,435,869	$ 1,914	$ 667,908	$ 248,338	$ (24,781)	$ 1,177	$ 894,556

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount					
Balance at March 31, 2023	—	$ —	191,754,292	$ 1,918	$ 674,179	$ 310,315	$ (20,784)	$ 1,187	$ 966,815
Net income	—	—	—	—	—	159,812	—	150	159,962
Employee stock purchase plan issuances	—	—	76,204	1	1,898	—	—	—	1,899
Stock-based compensation, net of forfeitures and restricted stock vested	—	—	1,217,162	12	32,809	—	—	—	32,821
Payments of taxes withheld on net settlement of equity awards	—	—	—	—	(24,823)	—	—	—	(24,823)
Foreign currency translation adjustment	—	—	—	—	—	—	(1,105)	(83)	(1,188)
Balance at December 29, 2023	—	$ —	193,047,658	$ 1,931	$ 684,063	$ 470,127	$ (21,889)	$ 1,254	$ 1,135,486

The accompanying notes are an integral part of these condensed consolidated financial statements.

ALLEGRO MICROSYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine-Month Period Ended	
	December 29, 2023	December 23, 2022
Cash flows from operating activities:		
Net income	$ 159,962	$ 125,482
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,548	36,705
Amortization of deferred financing costs	292	74
Deferred income taxes	(28,253)	(28,387)
Stock-based compensation	32,839	51,242
Loss on disposal of assets	18	287
Change in fair value of contingent consideration	—	(2,700)
Provisions for inventory and expected credit losses	9,851	1,744
Change in fair value of marketable securities	3,579	5
Changes in operating assets and liabilities:		
Trade accounts receivable	(2,564)	(5,894)
Accounts receivable - other	(462)	2,000
Inventories	(19,909)	(39,136)
Prepaid expenses and other assets	(12,623)	(17,761)
Trade accounts payable	(9,604)	19,553
Due to (from) related party	6,817	(3,273)
Accrued expenses and other current and long-term liabilities	(20,540)	5,717
Net cash provided by operating activities	168,951	145,658
Cash flows from investing activities:		
Purchases of property, plant and equipment	(110,500)	(49,563)
Acquisition of business, net of cash acquired	(408,119)	(19,728)
Proceeds from sales of marketable securities	16,175	—
Net cash used in investing activities	(502,444)	(69,291)
Cash flow from financing activities:		
Loans made to related party	—	(7,500)
Borrowings of senior secured debt, net of deferred financing costs	245,452	—
Repayment of term loan facility	(25,000)	—
Repayment of other debt	(743)	—
Receipts on related party note receivable	2,813	1,875
Payments for taxes related to net share settlement of equity awards	(24,823)	(12,642)
Proceeds from issuance of common stock under employee stock purchase plan	1,899	1,573
Payments for debt issuance costs	(1,450)	—
Net cash provided by (used in) financing activities	198,148	(16,694)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	375	(5,344)
Net (decrease) increase in cash and cash equivalents and restricted cash	(134,970)	54,329
Cash and cash equivalents and restricted cash at beginning of period	358,705	289,799
Cash and cash equivalents and restricted cash at end of period:	$ 223,735	$ 344,128

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Nature of the Business and Basis of Presentation

Allegro MicroSystems, Inc., together with its consolidated subsidiaries (the “Company”), is a leading global designer, developer, fabless manufacturer and marketer of sensing and power solutions for motion control and energy-efficient systems in the automotive and industrial markets. The Company is headquartered in Manchester, New Hampshire and has a global footprint across multiple continents.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The unaudited condensed consolidated financial statements include the Company’s accounts and those of its subsidiaries. All intercompany balances have been eliminated in consolidation. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended March 31, 2023. In the opinion of the Company’s management, the financial statements for the interim periods presented reflect all adjustments necessary for a fair statement of the Company’s financial position, results of operations and cash flows. The results reported in these unaudited condensed consolidated financial statements are not necessarily indicative of results that may be expected for the entire year.

Financial Periods

The Company’s third quarter three-month period is a 13-week period. The Company’s third quarter of fiscal 2024 ended December 29, 2023, and the Company’s third quarter of fiscal 2023 ended December 23, 2022.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingencies at the date of the unaudited condensed consolidated financial statements and the reported amounts of net sales and expenses during the reporting period. Such estimates relate to useful lives of fixed and intangible assets, provisions for expected credit losses and customer returns and sales allowances. Such estimates also relate to accrued liabilities, the valuation of stock-based awards, deferred tax valuation allowances, the net realizable value of inventory, and other reserves. On an ongoing basis, management evaluates its estimates. Actual results could differ from those estimates, and such differences may be material to the unaudited condensed consolidated financial statements.

Reclassifications

Certain reclassifications have been made to prior-period amounts to conform to current-period reporting classifications.

Concentrations of Credit Risk

As of December 29, 2023, two customers accounted for 24.3% of the Company’s outstanding trade accounts receivable, net. No other customers accounted for 10% or more of outstanding trade accounts receivable, net as of such dates. As of March 31, 2023, Sanken Electric Co., Ltd. (“Sanken”) and another customer accounted for 10.6% and 17.3%, respectively, of the Company’s outstanding trade accounts receivable, net, including related party trade accounts receivable.

For the nine-month period ended December 29, 2023, one customer accounted for 11.0% of total net sales. For the three- and nine-month periods ended December 23, 2022, Sanken accounted for 18.1% and 18.7% of total net sales, respectively. No other customers accounted for 10% or more of total net sales for either of the three- or nine-month periods ended December 23, 2022 or for the three-month period ended December 29, 2023.

(Amounts in thousands, except share and per share amounts)

Recent Accounting Pronouncements

In December 2023, Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") No. 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures. ASU 2023-09 requires entities to provide additional information of the Company's tax rate reconciliation, as well as additional disclosures about income taxes paid by jurisdictions. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The ASU 2023-09 should be applied prospectively, but entities have the option to apply it retrospectively for each period presented. The Company is currently evaluating the impact of adopting this guidance.

In December 2022, the FASB issued ASU No. 2022-06, Reference Rate Reform (Topic 848), Deferral of the Sunset Date of Topic 848. In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provided temporary relief when transitioning from the London Interbank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR") or another applicable rate during the original transition period ending on December 31, 2022. In March 2021, the UK Financial Conduct Authority announced that the intended cessation date of the overnight 1-, 3-, 6-, and 12-month tenors of U.S. dollar LIBOR would be June 30, 2023, which was beyond the current sunset date of Topic 848. In light of this development, the FASB issued this update to defer the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The adoption of this new guidance did not have a material impact on the Company's financial position, results of operations, cash flows, or related disclosures.

All other recent accounting pronouncements were determined to not have a material impact on the Company's financial position, results of operations, cash flows, or related disclosures.

3. Revenue from Contracts with Customers

The following tables summarize net sales disaggregated by application, by product and by geography for the three- and nine-month periods ended December 29, 2023 and December 23, 2022. The categorization of net sales by application is determined using various characteristics of the product and the application into which the Company's product will be incorporated. The categorization of net sales by geography is determined based on the location to which the products are shipped.

Net sales by application:

During the preparation of the third quarter fiscal year 2024 interim condensed consolidated financial statements, the Company identified an immaterial error in the classification of net sales by application, whereby customer returns and sales allowances were incorrectly classified by application between Automotive, Industrial and Other in the prior periods. There was no impact to previously reported total net sales or net income in any of the periods.

The Company assessed the materiality of the revision qualitatively and quantitatively and determined the revisions to be immaterial to the prior period interim fiscal year 2024, annual fiscal year 2023, and annual fiscal year 2022 consolidated financial statements. All prior period amounts have been revised in the tables below.

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Automotive	$ 194,764	$ 164,719	$ 577,515	$ 467,959
Industrial	45,949	53,737	180,021	146,797
Other	14,271	30,333	51,250	89,452
Total net sales	$ 254,984	$ 248,789	$ 808,786	$ 704,208

	Three-Month Period Ended	
	June 30, 2023	September 29, 2023
Automotive	$ 185,430	$ 197,321
Industrial	73,110	60,962
Other	19,753	17,226
Total net sales	$ 278,293	$ 275,509

(Amounts in thousands, except share and per share amounts)

	Three-Month Period Ended			
	June 24, 2022	September 22, 2022	December 23, 2022	March 31, 2023
Automotive	$ 148,070	$ 155,170	$ 164,719	$ 178,802
Industrial	42,718	50,342	53,737	61,807
Other	26,965	32,154	30,333	28,836
Total net sales	$ 217,753	$ 237,666	$ 248,789	$ 269,445

	Three-Month Period Ended			
	June 25, 2021	September 24, 2021	December 24, 2021	March 25, 2022
Automotive	$ 131,827	$ 124,435	$ 128,536	$ 137,997
Industrial	31,190	38,785	34,669	38,622
Other	25,125	30,390	23,424	23,674
Total net sales	$ 188,142	$ 193,610	$ 186,629	$ 200,293

Net sales by product:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Power integrated circuits	$ 101,426	$ 94,513	$ 305,151	$ 272,500
Magnetic sensors	153,558	154,276	503,635	431,708
Total net sales	$ 254,984	$ 248,789	$ 808,786	$ 704,208

Net sales by geography:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Americas:				
United States	$ 28,481	$ 33,613	$ 125,029	$ 87,135
Other Americas	7,718	6,473	25,765	20,204
EMEA:				
Europe	36,870	39,650	139,209	115,693
Asia:				
Greater China	77,331	64,305	209,010	182,624
Japan	42,250	45,117	131,105	131,852
South Korea	27,710	25,504	86,277	67,414
Other Asia	34,624	34,127	92,391	99,286
Total net sales	$ 254,984	$ 248,789	$ 808,786	$ 704,208

The Company recognizes sales net of returns and sales allowances, which are comprised of credits issued, price protection adjustments and stock rotation rights. At December 29, 2023 and March 31, 2023, the liability associated with returns and sales allowances, inclusive of related party adjustments, was $35,342 and $30,571, respectively, and was netted against trade accounts receivable in the unaudited condensed consolidated balance sheets.

