UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 24, 2021

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, 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 January 19, 2022, the registrant had 189,913,804 shares of common stock, $0.01 par value 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, the impact of the ongoing and global COVID-19 pandemic on our business, 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," "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" in this Quarterly Report and Part II, Item 1A., "Risk Factors" in our Annual Report on Form 10-K for the year ended March 26, 2021 (the "2021 Annual Report") and Part II, Item 1A., "Risk Factors" of our subsequently filed Quarterly Reports on Form 10-Q. These risks and uncertainties include, but are not limited to:

- downturns or volatility in general economic conditions, including as a result of the COVID-19 pandemic, particularly in the automotive market;
- our ability to compete effectively, expand our market share and increase our net sales and profitability;
- our ability to compensate for decreases in average selling prices of our products;
- the cyclical nature of the analog semiconductor industry;
- shifts in our product mix or customer mix, which could negatively impact our gross margin;
- our ability to manage any sustained yield problems or other delays at our third-party wafer fabrication facilities or in the final assembly and test of our products;
- any disruptions at our primary third-party wafer fabrication facilities;
- our ability to fully realize the benefits of past and potential future initiatives designed to improve our competitiveness, growth and profitability;
- our ability to accurately predict our quarterly net sales and operating results;
- our ability to adjust our supply chain volume to account for changing market conditions and customer demand;
- our reliance on a limited number of third-party wafer fabrication facilities and suppliers of other materials;
- our dependence on manufacturing operations in the Philippines;
- our reliance on distributors to generate sales;
- our indebtedness may limit our flexibility to operate our business;
- the loss of one or more significant end customers;
- our ability to develop new product features or new products in a timely and cost-effective manner;
- our ability to meet customers' quality requirements;
- uncertainties related to the design win process and our ability to recover design and development expenses and to generate timely or sufficient net sales or margins;
- changes in government trade policies, including the imposition of tariffs and export restrictions;
- our exposures to warranty claims, product liability claims and product recalls;
- our ability to protect our proprietary technology and inventions through patents or trade secrets;
- our ability to commercialize our products without infringing third-party intellectual property rights;

- disruptions or breaches of our information technology systems;
- risks related to governmental regulation and other legal obligations, including privacy, data protection, information security, consumer protection, environmental and occupational health and safety, anti-corruption and anti-bribery, and trade controls;
- our dependence on international customers and operations;
- the availability of rebates, tax credits and other financial incentives on end-user demands for certain products;
- the volatility of currency exchange rates;
- risks related to acquisitions of and investments in new businesses, products or technologies, joint ventures and other strategic transactions;
- our ability to raise capital to support our growth strategy;
- our ability to effectively manage our growth and to retain key and highly skilled personnel;
- changes in tax rates or the adoption of new tax legislation;
- risks related to litigation, including securities class action litigation; and
- our ability to accurately estimate market opportunity and growth forecasts.

Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report 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. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report, whether as a result of any new information, future events 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. Financial Statements