Unsatisfied performance obligations primarily represent contracts for products with future delivery dates. The Company elected not to disclose the amount of unsatisfied performance obligations as these contracts have original expected durations of less than one year.

(Amounts in thousands, except share and per share amounts)

4. Business Combination

On August 7, 2023, the Company entered into an Agreement and Plan of Merger with Crocus Technology International Corp., ("Crocus"). Pursuant to the terms and conditions of the Merger Agreement, on October 31, 2023 (the "Closing Date"), the Company acquired all of the outstanding equity interests of Crocus for $412,274 in cash, subject to a working capital adjustment. The acquisition of Crocus is expected to complement and accelerate the Company's tunnel magnetoresistance sensors roadmap and strengthen its position in the magnetic sensing market.

Notes Receivable from Crocus

On September 11, 2023, to fund the ongoing operations of Crocus prior to the closing of the merger, the Company entered into a note purchase agreement with Crocus, wherein the Company agreed to purchase promissory notes up to $7,000. An initial promissory note of $4,000 was issued on September 11, 2023, and an additional promissory note was issued on October 2, 2023 for $3,000. The promissory notes were repaid in full in connection with the closing of the merger and included within the estimated fair value of consideration paid.

Allocation of Purchase Price

The acquisition of Crocus has been accounted for as a business combination. The purchase price for the acquisition is allocated based upon a valuation of the fair values of assets acquired and liabilities assumed. Assets acquired and liabilities assumed have been recorded at their estimated fair values as of the acquisition date. Management applied the multi-period excess earnings method under the income approach to estimate the fair value of the completed technology asset and the distributor method under the income approach to estimate the fair value of the customer relationships asset. The fair value of intangible assets was based on estimates and assumptions developed by management. The process for estimating the fair values of identifiable intangible assets requires the use of significant estimates and assumptions, including estimating future cash flows and developing appropriate discount rates. The excess of the purchase price over the fair values of tangible assets, identifiable intangible assets and assumed liabilities was recorded as goodwill for the acquisition. The Company's estimates and assumptions in determining the estimated fair values of certain assets and liabilities are subject to change within the measurement period (up to one year from the acquisition date) as a result of additional information obtained with regards to facts and circumstances that existed as of the acquisition date.

The preliminary purchase price allocation is as follows:

Total purchase consideration	$	412,274
Cash		4,155
Inventories		4,208
Accounts receivable		455
Prepaid expenses and other current assets		2,400
Property, plant and equipment		7,683
Right-of-use asset*		9,770
Completed technology**		234,000
Customer relationships**		12,000
Other assets		229
Total identifiable assets acquired		274,900
Accounts payable		(5,134)
Accrued expenses and other current liabilities		(2,525)
Long-term debt		(842)
Lease liability***		(10,390)
Other long-term liabilities		(3,404)
Deferred income tax liabilities		(26,876)
Total identifiable net assets		225,729
Goodwill	$	186,545

*Primarily included in Property, plant and equipment in the unaudited condensed consolidated balance sheets.
**Included in Intangible assets, net in the unaudited condensed consolidated balance sheets.
***Primarily included in Long-term debt in the unaudited condensed consolidated balance sheets.

(Amounts in thousands, except share and per share amounts)

As of December 29, 2023, the purchase price allocation is preliminary, pending the finalization of the fair value of the intangible assets acquired, certain income tax matters, and the net working capital adjustment.

The goodwill acquired is not deductible for U.S. income tax purposes. The amortization period for the intangible assets acquired is 12 years for completed technology and 15 years for customer relationships. The goodwill recorded represents the anticipated incremental value of future cash flows potentially attributable to: (i) Crocus' ability to grow the business with existing and new customers, including leveraging the Company's customer base; (ii) Crocus' ability to grow the business through new product introductions; and (iii) cost improvements due to the integration of Crocus' operations into the Company's existing infrastructure.

The operating results of Crocus were included in the Company's statements of operations beginning on October 31, 2023. Revenue and earnings attributable to Crocus since the date of acquisition are not material.

Acquisition-Related Costs

Acquisition-related costs were $8,799 for the three- and nine-month periods ended December 29, 2023, and are included in the selling, general and administrative expenses in the unaudited condensed consolidated statements of operations. Acquisition-related costs for the Crocus acquisition relate to professional fees as well as deal fees.

5. Fair Value Measurements

The following tables present information about the Company's financial assets and liabilities as of December 29, 2023 and March 31, 2023, measured at fair value on a recurring basis:

	Fair Value Measurement at December 29, 2023:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market fund deposits	$ 35,727	$ —	$ —	$ 35,727
Time deposits	—	6,392	—	6,392
Restricted cash:				
Money market fund deposits	9,427	—	—	9,427
Total assets	$ 45,154	$ 6,392	$ —	$ 51,546

	Fair Value Measurement at March 31, 2023:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market fund deposits	$ 102,019	$ —	$ —	$ 102,019
Restricted cash:				
Money market fund deposits	7,129	—	—	7,129
Other assets:				
Investments in marketable securities	19,929	—	—	19,929
Total assets	$ 129,077	$ —	$ —	$ 129,077

Assets and liabilities measured at fair value on a recurring basis also consist of marketable securities, unit investment trust funds, loans, bonds, stock and other investments, which constitute the Company's defined benefit plan assets.

During the nine-month periods ended December 29, 2023 and December 23, 2022, there were no transfers among Level 1, Level 2 and Level 3 assets or liabilities.

(Amounts in thousands, except share and per share amounts)

6. Trade Accounts Receivable, net

Trade accounts receivable, net (including related party trade accounts receivable) consisted of the following:

	December 29, 2023	March 31, 2023
Trade accounts receivable	$ 149,666	$ 150,914
Less:		
Provision for expected credit losses	(90)	(102)
Returns and sales allowances	(35,252)	(26,269)
Related party trade accounts receivable, net of returns and sales allowances	—	(13,253)
Total	$ 114,324	$ 111,290

Changes in the Company's expected credit losses and returns and sales allowances, exclusive of related party adjustments, were as follows:

Description	Provision for Expected Credit Losses	Returns and Sales Allowances	Total
Balance at March 31, 2023	$ 102	$ 26,269	$ 26,371
Provisions (Benefits)	(14)	140,402	140,388
Deductions	2	(131,419)	(131,417)
Balance at December 29, 2023	$ 90	$ 35,252	$ 35,342
Balance at March 25, 2022	$ 105	$ 14,819	$ 14,924
Provisions	42	78,737	78,779
Deductions	—	(74,807)	(74,807)
Balance at December 23, 2022	$ 147	$ 18,749	$ 18,896

7. Inventories

Inventories include material, labor and overhead and consisted of the following:

	December 29, 2023	March 31, 2023
Raw materials and supplies	$ 13,966	$ 15,049
Work in process	107,042	98,836
Finished goods	44,545	37,416
Total	$ 165,553	$ 151,301

The Company recorded inventory provisions totaling $429 and $9,865 for the three- and nine-month periods ended December 29, 2023, respectively, and $654 and $5,716 for the three- and nine-month periods ended December 23, 2022, respectively.

(Amounts in thousands, except share and per share amounts)

8. Property, Plant and Equipment, net

Property, plant and equipment, net, is stated at cost and consisted of the following:

	December 29, 2023	March 31, 2023
Land	$ 20,498	$ 15,384
Buildings, building improvements and leasehold improvements	66,169	61,500
Machinery and equipment	685,242	611,459
Office equipment	6,986	6,119
Right-of-use asset	8,389	—
Construction in progress	43,139	48,378
Total	830,423	742,840
Less accumulated depreciation	(504,601)	(479,741)
Total	$ 325,822	$ 263,099

Total depreciation expense amounted to $15,124 and $41,472 for the three- and nine-month periods ended December 29, 2023, respectively, and $11,128 and $32,958 for the three- and nine-month periods ended December 23, 2022, respectively.

9. Goodwill and Intangible Assets

The table below summarizes the changes in the carrying amount of goodwill as follows:

	Total
Balance at March 31, 2023	$ 27,691
Acquisitions	186,545
Adjustments	280
Foreign currency translation	193
Balance at December 29, 2023	$ 214,709

Intangible assets, net were as follows:

	December 29, 2023			
Description	Gross	Accumulated Amortization	Net Carrying Amount	Weighted-Average Lives
Patents	$ 43,638	$ 21,006	$ 22,632	4 years
Customer relationships	15,344	3,354	11,990	15 years
Process technology	262,508	8,162	254,346	12 years
Indefinite-lived and legacy process technology	4,667	—	4,667	
Trademarks and other	289	225	64	2 years
Total	$ 326,446	$ 32,747	$ 293,699	

	March 31, 2023			
Description	Gross	Accumulated Amortization	Net Carrying Amount	Weighted-Average Lives
Patents	$ 40,213	$ 18,335	$ 21,878	10 years
Customer relationships	3,281	3,115	166	9 years
Process technology	28,508	2,963	25,545	12 years
Indefinite-lived and legacy process technology	4,696	—	4,696	
Trademarks and other	287	194	93	5 years
Total	$ 76,985	$ 24,607	$ 52,378	

Intangible assets amortization expense was $5,071 and $8,076 for the three- and nine-month periods ended December 29, 2023, respectively, and $1,420 and $3,650 for the three- and nine-month periods ended December 23, 2022, respectively.

10. Debt and Other Borrowings

2023 Revolving Credit Facility

On June 21, 2023, the Company entered into a revolving credit agreement (the "2023 Revolving Credit Agreement") with Morgan Stanley Senior Funding, Inc., as administrative agent, collateral agent, a letter of credit issuer and a lender, and other agents, lenders and letter of credit issuers parties. The agreement provides for a $224,000 secured revolving credit facility (the "2023 Revolving Credit Facility"), which includes a $20,000 letter of credit subfacility. The 2023 Revolving Credit Facility is available until, and loans made thereunder will mature on, June 21, 2028. Under the terms of the 2023 Revolving Credit Agreement, interest is calculated at a rate equal to (i) Term SOFR (as defined in the agreement) in effect, plus the applicable spread (ranging from 1.50% to 1.75%) or (ii) the highest of (x) the Federal funds rate, as published by the Federal Reserve Bank of New York, plus 0.50%, (y) the prime lending rate, or (z) the one-month Term SOFR plus 1.0% in effect, plus the applicable spread (ranging from 0.50% to 0.75%). The applicable spreads are based on the Company's Total Net Leverage Ratio (as defined in the agreement) at the time of the applicable borrowing. As of December 29, 2023, there were no outstanding borrowings under the 2023 Revolving Credit Facility.

The Company will also pay a quarterly commitment fee of 0.20% to 0.25% on the daily amount by which the commitments under the 2023 Revolving Credit Facility exceed the outstanding loans and letters of credit under the 2023 Revolving Credit Facility. The agreement contains certain covenants applicable to the Company and its subsidiaries, including, limitations on additional indebtedness, liens, various fundamental changes, dividends and distributions, investments (including acquisitions), transactions with affiliates, asset sales, prepayment of junior financing, changes in business and other limitations customary in senior secured credit facilities. In addition, the Company is required to maintain a Total Net Leverage Ratio of no more than 4.00 to 1.00 at the end of each fiscal quarter, which may, subject to certain limitations, be increased to 4.50 to 1.00 for four fiscal quarters subsequent to the Company completing an acquisition in excess of $500,000.

The 2023 Revolving Credit Agreement provides for customary events of default. Upon an event of default, the administrative agent with the consent of, or at the request of, the holders of more than 50% in principal amount of the loans and commitments, may terminate the commitments and accelerate the maturity of the loans and enforce certain other remedies.

2023 Term Loan Facility

On October 31, 2023, the Company entered into a $250,000 term loan maturing in 2030 with Morgan Stanley Senior Funding, Inc. as administrative agent and collateral agent, and other agents, arrangers and lenders party thereto (the "2023 Term Loan Facility"). The proceeds of the 2023 Term Loan Facility were used to repay the $25,000 outstanding balance under the 2020 Term Loan Facility (as defined below) and to finance, in part, the merger with Crocus. The 2023 Term Loan Facility was executed as an incremental amendment to the 2023 Revolving Credit Agreement, and accordingly is subject to the same covenants and limitations. The 2023 Term Loan Facility amortizes and is payable at a rate of 0.25% per quarter, with the remainder payable at maturity, and the initial margin applicable to the 2023 Term Loan Facility is 2.75% for SOFR-based loans and 1.75% for base rate loans.

2020 Term Loan Facility

On September 30, 2020, the Company entered into a term loan credit agreement with Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and other agents, arrangers and lenders party thereto, providing for a $325,000 senior secured term loan facility due in fiscal 2028 (the "2020 Term Loan Facility"). On June 28, 2023, the Company amended the 2020 Term Loan Facility to replace the LIBOR rate with a Term SOFR-based rate as the applicable interest rate benchmark. On October 31, 2023, the 2020 Term Loan Facility was paid in full in connection with the 2023 Term Loan Facility.

2020 Revolving Credit Facility

On September 30, 2020, the Company entered into a revolving facility credit agreement with Mizuho Bank, Ltd., as administrative agent and collateral agent, and the other agents, arrangers and lenders party thereto, providing for a $50,000 senior secured revolving credit facility expiring in 2023 (the "2020 Revolving Credit Facility"). The 2020 Revolving Credit Facility was secured by a lien on the same collateral and on the same basis as the 2020 Term Loan Facility. Interest on the 2020 Revolving Credit Facility was calculated at LIBOR plus 3.75% to 4.00% based on the Company's net leverage ratio, and LIBOR was subject to a 0.5% floor. Following the entry into the 2023 Revolving Credit Agreement on June 21, 2023, the Company terminated all commitments and obligations under the 2020 Revolving Credit Facility, there were no outstanding borrowings at the time of termination. The 2020 Revolving Credit Facility was replaced by the 2023 Revolving Credit Facility.

(Amounts in thousands, except share and per share amounts)

11. Commitments and Contingencies

Legal proceedings

The Company is subject to various legal proceedings, claims, and regulatory examinations or investigations arising in the normal course of business, the outcomes of which are subject to significant uncertainty, and the Company's ultimate liability, if any, is difficult to predict. The Company records an accrual for legal contingencies when it is determined that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In making such determinations, the Company evaluates, among other things, the degree of probability of an unfavorable outcome and, when it is probable that a liability has been incurred, the ability to make a reasonable estimate of the loss. If the occurrence of liability is probable and estimable, the Company will disclose the nature of the contingency and, if estimable, will provide the likely amount of such loss or range of loss. The Company does not believe there are any such current matters that could have a material adverse effect on its financial position, results of operations or cash flows.

12. Net Income per Share

The following table sets forth the basic and diluted net income per common share attributable to Allegro MicroSystems, Inc.

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Net income attributable to common stockholders	$ 33,402	$ 64,551	$ 159,962	$ 125,482
Basic weighted average shares of common stock	192,724,541	191,328,538	192,384,315	191,082,141
Dilutive effect of common stock equivalents	1,845,839	2,607,370	2,540,725	2,018,621
Diluted weighted average shares of common stock	194,570,380	193,935,908	194,925,040	193,100,762
Basic net income attributable to common stockholders per share	$ 0.17	$ 0.34	$ 0.83	$ 0.66
Diluted net income attributable to common stockholders per share	$ 0.17	$ 0.33	$ 0.82	$ 0.65

The computed net income per share for the three- and nine-month periods ended December 29, 2023 and December 23, 2022 does not assume conversion of securities that would have an antidilutive effect on income per share. The following represents contingently issuable shares under the restricted stock units ("RSUs") and performance-based restricted stock units ("PSUs") excluded from the computation of net income per share, as such securities would have an antidilutive effect on net income per share:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Restricted stock units	882,656	12,620	18,811	24,273
Performance stock units	246,073	—	110,263	—

The following table represents issued and issuable weighted average share information underlying our outstanding RSUs, PSUs and participation in our employee stock purchase plan for the respective periods:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Restricted stock units	557,405	973,417	917,491	752,637
Performance stock units	1,287,519	1,612,824	1,607,797	1,244,855
Employee stock purchase plan	915	21,129	15,437	21,129
Total	1,845,839	2,607,370	2,540,725	2,018,621

(Amounts in thousands, except share and per share amounts)

13. Common Stock and Stock-Based Compensation

Restricted Stock Units

The following table summarizes the Company's RSU activity for the nine-months ended December 29, 2023:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at March 31, 2023	2,251,224	$ 23.85
Granted	1,093,856	36.25
Issued	(897,837)	23.11
Forfeited	(82,938)	27.20
Outstanding at December 29, 2023	2,364,305	$ 29.78

As of December 29, 2023, total unrecognized compensation expense for awards issued was $51,039, which is expected to be recognized over a weighted-average period of 2.25 years. The total grant date fair value of RSUs vested was $20,696 for the nine-months ended December 29, 2023.

Performance Stock Units

The following table summarizes the Company's PSU activity for the nine-months ended December 29, 2023:

	Shares	Weighted-Average Grant Date Fair Value
Outstanding at March 31, 2023	2,748,347	$ 23.47
Granted	333,333	39.06
Excess shares issued due to achievement of performance conditions	500,451	17.65
Issued	(1,062,884)	21.43
Forfeited	(86,539)	23.70
Outstanding at December 29, 2023	2,432,708	$ 25.64

Included in the outstanding shares are 396,171 and 76,306 shares as of March 31, 2023 and December 29, 2023, respectively, that have vested but have not been issued. PSUs are included at 0% - 200% of target goals. The total compensation cost related to unvested awards not yet recorded at December 29, 2023 was $19,537, which is expected to be recognized over a weighted average period of 2.07 years. The total grant date fair value of PSUs vested was $22,777 for the nine-months ended December 29, 2023.