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

	December 24, 2021 (Unaudited)	March 26, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 259,208	$ 197,214
Restricted cash	7,497	6,661
Trade accounts receivable, net of provision for expected credit losses of $70 at December 24, 2021 and allowance for doubtful accounts of $138 at March 26, 2021	76,235	69,500
Trade and other accounts receivable due from related party	28,305	23,832
Accounts receivable – other	1,485	1,516
Inventories	78,858	87,498
Prepaid expenses and other current assets	16,198	18,374
Current portion of related party note receivable	1,406	—
Assets held for sale	—	25,969
Total current assets	469,192	430,564
Property, plant and equipment, net	207,705	192,393
Operating lease right-of-use assets	15,922	—
Deferred income tax assets	20,942	26,972
Goodwill	20,043	20,106
Intangible assets, net	35,985	36,366
Related party note receivable, less current portion	6,094	—
Equity investment in related party	27,456	26,664
Other assets, net	48,078	14,613
Total assets	$ 851,417	$ 747,678
Liabilities, Non-Controlling Interest and Stockholders’ Equity		
Current liabilities:		
Trade accounts payable	$ 34,189	$ 35,389
Amounts due to related party	4,051	2,353
Accrued expenses and other current liabilities	59,262	78,932
Current portion of operating lease liabilities	3,339	—
Total current liabilities	100,841	116,674
Obligations due under Senior Secured Credit Facilities	25,000	25,000
Operating lease liabilities, less current portion	12,907	—
Other long-term liabilities	16,830	19,133
Total liabilities	155,578	160,807
Commitments and contingencies (Note 16)		
Stockholders’ Equity:		
Preferred Stock, $0.01 par value; 20,000,000 shares authorized, no shares issued or outstanding at December 24, 2021 and March 26, 2021	—	—
Common stock, $0.01 par value; 1,000,000,000 shares authorized, 189,797,145 shares issued and outstanding at December 24, 2021; 1,000,000,000 shares authorized, 189,588,161 issued and outstanding at March 26, 2021	1,898	1,896
Additional paid-in capital	612,106	592,170
Retained earnings	97,342	3,551
Accumulated other comprehensive loss	(16,677)	(11,865)
Equity attributable to Allegro MicroSystems, Inc.	694,669	585,752
Non-controlling interests	1,170	1,119
Total stockholders’ equity	695,839	586,871
Total liabilities, non-controlling interest and stockholders’ equity	$ 851,417	$ 747,678

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 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Net sales	$ 147,168	$ 138,010	$ 456,302	$ 343,529
Net sales to related party	39,461	26,439	112,079	72,570
Total net sales	186,629	164,449	568,381	416,099
Cost of goods sold	85,464	90,024	270,524	224,203
Gross profit	101,165	74,425	297,857	191,896
Operating expenses:				
Research and development	30,297	30,999	89,441	80,509
Selling, general and administrative	37,963	67,650	104,115	118,677
Change in fair value of contingent consideration	(2,700)	—	(2,100)	—
Total operating expenses	65,560	98,649	191,456	199,186
Operating income (loss)	35,605	(24,224)	106,401	(7,290)
Other income (expense):				
Loss on debt extinguishment	—	(9,055)	—	(9,055)
Interest expense, net	(269)	(2,598)	(1,764)	(1,935)
Foreign currency transaction loss	(3)	(145)	(55)	(1,331)
Income in earnings of equity investment	287	949	792	1,407
Other, net	3,634	(510)	5,216	(297)
Income (loss) before income tax provision (benefit)	39,254	(35,583)	110,590	(18,501)
Income tax provision (benefit)	6,281	(30,523)	16,687	(27,913)
Net income (loss)	32,973	(5,060)	93,903	9,412
Net income attributable to non-controlling interests	37	35	112	103
Net income (loss) attributable to Allegro MicroSystems, Inc.	$ 32,936	$ (5,095)	$ 93,791	$ 9,309
Net income (loss) attributable to Allegro MicroSystems, Inc. per share (Note 17):				
Basic	$ 0.17	$ (0.04)	$ 0.49	$ 0.19
Diluted	$ 0.17	$ (0.04)	$ 0.49	$ 0.05
Weighted average shares outstanding:				
Basic	189,736,901	124,363,078	189,665,324	48,121,026
Diluted	192,068,222	124,363,078	191,678,951	171,638,787

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 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Net income (loss)	$ 32,973	$ (5,060)	$ 93,903	$ 9,412
Net income attributable to non-controlling interest	37	35	112	103
Net income (loss) attributable to Allegro MicroSystems, Inc.	32,936	(5,095)	93,791	9,309
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(1,306)	3,972	(4,873)	10,152
Net actuarial loss amortization of net transition obligation and prior service costs related to defined benefit plans, net of tax	—	—	—	(313)
Comprehensive income (loss)	31,630	(1,123)	$ 88,918	$ 19,148
Other comprehensive (income) loss attributable to non-controlling interest	(3)	(10)	61	(34)
Comprehensive income (loss) attributable to Allegro MicroSystems, Inc.	$ 31,627	$ (1,133)	$ 88,979	$ 19,114