The Company recorded stock-based compensation expense in the following expense categories of its unaudited condensed consolidated statements of operations:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Cost of sales	$ 1,073	$ 1,156	$ 4,625	$ 3,112
Research and development	3,870	3,174	10,340	6,013
Selling, general and administrative	5,977	4,572	17,874	42,117
Total stock-based compensation	$ 10,920	$ 8,902	$ 32,839	$ 51,242

14. Income Taxes

The Company recorded the following tax provision in its unaudited condensed consolidated statements of operations:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 29, 2023	December 23, 2022	December 29, 2023	December 23, 2022
Provision for income taxes	$ 2,969	$ 7,540	$ 17,584	$ 17,943
Effective tax rate	8.2%	10.5%	9.9%	12.5%

The Company's provision for income taxes is comprised of the year-to-date taxes based on an estimate of the annual effective tax rate plus the tax impact of discrete items.

The Company is subject to tax in the U.S. and various foreign jurisdictions. The Company's effective income tax rate fluctuates primarily because of the change in the mix of its U.S. and foreign income, the impact of discrete transactions and law changes, state tax impacts and tax benefits generated by the foreign derived intangible income ("FDII") deduction, including permanent impacts of Internal Revenue Code Section 174 Capitalization, and research credits; offset by non-deductible stock-based compensation charges.

The effective tax rate ("ETR") year-over-year was primarily impacted by reductions in global intangible low-tax income ("GILTI") and non-deductible stock-based compensation charges, offset by a decrease in FDII benefits. The ETR year-over-year was also reduced by discrete tax benefits related to stock-based compensation windfalls realized in the period ended December 29, 2023.

15. Related Party Transactions

Transactions involving Sanken

The Company sells products to, and purchases in-process products from Sanken. As of December 29, 2023, Sanken held approximately 51.0% of the Company's outstanding common stock.

Net sales of the Company's products to Sanken totaled $6,161 in the nine-month period ended December 29, 2023, and $45,117 and $131,852 during the three- and nine-month periods ended December 23, 2022, respectively. There were no sales to Sanken in the three-month period ended December 29, 2023. Although certain costs are shared or allocated, cost of goods sold and gross margins attributable to related party sales are consistent with those of third-party customers. Trade accounts receivables, net of allowances of $4,200 from Sanken, totaled $13,253 as of March 31, 2023. There were no trade accounts receivables, net from Sanken as of December 29, 2023. Other accounts receivable from Sanken totaled $102 and $241 as of December 29, 2023 and March 31, 2023, respectively. There were no accounts payable to Sanken as of December 29, 2023 or March 31, 2023.

On March 30, 2023, the Company entered into a termination of the distribution agreement with Sanken (the "Termination Agreement"). The Termination Agreement formally terminated the distribution agreement dated as of July 5, 2007, by and between the Company and Sanken (the "Distribution Agreement"), effective March 31, 2023. The Distribution Agreement provided Sanken the exclusive right to distribute the Company's products in Japan. In connection with the termination of the Distribution Agreement, and, as provided for in the Termination Agreement, the Company made a one-time payment of $5,000 to Sanken in exchange for the cancellation of Sanken's exclusive distribution rights in Japan, which was recorded in selling, general and administrative expenses in the condensed consolidated statements of operations. Concurrent with the Termination Agreement, Allegro MicroSystems LLC ("AML") and Sanken also entered into a short-term, nonexclusive distribution agreement (the "Short-Term Distribution Agreement") and a consulting agreement (the "Consulting Agreement"), each of which were effective April 1, 2023. In addition, the Company allowed a one-time sales return from Sanken of resalable inventory of $4,200. The Short-Term Distribution Agreement provides for the management and sale of Company product inventory for a period of 24 months. Under the terms of the Consulting Agreement, Sanken agreed to continue to provide transition services for a period of six months to a strategic customer as orders for the customer are transitioned from Sanken to the Company, and the Company agreed to pay Sanken for providing these transition services.

Transactions involving Polar Semiconductor, LLC ("PSL")

The Company purchases in-process products from PSL. PSL is a subsidiary of Sanken, 70% owned by Sanken and 30% owned by the Company.

Purchases of various products from PSL totaled $14,982 and $45,714 for the three- and nine-month periods ended December 29, 2023, respectively, and $15,995 and $45,145 for the three- and nine-month periods ended December 23, 2022, respectively. Accounts payable to PSL included in amounts due to a related party totaled $3,128 and $4,682 as of December 29, 2023 and March 31, 2023, respectively.

Effective January 26, 2023, the Company and PSL entered into a new Wafer Foundry Agreement ("WFA") for the fabrication of wafers. The WFA replaces the previous Wafer Foundry Agreement with PSL, dated April 12, 2013, which was due to expire on March 31, 2023. The WFA has a three-year term and auto renews for subsequent one-year terms, unless terminated by either party providing two years notice. If the Company fails to purchase the forecasted number of wafers for either of the first two years, it will pay a penalty for any shortfall for the given year. Pursuant to the WFA, the Company will provide a rolling annual forecast for three years, the first two years of which will be binding. If the Company fails to purchase the forecasted number of wafers for either of the first two years, it will pay a penalty for any shortfall for the given year. The parties also agreed upon production lead-times, as well as wafer, alignment, and mask pricing for the first two years of the term. Any changes to such pricing are subject to mutual agreement.

Notes Receivable from PSL

On December 2, 2021, AML entered into a loan agreement with PSL wherein PSL provided an initial promissory note to AML for a principal amount of $7,500 (the “Initial PSL Loan”). The Initial PSL Loan will be repaid in equal installments, comprising principal and interest accrued at 1.26% per annum, over a term of four years, with payments due on the first day of each calendar year quarter (April 1, July 1, October 1, and January 1). On July 1, 2022, PSL borrowed an additional $7,500 under the same terms of the PSL Loan (the “Secondary PSL Loan” and, together with the Initial PSL Loan, the “PSL Promissory Notes”). The Secondary PSL Loan will be repaid in equal installments, comprising of principal and interest accrued at 2.99% per annum, over a term of four years, with payments due on the first day of each calendar year quarter (April 1, July 1, October 1, and January 1). The loan funds were used by PSL to procure a deep ultraviolet scanner and other associated manufacturing tools necessary to increase wafer fabrication capacity in support of the Company’s increasing wafer demand. As of December 29, 2023, the outstanding balance of the PSL Promissory Notes was $9,375. During the nine-months ended December 29, 2023, PSL made required quarterly payments to AML totaling $2,998, which included $185 of interest.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes and other information included elsewhere in this Quarterly Report, as well as the audited financial statements and the related notes thereto, and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" included in our Annual Report on Form 10-K for the year ended March 31, 2023, filed with the SEC on May 25, 2023 (the "2023 Annual Report").

In addition to historical data, this discussion contains forward-looking statements about our business, results of operations, cash flows, financial condition and prospects based on current expectations that involve risks, uncertainties and assumptions. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the section titled "Forward-Looking Statements" and in Part I, Item 1A. "Risk Factors" of our 2023 Annual Report and Part II, Item 1A. "Risk Factors" of our Quarterly Report on Form 10-Q for the quarterly period ended September 29, 2023, filed with the SEC on November 6, 2023. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future.

We operate on a 52- or 53-week fiscal year ending on the last Friday of March. Each fiscal quarter has 13 weeks, except in a 53-week year, when the fourth fiscal quarter has 14 weeks. All references to the three- and nine-month periods ended December 29, 2023 and December 23, 2022 relate to the 13- and 39-week periods ended December 29, 2023 and December 23, 2022, respectively. All references to "2024," "fiscal year 2024" or similar references relate to the 52-week period ended March 29, 2024. All references to "2023," "fiscal year 2023" or similar references relate to the 53-week period ended March 31, 2023.

Overview

We are a leading global designer, developer, fabless manufacturer and marketer of sensor integrated circuits ("ICs") and application-specific analog power ICs enabling the most critical technologies in the automotive and industrial markets. We are a leading supplier of magnetic sensor IC solutions worldwide, based on market share, driven by our market leadership in the automotive market. Our products are foundational to automotive and industrial electronic systems. Our sensor ICs enable our customers to precisely measure motion, speed, position and current, while our power ICs include high-temperature and high-voltage capable motor drivers, power management ICs, light emitting diode driver ICs and isolated gate drivers. We believe that our technology expertise, combined with our deep applications knowledge and strong customer relationships, enable us to develop solutions that provide more value to customers than typical ICs. Compared to a typical IC, our solutions are more integrated, intelligent and sophisticated for complex applications and are easier for customers to use.

We are headquartered in Manchester, New Hampshire and have a global footprint across multiple continents. Our portfolio now includes more than 1,500 products, and we ship over 1.5 billion units annually to more than 10,000 customers worldwide. During the three- and nine-month periods ended December 29, 2023, we generated $255.0 million and $808.8 million in total net sales, respectively, with $33.4 million and $160.0 million in net income, respectively. During the three- and nine-month periods ended December 23, 2022, we generated $248.8 million and $704.2 million in total net sales, respectively, with $64.6 million and $125.5 million in net income, respectively.

Business Updates

On August 7, 2023, we entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company (for purposes of Section 5.15 and applicable provisions of Article IX of the Merger Agreement only), Allegro MicroSystems, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company ("AML"), Silicon Structures LLC, a Delaware limited liability company and wholly owned subsidiary of AML ("Merger Sub"), Crocus Technology International Corp., a Delaware corporation ("Crocus"), and NanoDimension Management Limited, as the representative of the Crocus shareholders. Pursuant to the terms and conditions of the Merger Agreement, on October 31, 2023 (the "Closing Date"), Merger Sub merged with and into Crocus, with Crocus continuing as the surviving corporation and as a wholly owned subsidiary of AML (the "Transaction"). The aggregate purchase price paid by the Company on the Closing Date was $412.3 million in cash, subject to certain remaining working capital adjustments.

On September 11, 2023, AML entered into a note purchase agreement with Crocus, wherein AML agreed to purchase subordinated promissory notes up to the principal amount of $7 million, subject to certain terms and conditions contained in the note purchase agreement. AML issued an initial subordinated promissory note to Crocus in the principal amount of $4 million on September 11, 2023 and an additional subordinated promissory note in the principal amount of $3 million on October 2, 2023 (collectively the "Crocus Loans"). Interest on each of the Crocus Loans accrued from the date of the note on the unpaid principal balance at a rate equal to 12.5% per annum, computed on the basis of the actual number of days elapsed and a year consisting of 365 days. All unpaid principal, together with any then unpaid and accrued interest and other amounts payable thereunder, were due and payable on the earlier of (i) September 11, 2027 or (ii) when, upon the occurrence and during the continuance of an event of default, such amounts were declared due and payable by AML or made automatically due and payable, in each case, in accordance with the terms thereof. The Crocus Loans were repaid in full in connection with the closing of the Transaction described above.

On October 31, 2023, we entered into a $250 million term loan maturing in 2030 (the “2023 Term Loan Facility”), the proceeds of which were used to repay all outstanding term loans under the term loan agreement dated September 30, 2020, with Credit Suisse AG, Cayman Islands Branch, as administrative agent, collateral agent, and the other agents, arrangers and lenders parties thereto and to finance, in part, the Transaction. The 2023 Term Loan Facility was executed as an incremental amendment to the revolving facility credit agreement dated June 21, 2023 (the “2023 Revolving Credit Agreement”) with Morgan Stanley Senior Funding, Inc., as administrative agent, collateral agent, a letter of credit issuer and a lender, and the other agents, lenders and letter of credit issuers parties thereto. The 2023 Term Loan Facility amortizes at a rate of 0.25% per quarter, and the initial margin applicable to the 2023 Term Loan Facility is 2.75% for term SOFR-based loans and 1.75% for base rate loans.

Other Key Factors and Trends Affecting our Operating Results

Our financial condition and results of operations have been, and will continue to be, affected by numerous other factors and trends, including the following:

Inflation

Inflation rates in the markets in which we operate have increased and may continue to rise. Inflation over the last several quarters has led us to experience higher costs, including higher labor costs, wafer and other costs for materials from suppliers, and transportation and energy costs. Our suppliers have raised their prices and may continue to raise prices, and in the competitive markets in which we operate, we may not be able to make corresponding price increases to preserve our gross margins and profitability. If inflation rates continue to rise or remain elevated for a sustained period of time, they could have a material adverse effect on our business, financial condition, results of operations and liquidity. While we have generally been able to offset increases in these costs through various productivity and cost reduction initiatives, as well as adjusting our selling prices and releasing new products with improved gross margins, our ability to increase our average selling prices depends on market conditions and competitive dynamics. Given the timing of our actions compared to the timing of these inflationary pressures, there may be periods during which we are unable to fully recover the increases in our costs.

Design Wins with New and Existing Customers

Our end customers continually develop new products in existing and new application areas, and we work closely with our significant original equipment manufacturer customers in most of our target markets to understand their product roadmaps and strategies. For new products, the time from design initiation and manufacturing until we generate sales can be lengthy, typically between two and four years. As a result, our future sales are highly dependent on our continued success at winning design mandates from our customers. Further, despite current inflationary and pricing conditions, we expect the average sales prices (“ASPs”) of our products to decline over time, and we consider design wins to be critical to our future success. We anticipate being increasingly dependent on revenue from newer design wins for our newer products. The selection process is typically lengthy and may require us to incur significant design and development expenditures in pursuit of a design win, with no assurance that our solutions will be selected. As a result, the loss of any key design win or any significant delay in the ramp-up of volume production of the customer’s products into which our product is designed could adversely affect our business. In addition, volume production is contingent upon the successful introduction and market acceptance of our customers’ end products, which may be affected by several factors beyond our control.

Customer Demand, Orders and Forecasts

Demand for our products is highly dependent on market conditions in the end markets in which our customers operate, which are generally subject to seasonality, cyclicality and competitive conditions. In addition, a substantial portion of our total net sales is derived from sales to customers that purchase large volumes of our products. These customers generally provide periodic forecasts of their requirements. However, these forecasts do not commit such customers to minimum purchases, and customers can revise these forecasts without penalty. In addition, as is customary in the semiconductor industry, customers are generally permitted to cancel orders for our products within a specified period. While we historically have permitted order cancellations for most customers, most of our current customer order backlog is noncancellable, which helps mitigate our exposure to unforeseen order cancellations. However, cancellations of orders could result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses. In addition, changes in forecasts or the timing of orders from customers expose us to the risks of inventory shortages or excess inventory. We are currently operating in an inflationary environment.

Manufacturing Costs and Product Mix

Gross margin has been, and will continue to be, affected by a variety of factors, including the ASPs of our products, product mix in a given period, material costs, yields, manufacturing costs and efficiencies. We believe the primary driver of gross margin is the ASP negotiated between us and our customers relative to material costs and yields. Our pricing and margins depend on the volumes and the features of the products we produce and sell to our customers. As our products mature and unit volumes increase, despite current price leverage, we expect their ASPs to decline in the long term. We continually monitor and work to reduce the cost of our products and improve the potential value our solutions provide to our customers, as we target new design win opportunities and manage the product life cycles of our existing customer designs. We also maintain a close relationship with our suppliers and subcontractors to improve quality, increase yields and lower manufacturing costs. As a result, these declines often coincide with improvements in manufacturing yields and lower wafer, assembly, and testing costs, which offset some or all of the margin reduction that results from declining ASPs. However, we expect our gross margin to fluctuate on a quarterly basis as a result of changes in ASPs due to product mix, new product introductions, transitions into volume manufacturing and manufacturing costs. Gross margin generally decreases if production volumes are lower as a result of decreased demand, which leads to a reduced absorption of our fixed manufacturing costs. Gross margin generally increases when the opposite occurs.

Cyclical Nature of the Semiconductor Industry

The semiconductor industry has historically been highly cyclical and is characterized by increasingly rapid technological change, product obsolescence, competitive pricing pressures, evolving standards, short product life cycles in consumer and other rapidly changing markets and fluctuations in product supply and demand. New technology may result in sudden changes in system designs or platform changes that may render some of our products obsolete and require us to devote significant research and development resources to compete effectively. Periods of rapid growth and capacity expansion are occasionally followed by significant market corrections in which sales decline, inventories accumulate, and facilities go underutilized. During periods of expansion, our margins generally improve as fixed costs are spread over higher manufacturing volumes and unit sales. In addition, we may build inventory to meet increasing market demand for our products during these times, which serves to absorb fixed costs further and increase our gross margins. During an expansion cycle, we may increase capital spending and hiring to add to our production capacity. During periods of slower growth or industry contractions, our sales, production and productivity and margins generally decline.

2017 Tax Cuts and Jobs Act

Pursuant to the 2017 Tax Cuts and Jobs Act, beginning in fiscal year 2023, U.S. tax law now requires us to capitalize and amortize domestic and foreign research and development expenditures over five and 15 years, for domestic and foreign research, respectively (“174 Capitalization”). The impact of 174 Capitalization for fiscal year 2024 is an increase in annual cash taxes of approximately $20 million and a foreign derived intangible income (“FDII”) benefit of $9 million. While it is possible that Congress may modify this provision, potentially with retroactive effect, we have no assurance that this provision will be reversed. Additionally, the Internal Revenue Service has issued Notice 2024-12 and is expected to issue final guidance which may modify this law change or its impact.

Results of Operations

Three-Month Period Ended December 29, 2023 Compared to Three-Month Period Ended December 23, 2022

The following table summarizes our results of operations and our results of operations as a percentage of total net sales for the three-month periods ended December 29, 2023 and December 23, 2022.