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)

	Common Stock, Class A		Common Stock, Class L		Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at September 25, 2020	10,000,000	$ 100	638,298	$ 6	—	$ —	—	$ —	$ 439,732	$ 208,759	$ (14,133)	$ 1,042	$ 635,506
Net (loss) income	—	—	—	—	—	—	—	—	—	(5,095)	—	35	(5,060)
Capitalization changes related to organizational structure of affiliates and direct and indirect interests in subsidiaries	—	—	—	—	—	—	—	—	527	—	—	—	527
Reclassification of certain class L shares	—	—	—	—	—	—	—	—	298	—	—	—	298
Stock-based compensation	—	—	—	—	—	—	—	—	45,876	—	—	—	45,876
Issuance of common stock in connection with IPO, net of underwriting discounts and other offering costs	—	—	—	—	—	—	25,000,000	250	321,175	—	—	—	321,425
Conversion of Class A and Class L common stock into common stock in connection with the IPO	(10,000,000)	(100)	(636,301)	(6)	—	—	166,500,000	1,665	(1,559)	—	—	—	—
Repurchase of Class A and Class L common stock to cover related taxes	—	—	(1,997)	—	—	—	(2,068,274)	(21)	(27,686)	—	—	—	(27,707)
Conversion of LTCIP/TRIP awards into restricted stock units in connection with the IPO	—	—	—	—	—	—	—	—	2,081	—	—	—	2,081
Cash dividend paid to holders of Class A common stock	—	—	—	—	—	—	—	—	(191,242)	(208,758)	—	—	(400,000)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	3,962	10	3,972
Balance at December 25, 2020	—	$ —	—	$ —	—	$ —	189,431,726	$ 1,894	$ 589,202	$ (5,094)	$ (10,171)	$ 1,087	$ 576,918

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 September 24, 2021	—	$ —	189,702,550	$ 1,897	$ 604,488	$ 64,406	$ (15,368)	$ 1,130	$ 656,553
Net income	—	—	—	—	—	32,936	—	37	32,973
Stock-based compensation, net of forfeitures	—	—	94,595	1	7,618	—	—	—	7,619
Foreign currency translation adjustment	—	—	—	—	—	—	(1,309)	3	(1,306)
Balance at December 24, 2021	—	$ —	189,797,145	$ 1,898	$ 612,106	$ 97,342	$ (16,677)	$ 1,170	$ 695,839

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - (continued)
(in thousands, except share amounts)
(Unaudited)

	Common Stock, Class A		Common Stock, Class L		Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at March 27, 2020	10,000,000	$ 100	622,470	$ 6	—	$ —	—	$ —	$ 458,697	$ 194,355	$ (19,976)	$ 950	$ 634,132
Net income	—	—	—	—	—	—	—	—	—	9,309	—	103	9,412
Issuance of Class L shares, net of forfeitures	—	—	15,828	—	—	—	—	—	—	—	—	—	—
Capitalization changes related to organizational structure of affiliates and direct and indirect interests in subsidiaries	—	—	—	—	—	—	—	—	(19,165)	—	—	—	(19,165)
Reclassification of certain class L shares	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	46,901	—	—	—	46,901
Issuance of common stock in connection with IPO, net of underwriting discounts and other offering costs	—	—	—	—	—	—	25,000,000	250	321,175	—	—	—	321,425
Conversion of Class A and Class L common stock into common stock in connection with the IPO	(10,000,000)	(100)	(636,301)	(6)	—	—	166,500,000	1,665	(1,559)	—	—	—	—
Repurchase of Class A and Class L common stock to cover related taxes	—	—	(1,997)	—	—	—	(2,068,274)	(21)	(27,686)	—	—	—	(27,707)
Conversion of LTCIP/TRIP awards into restricted stock units in connection with the IPO	—	—	—	—	—	—	—	—	2,081	—	—	—	2,081
Cash dividend paid to holders of Class A common stock	—	—	—	—	—	—			(191,242)	(208,758)	—	—	(400,000)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	10,118	34	10,152
Net actuarial loss and amortization of net transition obligation and prior service costs related to defined benefit plans, net of tax	—	—	—	—	—	—	—	—	—	—	(313)	—	(313)
Balance at December 25, 2020	— —	$ —	—	$ —	—	$ —	189,431,726	$ 1,894	$ 589,202	$ (5,094)	$ (10,171)	$ 1,087	$ 576,918

(in thousands, except share amounts)

	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 26, 2021	—	$ —	189,588,161	$ 1,896	$ 592,170	$ 3,551	$ (11,865)	$ 1,119	$ 586,871
Net income	—	—	—	—	—	93,791	—	112	93,903
Employee stock purchase plan issuances	—	—	59,563	—	1,291	—	—	—	1,291
Stock-based compensation, net of forfeitures	—	—	149,421	2	18,645	—	—	—	18,647
Foreign currency translation adjustment	—	—	—	—	—	—	(4,812)	(61)	(4,873)
Balance at December 24, 2021	—	$ —	189,797,145	$ 1,898	$ 612,106	$ 97,342	$ (16,677)	$ 1,170	$ 695,839

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 24, 2021	December 25, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 93,903	$ 9,412
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,522	36,225
Amortization of deferred financing costs	75	226
Deferred income taxes	(3,061)	(17,526)
Stock-based compensation	18,647	46,901
(Gain) loss on disposal of assets	(349)	272
Loss on debt extinguishment	—	9,055
Gain on contingent consideration change in fair value	(2,100)	—
Provisions for inventory and credit losses/bad debt	4,787	3,857
Unrealized gains on marketable securities	(4,482)	—
Changes in operating assets and liabilities:		
Trade accounts receivable	(6,133)	(5,975)
Accounts receivable - other	(9)	115
Inventories	3,251	1,118
Prepaid expenses and other assets	(11,870)	(29,655)
Trade accounts payable	2,026	2,411
Due to/from related parties	(2,775)	8,283
Accrued expenses and other current and long-term liabilities	(9,874)	(1,185)
Net cash provided by operating activities	118,558	63,534
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(55,792)	(25,880)
Acquisition of business, net of cash acquired	(12,549)	(8,500)
Proceeds from sales of property, plant and equipment	27,407	314
Investments in marketable securities	(9,189)	—
Contribution of cash balances due to divestiture of subsidiary	—	(16,335)
Net cash used in investing activities	(50,123)	(50,401)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Related party note receivable	(7,500)	51,377
Proceeds from initial public offering, net of underwriting discounts and other offering costs	—	321,425
Payments for taxes related to net share settlement of equity awards	—	(27,707)
Proceeds from issuance of common stock under employee stock purchase plan	1,291	—
Dividends paid	—	(400,000)
Borrowings of senior secured debt, net of deferred financing costs	—	315,719
Repayment of senior secured debt	—	(300,000)
Repayment of unsecured credit facilities	—	(33,000)
Net cash used in financing activities	(6,209)	(72,186)
Effect of exchange rate changes on Cash and cash equivalents and Restricted cash	604	3,350
Net increase in Cash and cash equivalents and Restricted cash	62,830	(55,703)
Cash and cash equivalents and Restricted cash at beginning of period	203,875	219,876
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD:	$ 266,705	$ 164,173
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		
Cash and cash equivalents at beginning of period	$ 197,214	$ 214,491
Restricted cash at beginning of period	6,661	5,385
Cash and cash equivalents and Restricted cash at beginning of period	$ 203,875	$ 219,876
Cash and cash equivalents at end of period	259,208	157,653
Restricted cash at end of period	7,497	6,520
Cash and cash equivalents and Restricted cash at end of period	$ 266,705	$ 164,173