	Three-Month Period Ended		Three-Month Period Ended		Change	
	December 29, 2023	As a % of Net Sales	December 23, 2022	As a % of Net Sales	$	%
	(Dollars in thousands)					
Total net sales [(1)]	$ 254,984	100.0 %	$ 248,789	100.0 %	$ 6,195	2.5 %
Cost of goods sold [(1)]	121,156	47.5 %	106,195	42.7 %	14,961	14.1 %
Gross profit	133,828	52.5 %	142,594	57.3 %	(8,766)	(6.1)%
Operating expenses:						
Research and development	44,396	17.4 %	39,593	15.9 %	4,803	12.1 %
Selling, general and administrative	52,746	20.7 %	37,373	15.0 %	15,373	41.1 %
Total operating expenses	97,142	38.1 %	76,966	30.9 %	20,176	26.2 %
Operating income	36,686	14.4 %	65,628	26.4 %	(28,942)	(44.1)%
Other income (expense), net:						
Interest expense	(3,854)	-1.5 %	(613)	(0.2)%	(3,241)	528.7 %
Interest income	857	0.3 %	360	0.1 %	497	138.1 %
Other income (expense), net	2,682	1.1 %	6,716	2.7 %	(4,034)	(60.1)%
Income before income tax provision	36,371	14.3 %	72,091	29.0 %	(35,720)	(49.5)%
Income tax provision	2,969	1.2 %	7,540	3.0 %	(4,571)	(60.6)%
Net income	33,402	13.1 %	64,551	25.9 %	(31,149)	(48.3)%
Net income attributable to non-controlling interests	57	0.0 %	32	0.0 %	25	78.1 %
Net income attributable to Allegro MicroSystems, Inc.	$ 33,345	13.1 %	$ 64,519	25.9 %	$ (31,174)	(48.3)%

(1) Our total net sales and cost of goods sold for the periods presented above include related party net sales and costs of goods sold generated with Sanken. See our unaudited condensed consolidated financial statements included in this Quarterly Report for additional information regarding our related party net sales for the periods set forth above.

Total net sales

Total net sales increased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022. This increase was primarily attributable to higher shipments of our e-Mobility products, which includes our advanced driver assistance systems (“ADAS”) and electrified vehicle (“EV”) applications, safety, comfort and convenience applications and data center applications, partially offset by declines in our internal combustion engine (“ICE”) applications and broad-based and other industrial applications, including clean energy and automation, as well as consumer and smart home markets.

Sales Trends by Market

During the preparation of the third quarter fiscal year 2024 interim condensed consolidated financial statements, the Company identified an immaterial error in the classification of net sales by application, whereby customer returns and sales allowances were incorrectly classified by application between Automotive, Industrial and Other in the prior periods. There was no impact to previously reported total net sales or net income in any of the periods.

The Company assessed the materiality of the revision qualitatively and quantitatively and determined the revisions to be immaterial to the prior period interim fiscal year 2024, annual fiscal year 2023, and annual fiscal year 2022 consolidated financial statements. All prior period amounts have been revised in the tables below.

The following table summarizes total net sales by market. The categorization of net sales by market is based on the characteristics of the end product and application into which our product will be designed.

	Three-Month Period Ended		Change	
	December 29, 2023	December 23, 2022	Amount	%
	(Dollars in thousands)			
Automotive	$ 194,764	$ 164,719	$ 30,045	18.2 %
Industrial	45,949	53,737	(7,788)	(14.5)%
Other	14,271	30,333	(16,062)	(53.0)%
Total net sales	$ 254,984	$ 248,789	$ 6,195	2.5 %

Automotive net sales increased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022, primarily due to higher demand for our e-Mobility applications.

Industrial net sales decreased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022, primarily due to a decrease in demand of our broad-based and other industrial applications.

Other net sales decreased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022, primarily due to lower demand for our consumer and smart home applications.

Sales Trends by Product

The following table summarizes net sales by product.

	Three-Month Period Ended		Change	
	December 29, 2023	December 23, 2022	Amount	%
	(Dollars in thousands)			
Power integrated circuits (“PIC”)	$ 101,426	$ 94,513	$ 6,913	7.3 %
Magnetic sensors (“MS”) and other	153,558	154,276	(718)	(0.5)%
Total net sales	$ 254,984	$ 248,789	$ 6,195	2.5 %

The increase in net sales by product was driven by PIC sales. PIC sales were driven by our high-performance power and motor products. The decrease in MS and other sales was due to a decline in MS sales, offset by an increase in current and isolator products.

Sales Trends by Geographic Location

The following table summarizes net sales by geographic location based on ship-to location.

	Three-Month Period Ended		Change	
	December 29, 2023	December 23, 2022	Amount	%
	(Dollars in thousands)			
Americas:				
United States	$ 28,481	$ 33,613	$ (5,132)	(15.3)%
Other Americas	7,718	6,473	1,245	19.2%
EMEA:				
Europe	36,870	39,650	(2,780)	(7.0)%
Asia:				
Greater China	77,331	64,305	13,026	20.3%
Japan	42,250	45,117	(2,867)	(6.4)%
South Korea	27,710	25,504	2,206	8.6%
Other Asia	34,624	34,127	497	1.5%
Total net sales	$ 254,984	$ 248,789	$ 6,195	2.5%

Net sales increased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022, primarily due to product mix and market share gains in Asia. The decline in the United States was driven by clean energy and automation applications, while a decline in Europe was driven by a reduction in both broad-based applications and clean energy and automation application offset by an increase in automotive sales.

Growth in Asia was primarily driven by China, which included growth in the automotive market, both ADAS and EV, which overshadowed a decrease in both Industrial Market sales and Other Sales.

Cost of goods sold and gross profit

Cost of goods sold increased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022, primarily due to higher production volume and product mix, as well as the addition of cost of goods sold acquired from Crocus.

Gross profit decreased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022, partially driven by the increased cost of goods sold as discussed above, and the change in product mix, offsetting the $6.2 million increase in net sales.

Research and development expenses

Research and development (“R&D”) expenses increased in the three-month period ended December 29, 2023 in comparison to the comparable period in fiscal year 2023, primarily due to a combined increase in personnel and outside service costs.

R&D expenses as a percentage of our total net sales was 17.4% and 15.9% for the three-month periods ended December 29, 2023 and December 23, 2022, respectively. The increase was primarily due to the increased costs noted above.

Selling, general and administrative expenses

Selling, general and administrative (“SG&A”) expenses increased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022, primarily due to a combined increase in personnel and severance expenses and outside service costs, and an increase in general operating expenses, partially offset by reduced variable compensation expense.

SG&A expenses as a percentage of our total net sales was 20.7% and 15.0% in the three-month period ended December 29, 2023 and December 23, 2022, respectively. The increase was primarily due to the factors noted above.

Interest expense and interest income

Interest expense increased in the three-month period ended December 29, 2023 compared to the three-month period ended December 23, 2022, due to higher interest payments on the 2023 Term Loan Facility, which was used to finance the acquisition of Crocus. Interest income increased compared to the three-month period ended December 23, 2022, primarily due to higher cash balances maintained and higher interest rates throughout the comparable period.

Other income(expense), net

We recorded a foreign currency gain in both of the three-month periods ended December 29, 2023 and December 23, 2022. The foreign currency gain recorded in the three-month period ended December 29, 2023 was primarily due to realized and unrealized gains from our Philippine and France locations. The foreign currency gain recorded in the three-month period ended December 23, 2022, was primarily due to unrealized gains on equity securities denominated in euros, partially offset by losses from our United Kingdom and Philippine locations.

We also recorded a gain of $0.7 million related to our investment in marketable securities and earnings in our money market fund deposits in the three-month period ended December 29, 2023, compared to $0.5 million of miscellaneous gains in the three-month period ended December 23, 2022.

Income tax provision

Income tax provision and the effective income tax rate were $3.0 million and 8.2%, respectively, in the three-month period ended December 29, 2023 and $7.5 million and 10.5%, respectively, in the three-month period ended December 23, 2022. The effective tax rate (“ETR”) year-over-year was primarily impacted by reductions in global intangible low-tax income (“GILTI”) and non-deductible stock-based compensation charges, offset by a decrease in FDII benefits. The ETR year-over-year was also reduced by discrete tax benefits related to stock-based compensation windfalls realized in the period ended December 29, 2023.

Nine-Month Period Ended December 29, 2023 Compared to Nine-Month Period Ended December 23, 2022

The following table summarizes our results of operations and our results of operations as a percentage of total net sales for the nine-month periods ended December 29, 2023 and December 23, 2022.

	Nine-Month Period Ended		Nine-Month Period Ended		Change	
	December 29, 2023	As a % of Net Sales	December 23, 2022	As a % of Net Sales	$	%
	(Dollars in thousands)					
Total net sales [1]	$ 808,786	100.0 %	$ 704,208	100.0 %	$ 104,578	14.9 %
Cost of goods sold [1]	357,505	44.2 %	311,218	44.2 %	46,287	14.9 %
Gross profit	451,281	55.8 %	392,990	55.8 %	58,291	14.8 %
Operating expenses:						
Research and development	130,799	16.2 %	109,017	15.5 %	21,782	20.0 %
Selling, general and administrative	140,135	17.3 %	143,770	20.4 %	(3,635)	(2.5)%
Total operating expenses	270,934	33.5 %	252,787	35.9 %	18,147	7.2 %
Operating income	180,347	22.3 %	140,203	19.9 %	40,144	28.6 %
Other income (expense), net:						
Interest expense	(5,381)	(0.7)%	(1,581)	(0.2)%	(3,800)	240.4 %
Interest income	2,550	0.3 %	1,144	0.2 %	1,406	122.9 %
Other income (expense), net	30	0.0 %	3,659	0.5 %	(3,629)	(99.2)%
Income before income tax provision	177,546	22.0 %	143,425	20.4 %	34,121	23.8 %
Income tax provision	17,584	2.2 %	17,943	2.5 %	(359)	(2.0)%
Net income	159,962	19.8 %	125,482	17.8 %	34,480	27.5 %
Net income attributable to non-controlling interests	150	0.0 %	102	0.0 %	48	47.1 %
Net income attributable to Allegro MicroSystems, Inc.	$ 159,812	19.8 %	$ 125,380	17.8 %	$ 34,432	27.5 %

(1) Our total net sales and cost of goods sold for the periods presented above include related party net sales and costs of goods sold generated with Sanken. See our unaudited condensed consolidated financial statements included in this Quarterly Report for additional information regarding our related party net sales for the periods set forth above.