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

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid for interest	$	541	$	2,559
Cash paid for income taxes		16,635		7,568
Noncash transactions:				
Changes in Trade accounts payable related to Property, plant and equipment, net	$	(4,934)	$	(786)
Loans to cover purchase of common stock under employee stock plan		—		171
Recognition of right of use assets and lease liability upon adoption of new accounting standard		356		—

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 ("AMI" or the "Company"), is a global leader in designing, developing and manufacturing sensing and power solutions for motion control and energy-efficient systems in automotive and industrial markets. The Company is headquartered in Manchester, New Hampshire, and has a global footprint with 16 locations across four continents.

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). 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 filed with the SEC on May 19, 2021 (the "2021 Annual Report"). In the opinion of the Company's management, the financial information for the interim periods presented reflects all adjustments necessary for a fair presentation of the Company's financial position, results of operations and cash. The results reported in these unaudited condensed consolidated financial statements are not necessarily indicative of results that may be expected for the entire year.

On November 2, 2020, the Company completed its initial public offering ("IPO"). Refer to Note 1, "Nature of Business and Basis of Presentation" to the Company's 2021 Annual Report for details.

Financial Periods

The Company's third quarter three-month period is a 13-week period ending on the Friday closest to the last day in December. The Company's third quarter of fiscal 2022 ended December 24, 2021, and the Company's third quarter of fiscal 2021 ended December 25, 2020.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of 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 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, current expected credit losses/allowances for doubtful accounts and customer returns and sales allowances. Such estimates could also relate to the fair value of acquired assets and liabilities, including goodwill and intangible assets, net realizable value of inventory, accrued liabilities, the valuation of stock-based awards, deferred tax valuation allowances, 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 and Significant Customers

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with financial institutions that management believes to be of a high credit quality. To manage credit risk related to accounts receivables, the Company evaluates the creditworthiness of its customers and maintains allowances, to the extent necessary, for potential credit losses based upon the aging of its accounts receivable balances and known collection issues. The Company has not experienced any significant credit losses to date.

As of December 24, 2021 and March 26, 2021, Sanken Electric Co., Ltd. ("Sanken") accounted for 27.0% and 22.7% of the Company's outstanding trade accounts receivable, net, respectively, including related party trade accounts receivable. No other customers accounted for 10% or more of outstanding trade accounts receivable, net during those periods.

For the three- and nine-month periods ended December 24, 2021, Sanken accounted for 21.1% and 19.7% of total net sales, respectively. No other customers accounted for 10% or more of total net sales for either of the three- and nine-month periods ended December 24, 2021. For the three- and nine-month periods ended December 25, 2020, Sanken accounted for 16.1% and 17.4% of total net sales, respectively. No other customers accounted for 10% or more of total net sales for either of the three- and nine-month periods ended December 25, 2020.

During the three-month period ended December 24, 2021, sales from customers located outside of the United States accounted for, in the aggregate, 85.9% of the Company's total net sales, with Greater China accounting for 26.1%, Japan accounting for 21.1% and South Korea accounting for 10.7%. During the nine-month period ended December 24, 2021, sales from customers located outside of the United States accounted for, in the aggregate, 85.8% of the Company's total net sales, with Greater China accounting for 25.0%, Japan accounting for 19.7% and South Korea accounting for 10.8%. No other countries accounted for greater than 10% of total net sales for the three- and nine-month periods ended December 24, 2021.

During the three-month period ended December 25, 2020, sales from customers located outside of the United States, in the aggregate, accounted for 85.4% of the Company's total net sales, with Greater China accounting for 28.1%, Japan accounting for 16.0% and South Korea accounting for 10.7%. During the nine-month period ended December 25, 2020, sales from customers located outside of the United States, in the aggregate, accounted for 86.1% of the Company's total net sales, with Greater China accounting for 27.9%, Japan accounting for 17.4% and South Korea accounting for 10.5%. No other countries accounted for greater than 10% of total net sales for the three- and nine-month periods ended December 25, 2020.