Total net sales

Total net sales increased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022. This increase was primarily attributable to higher shipments of our e-Mobility products, safety comfort and convenience applications, and broad-based and other industrial applications, including clean energy and automation, offset by decline in our data center applications and consumer and smart home products.

Sales Trends by Market

During the preparation of the third quarter fiscal year 2024 interim condensed consolidated financial statements, the Company identified an immaterial error in the classification of net sales by application, whereby customer returns and sales allowances were incorrectly classified by application between Automotive, Industrial and Other in the prior periods. There was no impact to previously reported total net sales or net income in any of the periods.

The Company assessed the materiality of the revision qualitatively and quantitatively and determined the revisions to be immaterial to the prior period interim fiscal year 2024, annual fiscal year 2023, and annual fiscal year 2022 consolidated financial statements. All prior period amounts have been revised in the tables below.

The following table summarizes total net sales by market. The categorization of net sales by market is based on the characteristics of the end product and application into which our product will be designed.

	Nine-Month Period Ended		Change	
	December 29, 2023	December 23, 2022	Amount	%
	(Dollars in thousands)			
Automotive	$ 577,515	$ 467,959	$ 109,556	23.4 %
Industrial	180,021	146,797	33,224	22.6 %
Other	51,250	89,452	(38,202)	(42.7)%
Total net sales	$ 808,786	$ 704,208	$ 104,578	14.9 %

Automotive net sales increased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022, primarily due to higher demand for our e-Mobility products and safety, comfort and convenience applications.

Industrial net sales increased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022, primarily due to increases in broad based industrial and other applications, which includes demand for clean energy and automation applications. These increases were partially offset by declines in our data center applications.

Other net sales decreased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022, primarily due to lower demand for our consumer and smart home products.

Sales Trends by Product

The following table summarizes net sales by product.

	Nine-Month Period Ended		Change	
	December 29, 2023	December 23, 2022	Amount	%
	(Dollars in thousands)			
PIC	$ 305,151	$ 272,500	$ 32,651	12.0 %
MS and other	503,635	431,708	71,927	16.7 %
Total net sales	$ 808,786	$ 704,208	$ 104,578	14.9 %

The increase in net sales by product was driven by increases in both PIC and MS and other product sales. MS and other sales were driven primarily by our current and isolator products, as well as our magnetic sensors, while PIC sales were driven by our motors and high-performance power products.

Sales Trends by Geographic Location

The following table summarizes net sales by geographic location based on ship-to location.

	Nine-Month Period Ended		Change	
	December 29, 2023	December 23, 2022	Amount	%
	(Dollars in thousands)			
Americas:				
United States	$ 125,029	$ 87,135	$ 37,894	43.5 %
Other Americas	25,765	20,204	5,561	27.5 %
EMEA:				
Europe	139,209	115,693	23,516	20.3 %
Asia:				
Greater China	209,010	182,624	26,386	14.4 %
Japan	131,105	131,852	(747)	(0.6)%
South Korea	86,277	67,414	18,863	28.0 %
Other Asia	92,391	99,286	(6,895)	(6.9)%
Total net sales	$ 808,786	$ 704,208	$ 104,578	14.9 %

Net sales increased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022, primarily due to product mix and market share gains across all geographies, except for Japan and Other Asia, which was negatively impacted by a reduction in data center demand.

Our largest growth was in North America and Europe driven by our broad-based industrial markets, industrial automation and e-Mobility applications. Growth in Asia was driven by both China and South Korea, which included growth in all areas of the automotive market, including ICE, safety, comfort and convenience, ADAS and EV.

Cost of goods sold and gross profit

Cost of goods sold increased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022, primarily due to higher production volume and product mix, as well as addition of cost of goods sold acquired from Crocus, and to a lesser extent additional inventory reserves.

Gross profit increased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022, driven by a $104.6 million increase in net sales across nearly all markets, and the increase of cost of goods sold, as discussed above.

Research and development expenses

R&D expenses increased in the nine-month period ended December 29, 2023 compared to the comparable period in fiscal year 2023, primarily due to a combined increase in personnel, stock-based compensation and outside service costs, in addition to a general increase in operating expenses to fund new product development, partially offset by reduced variable compensation expense.

R&D expenses as a percentage of our total net sales remained relatively consistent at 16.2% and 15.5% for the nine-month periods ended December 29, 2023 and December 23, 2022, respectively.

Selling, general and administrative expenses

SG&A expenses decreased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022, primarily due to the inclusion, in the nine-month period ended December 23, 2022, of accelerated stock-based compensation expense of $26.3 million related to the retirement of our former chief executive officer and $3.8 million of severance due to changes in leadership, in addition to variable compensation expenses in the current period. These costs are partially offset by increased professional fees, outside services costs and personnel increases in the nine-month period ended December 29, 2023.

SG&A expenses as a percentage of our total net sales were 17.3% and 20.4% in the nine-month periods ended December 29, 2023 and December 23, 2022, respectively. The decrease was primarily due to the inclusion of expenses in the nine-month period ended December 23, 2022 noted above.

Interest expense and interest income

Interest expense increased in the nine-month period ended December 29, 2023 compared to the nine-month period ended December 23, 2022, due to higher interest payments on the 2023 Term Loan Facility, which was used to finance the acquisition of Crocus. Interest income increased compared to the nine-month period ended December 23, 2022, primarily due to higher cash balances maintained throughout the comparable period and higher interest rates.

Other income (expense), net

We recorded a foreign currency loss in the nine-month periods ended December 29, 2023 and a gain in the nine-month period ended December 23, 2022. The foreign currency transaction loss recorded in the nine-month period ended December 29, 2023 was related to our Philippine and United Kingdom locations. The foreign currency gains recorded in the nine-month period ended December 23, 2022 was primarily due to realized and unrealized gains from our United Kingdom location, partially offset by realized and unrealized losses from our Philippine location.

Unrealized losses of $11.2 million related to our investment in marketable securities were offset by $11.3 million of gains related to sales of our investment in marketable securities and earnings in our money market fund deposits in the nine-month period ended December 29, 2023, compared to $0.8 million of miscellaneous gains in the nine-month period ended December 23, 2022.

Income tax provision

Income tax provision and the effective income tax rate were $17.6 million and 9.9%, respectively, in the nine-month period ended December 29, 2023 and $17.9 million and 12.5%, respectively, in the nine-month period ended December 23, 2022. The ETR year-over-year was primarily impacted by reductions in GILTI, and non-deductible stock-based compensation charges, partially offset by a decrease in FDII benefits. The ETR year-over-year was also reduced by discrete tax benefits related to stock-based compensation windfalls realized in the period ended December 29, 2023.

Liquidity and Capital Resources

As of December 29, 2023, we had $214.3 million of cash and cash equivalents and $429.3 million of working capital, compared to $351.6 million of cash and cash equivalents and $500.5 million of working capital as of March 31, 2023. Working capital is impacted by the timing and extent of our business needs.

Our primary requirements for liquidity and capital resources besides our growth initiatives are working capital, capital expenditures, principal and interest payments on our outstanding debt, and other general corporate needs. Historically, these cash requirements have been met through cash provided by operating activities and cash and cash equivalents. Our current capital deployment strategy for fiscal 2024 is to utilize cash on hand and capacity under our 2023 Revolving Credit Facility to support our continued growth initiatives into select markets, planned capital expenditures, as well as consider potential acquisitions. As of December 29, 2023, the Company was not party to any off-balance sheet arrangements that have had or are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources. The cash requirements for the remainder of the fiscal year relate to our operating leases, operating and capital purchase commitments, and expected contributions to our defined benefit and contribution plans. Additionally, we expect to continue to strategically invest in expanding our operations in China, Europe, Japan and India in order to directly manage and service our customers in these markets, which could result in increases in our total net sales, cost of goods sold and operating expenses. For information regarding the Company's expected cash requirements and timing of payments related to leases, noncancellable purchase commitments and pension and defined contribution plans, see Note 12, "Leases," Note 16, "Commitments and Contingencies" and Note 15, "Retirement Plans" to the audited consolidated financial statements in the Company's 2023 Annual Report.

We believe that our existing cash will be sufficient to finance our continued operations, growth strategy, planned capital expenditures and the additional expenses that we expect to incur during the next 12 months. In order to support and achieve our future growth plans, we may need or seek advantageously to obtain additional funding through equity or debt financing. We believe that our current operating structure will facilitate sufficient cash flows from operations to satisfy our expected long-term liquidity requirements beyond the next 12 months. If these resources are not sufficient to satisfy our liquidity requirements due to changes in circumstances, we may be required to borrow under our 2023 Revolving Credit Facility or seek additional financing. If we raise additional funds by issuing equity securities, our stockholders will experience dilution. Debt financing, if available, may contain covenants that significantly restrict our operations or our ability to obtain additional debt financing in the future. Any additional financing that we raise may contain terms that are not favorable to us or our stockholders. We cannot assure you that we would be able to obtain additional financing on terms favorable to us or our existing stockholders, or at all.

Cash Flows from Operating, Investing and Financing Activities

The following table summarizes our cash flows for the nine-month periods ended December 29, 2023 and December 23, 2022:

	Nine-Month Period Ended	
	December 29, 2023	December 23, 2022
	(dollars in thousands)	
Net cash provided by operating activities	$ 168,951	$ 145,658
Net cash used in investing activities	(502,444)	(69,291)
Net cash provided by (used in) financing activities	198,148	(16,694)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	375	(5,344)
Net (decrease) increase in cash and cash equivalents and restricted cash	$ (134,970)	$ 54,329

Operating Activities

Net cash provided by operating activities was $169.0 million in the nine-month period ended December 29, 2023, resulting primarily from net income of $160.0 million and noncash charges of $67.9 million, partially offset by a net decrease in cash from an increase in net operating assets and liabilities of $58.9 million. The net increase in operating assets and liabilities consisted of a $19.9 million increase in inventories, a $20.5 million decrease in accrued expenses and other current and long-term liabilities, a $12.6 million increase in prepaid expenses and other assets, a $2.6 million increase in trade accounts receivable, net, and a $9.6 million decrease in trade accounts payable, partially offset by a $6.8 million increase in net amounts due to related party. The increase in inventories was primarily the result of inventory builds to support anticipated sales growth for the remainder of fiscal 2024. The decrease in accrued expenses and other current and long-term liabilities was primarily the result of a reduction in accrued personnel costs due to the timing of payments pursuant to our annual incentive compensation plan. The increase in prepaid expenses and other assets was mostly due to higher long-term deposits and the timing of tax payments. The increase in trade accounts receivable, net was primarily a result of increased sales year-over-year, as well as the timing of receipts. Trade accounts payable decreased primarily due to the timing of payments to suppliers and vendors, including unpaid capital expenditures of $2.2 million. The increase in net amounts due to related parties was primarily due to variations in the timing of such payments in the ordinary course of business.

Net cash provided by operating activities was $145.7 million in the nine-month period ended December 23, 2022, resulting primarily from our net income of $125.5 million and noncash charges of $59.0 million, including a one-time charge of approximately $26.3 million related to the acceleration of stock-based compensation expense from the retirement of our former chief executive officer, partially offset by a net decrease in cash from an increase in net operating assets of $38.8 million. The net increase in operating assets consisted of a $39.1 million increase in inventories, a $17.8 million increase in prepaid expenses and other assets, a $5.9 million increase in trade accounts receivable, net and a $3.3 million decrease in net amounts due to a related party, partially offset by a $19.6 million increase in trade accounts payable, a $5.7 million increase in accrued expenses and other current and long-term liabilities, and a $2.0 million decrease in other receivables. The increase in inventories was primarily the result of inventory builds to support anticipated sales growth for the remainder of fiscal 2023 and into fiscal 2024. The increase in prepaid expenses and other assets were mostly due to higher long-term deposits and the timing of tax payments, including value-added taxes receivable, insurance and contract costs. The increase in trade accounts receivable, net was primarily due to higher sales volumes and the timing of receipts from customers. The decrease in net amounts due to a related party was primarily due to variations in the timing of such payments in the ordinary course of business. Trade accounts payable increased primarily due to the timing of payments to suppliers and vendors, partially offset by higher operating purchases, including unpaid capital expenditures of $2.5 million. The increase in accrued expenses and other current and long-term liabilities was primarily the result of higher warranty costs, accrued personnel costs, income taxes, and accrued operating expenses, partially offset by a reduction in the balance due on the acquisition of Voxtel, Inc. The decrease in other receivables was primarily due to the timing of receipts from Sanken.

Investing Activities

Net cash used in investing activities was $502.4 million in the nine-month period ended December 29, 2023, consisting of payments related to the acquisition of Crocus of $408.1 million and, purchases of property, plant and equipment of $110.5 million, partially offset by proceeds from the sale of marketable securities of $16.2 million.

Net cash used in investing activities was $69.3 million in the nine-month period ended December 23, 2022, consisting of purchases of property, plant and equipment of $49.6 million and payments related to the acquisition of Heyday Integrated Circuits of $19.7 million.

Financing Activities

Net cash provided by financing activities was $198.1 million in the nine-month period ended December 29, 2023, consisting of $245.5 million of borrowing of senior secured debt, proceeds received in connection with the issuance of common stock under our employee stock purchase plan and proceeds received related to the quarterly payment from Polar Semiconductor, LLC (“PSL”) on our related party loan, partially offset by taxes related to the net settlement of equity awards, and payments of debt issuance costs in connection with the 2023 Revolving Credit Facility and 2023 Term Loan Facility.

Net cash used in financing activities was $16.7 million in the nine-month period ended December 23, 2022, consisting of taxes related to the net settlement of equity awards and additional funds loaned to PSL under our related party loan agreement, partially offset by proceeds received in connection with the issuance of common stock under our employee stock purchase plan and proceeds received related to the quarterly payment from PSL on our related party loan.

Debt Obligations

See Note 10, “Debt and Other Borrowings” in the unaudited condensed consolidated financial statements included in this Quarterly Report for information regarding our debt obligations.

Recent Accounting Pronouncements

See Note 2, “Summary of Significant Accounting Policies” in the unaudited condensed consolidated financial statements included in this Quarterly Report for a full description of recent accounting pronouncements, including the respective dates of adoption or expected adoption and effects on our condensed consolidated financial statements contained in Item 1 of this Quarterly Report.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our significant accounting policies are described in Note 2, “Summary of Significant Accounting Policies” to our consolidated financial statements included in our 2023 Annual Report. There have been no material changes in our critical accounting policies and estimates since March 31, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have not been any material changes in our exposures to market risk since March 31, 2023. For details on the Company’s interest rate, foreign currency exchange rate, and inflation risks, see “Part I, Item 7A. “Quantitative and Qualitative Information About Market Risks” in our 2023 Annual Report.

Item 4. Controls and Procedures.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of December 29, 2023. Based on the evaluation of our disclosure controls and procedures as of December 29, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in claims, regulatory examinations or investigations and proceedings arising in the ordinary course of our business. The outcome of any such claims or proceedings, regardless of the merits, and the Company's ultimate liability, if any, is inherently uncertain. We are not currently party to any material legal proceedings, and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

Item 1A. Risk Factors.

Various risk factors associated with our business are included in our Annual Report, as filed with the SEC on May 21, 2023, and as supplemented by the additional risk factors included in our Quarterly Report on Form 10-Q for the quarterly period ended September 29, 2023, as filed with the SEC on November 6, 2023, each of which are available at www.sec.gov. There have been no material changes to those risk factors previously disclosed in our Annual Report, as supplemented by the risk factors included in our Quarterly Report on Form 10-Q for the quarterly period ended September 29, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 5. Other Information.

On December 8, 2023, Mr. Max Glover, the Company's Senior Vice President of Worldwide Sales, adopted a trading arrangement for the sale of shares of the Company's common stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. Mr. Glover's Rule 10b5-1 Trading Plan, which terminates at the close of trading on December 31, 2024, for a total duration of 389 days, provides for the sale of up to 97,000 shares of common stock pursuant to the terms of the plan.

Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit
10.1	First Amendment to Revolving Facility Credit Agreement, dated October 31, 2023, by and among Allegro MicroSystems, Inc., as borrower, Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, and the other lenders from time to time party thereto (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 31, 2023). †
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbases Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101 filed herewith).

* Filed herewith.
** Furnished herewith.
† Certain annexes and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish the omitted annexes and schedules to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLEGRO MICROSYSTEMS, INC.

Date: February 6, 2024	By:	/s/ Vineet Nargolwala
		Vineet Nargolwala
		President and Chief Executive Officer
		(principal executive officer)
Date: February 6, 2024	By:	/s/ Derek P. D’Antilio
		Derek P. D’Antilio
		Senior Vice President, Chief Financial Officer and Treasurer
		(principal financial officer)

Exhibit 31.1

CERTIFICATION

I, Vineet Nargolwala, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Allegro MicroSystems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2024	By:	/s/ Vineet Nargolwala
		Vineet Nargolwala President and Chief Executive Officer (principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Derek P. D'Antilio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Allegro MicroSystems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2024	By:	/s/ Derek P. D'Antilio
		Derek P. D'Antilio Senior Vice President, Chief Financial Officer and Treasurer (principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Allegro MicroSystems, Inc. (the “Company”) for the quarterly period ended December 29, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2024	By:	/s/ Vineet Nargolwala
		Vineet Nargolwala President and Chief Executive Officer (principal executive officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Allegro MicroSystems, Inc. (the "Company") for the quarterly period ended December 29, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2024	By:	/s/ Derek P. D'Antilio
		Derek P. D'Antilio Senior Vice President, Chief Financial Officer and Treasurer (principal financial officer)