Recently Adopted Accounting Standards

The Company qualifies as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 and has elected to "opt in" to the extended transition related to complying with new or revised accounting standards, which means that when a standard is issued or revised and it has different application dates for public and nonpublic companies, the Company will adopt the new or revised standard at the time nonpublic companies adopt the new or revised standard and will do so until such time that the Company either (i) irrevocably elects to "opt out" of such extended transition period or (ii) no longer qualifies as an emerging growth company. The Company may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for nonpublic companies.

In February 2016, the Financial Accounting Standards Board ("FASB") issued its new lease accounting guidance in Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)" ("ASU 2016-02"), which is codified as Accounting Standard Codification ("ASC") Topic 842 ("ASC 842") and replaces ASC Topic 840, Leases ("ASC 840"). ASU 2016-02 and all subsequent amendments amend various aspects of existing guidance for leases and require significant additional quantitative and qualitative disclosures about lease arrangements. ASU 2016-02 requires lessees to recognize lease assets representing the right to use an underlying asset and lease liabilities representing the obligation to make lease payments over the lease term, measured on a discounted basis, for substantially all leases. ASU 2016-02 retains a distinction between finance leases and operating leases using classification criteria that are substantially similar to the previous lease guidance. Although the Company has elected to opt-in to the extended transition dates for new or revised accounting standards to align with nonpublic companies, the Company elected to early adopt ASU 2016-02 effective March 27, 2021. The Company used the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, the Company has applied ASU 2016-02 to reporting periods beginning on March 27, 2021, while prior periods continue to be reported and disclosed in accordance with the legacy guidance under ASC 840.

A number of practical expedients and policy elections are available under the new guidance to reduce the burden of adoption and ongoing compliance with ASC 842. The Company elected the "package of practical expedients", which permitted the Company to retain lease classification and initial direct costs for any identified leases that existed prior to adoption of ASC 842. Under this transition guidance, the Company also did not reassess whether any existing contracts at March 27, 2021 are, or contain, leases and carried forward its initial determination under legacy lease guidance. The Company has elected not to adopt the "hindsight" practical expedient and, therefore, will measure the right-of-use ("ROU") asset and lease liability using the remaining portion of the lease term at adoption on March 27, 2021.

The Company made an accounting policy election available under the new lease standard to not recognize lease assets and lease liabilities for leases with a term of 12 months or less. For all other leases, the initial measurement of the lease liability is based on the present value of future lease payments over the lease term at the application date or the commencement date of the lease. Lease payments may include fixed rent escalation clauses or payments that depend on an index or a rate (such as the consumer price index) measured using the index or applicable rate at lease commencement. Subsequent changes in the index or rate and any other variable payments, such as market-rate base rent adjustments, are recognized as variable lease expense in the period incurred. Payments for terminating a lease are included in lease payments only when it is probable they will be incurred. To determine the present value of lease payments, the Company uses its incremental borrowing rate, as the leases generally do not have a readily determinable implicit discount rate. The Company applies judgment in assessing factors such as Company-specific credit risk, lease term, nature and quality of the underlying collateral, currency and economic environment in determining the lease-specific incremental borrowing rate. The carrying value of the ROU assets at the application date equals the lease liability adjusted for any initial direct costs incurred and lease payments made at or before the commencement date and for any lease incentives.

The Company's leases generally include a non-lease component representing additional services transferred to the Company. The Company has made an accounting policy election to account for lease and non-lease components in its contacts as a single lease component for all asset classes. The non-lease components are usually variable in nature and recorded in variable lease expense in the period incurred.

Adoption of ASC 842 resulted in ROU assets of $18,403 and lease liabilities of $18,759 related to the Company's operating leases at March 27, 2021. The Company does not have any leases classified as finance leases. The adoption of ASC 842 did not materially impact the Company's consolidated net income or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which adds an impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. The ASU is also intended to reduce complexity by decreasing the number of credit impairment models that entities use to account for debt instruments. The Company adopted ASU 2016-13 effective March 27, 2021 and concluded that the standard update did not have a material impact on either the financial position, results of operations, cash flows, or related disclosures. There was no impact on beginning balance retained earnings upon adoption of this ASU.

The Company is exposed to credit losses primarily through trade and other financing receivables arising from revenue transactions. The Company uses an aging schedule method to estimate current expected credit losses based on days of delinquency, including information about past events and current economic conditions. The Company's accounts receivable is separated into two categories using a portfolio methodology to evaluate the allowance under the CECL impairment model based on sales categorization and similar credit quality and worthiness of the customers: original equipment manufacturers ("OEMs") and distributors. The receivables in each category share similar risk characteristics. The change to the CECL impairment model resulted in an immaterial increase in the provision for expected credit losses compared to the allowance for doubtful accounts under the previous incurred loss method.

The Company increases the allowance for expected credits losses when the Company determines all or a portion of a receivable is uncollectible. The Company recognizes recoveries as a decrease to the allowance for expected credit losses. For the three- and nine-month periods ended December 24, 2021, no material changes in the allowance occurred.

Recently Issued Accounting Standards Not Yet Adopted

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"), which eliminates the diversity in practice and inconsistency related to the accounting for acquired revenue contracts with customers in a business combination. The amendments in ASU 2021-08 require an acquiring entity to apply ASC Topic 606, *Contracts with Customers* ("ASC 606"), to recognize and measure contract assets and contract liabilities in a business combination as if the acquired contracts with customers were originated by the acquiring entity at the acquisition date. An acquirer may assess how the acquiree applied ASC 606 and generally should recognize and measure the acquired contract assets and contract liabilities consistent with the recognition and measurement in the acquiree's financial statements as prepared in accordance with U.S. GAAP. If unable to rely on the acquiree's accounting due to errors, noncompliance with U.S. GAAP, or differences in accounting policies, the acquirer should consider the terms of the acquired contracts, such as timing of payment, identify each performance obligation in the contracts, and allocate the total transaction price to each identified performance obligation on a relative standalone selling price basis as of contract inception (that is, the date the acquiree entered into the contracts) or contract modification to determine what should be recorded at the acquisition date. The guidance is effective prospectively for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted, including in an interim period as of the beginning of the fiscal year that includes that interim period. An entity that early adopts in an interim period should apply the amendments (1) retrospectively to all business combinations for which the acquisition date occurs on or after the beginning of the fiscal year that includes the interim period of early application and (2) prospectively to all business combinations that occur on or after the date of initial application. The Company is currently in the process of evaluating the impact of this new guidance on the consolidated financial statements and the related disclosures, which will be dependent on the consummation of any future business combination.

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

In May 2021, the FASB issued ASU No. 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)* ("ASU 2021-04"). ASU 2021-04 outlines how an entity should account for modifications made to equity-classified written call options, including stock options and warrants to purchase the entity's own common stock. The guidance in the ASU requires an entity to treat a modification of an equity-classified written call option that does not cause the option to become liability-classified as an exchange of the original option for a new option. This guidance applies whether the modification is structured as an amendment to the terms and conditions of the equity-classified written call option or as termination of the original option and issuance of a new option. The guidance is effective prospectively for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, including in an interim period as of the beginning of the fiscal year that includes that interim period. The Company is currently in the process of evaluating the impact of this new guidance on the consolidated financial statements and the related disclosures.

3. Revenue from Contracts with Customers

The Company generates revenue from the sale of magnetic sensor integrated circuits ("ICs") and application-specific analog power semiconductors. The following tables summarize net sales disaggregated by application, by product and by geography for the three- and nine-month periods ended December 24, 2021 and December 25, 2020. 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 the products are being shipped to.

Net sales by application:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Automotive	$ 130,797	$ 113,902	$ 390,351	$ 279,759
Industrial	31,903	23,654	98,533	65,710
Other	23,929	26,893	79,497	70,630
Total net sales	$ 186,629	$ 164,449	$ 568,381	$ 416,099

Net sales by product:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Power integrated circuits	$ 62,859	$ 54,406	$ 195,054	$ 146,276
Magnetic sensors	123,543	109,457	371,806	268,956
Photonics	227	586	1,521	867
Total net sales	$ 186,629	$ 164,449	$ 568,381	$ 416,099

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

Net sales by geography:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 24, 2021	**December 25, 2020**	**December 24, 2021**	**December 25, 2020**
Americas:				
United States	$ 26,228	$ 23,934	$ 80,854	$ 57,892
Other Americas	4,921	5,620	16,697	10,797
EMEA:				
Europe	29,891	28,239	97,108	70,459
Asia:				
Japan	39,461	26,439	112,079	72,570
Greater China	48,696	46,172	142,158	116,178
South Korea	19,935	17,606	61,614	43,733
Other Asia	17,497	16,439	57,871	44,470
Total net sales	$ 186,629	$ 164,449	$ 568,381	$ 416,099

The Company recognizes sales net of returns, credits issued, price protection adjustments and stock rotation rights. At December 24, 2021 and March 26, 2021, these adjustments and current expected credit losses were $16,014 and $15,412, respectively, and were netted against trade accounts receivable in the unaudited consolidated balance sheets. These amounts represent activity of net charges and income of $602 and $898, respectively, for the nine-month periods ended December 24, 2021 and December 25, 2020, respectively. Refer to Note 5, “Trade Accounts Receivable, net” for details of these adjustments and allowances.

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

4. Fair Value Measurements

The following tables present information about the Company’s financial assets and liabilities as of December 24, 2021 and March 26, 2021 measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair values:

	Fair Value Measurement at December 24, 2021 Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Cash equivalents:				
Money market fund deposits	$ 16,348	$ —	$ —	$ 16,348
Restricted cash:				
Money market fund deposits	7,497	—	—	7,497
Other assets, net (long-term):				
Investments in marketable securities	$ 13,393	$ —	$ —	$ 13,393
Total assets	$ 37,238	$ —	$ —	$ 37,238
Liabilities:				
Other long-term liabilities:				
Contingent consideration	$ —	$ —	$ 2,700	$ 2,700
Total liabilities	$ —	$ —	$ 2,700	$ 2,700

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

	Fair Value Measurement at March 26, 2021 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market fund deposits	$ 16,327	$ —	$ —	$ 16,327
Restricted cash:				
Money market fund deposits	6,661	—	—	6,661
Total assets	$ 22,988	$ —	$ —	$ 22,988
Liabilities:				
Other long-term liabilities:				
Contingent consideration	—	—	4,800	4,800
Total liabilities	$ —	$ —	$ 4,800	$ 4,800

The following table represents the unrealized gains and losses on investments in marketable securities held with a readily determinable fair value for the nine-month period ended December 24, 2021:

Net gains and losses recognized during the period on equity securities	$ 4,482
Less: Net gains and losses recognized during the period on equity securities sold during the period	—
Unrealized gains and losses recognized during the reporting period on equity securities still held at the reporting date	$ 4,482

In addition to the unrealized gains in the table above, the change in fair value of the equity securities was impacted by unrealized foreign currency exchange losses of $278 for the nine-month period ended December 24, 2021.

The following table shows the change in fair value of Level 3 contingent consideration in connection with the fiscal year 2021 purchase of Voxtel, Inc. ("Voxtel"), a privately-held technology company located in Beaverton, Oregon that develops, manufactures and supplies photonic and advanced 3D imaging technologies (the "Voxtel Acquisition"), for the nine-month period ended December 24, 2021:

	Level 3 Contingent Consideration
Balance at March 26, 2021	$ 4,800
Change in fair value of contingent consideration	(2,100)
Balance at December 24, 2021	$ 2,700

Assets and liabilities measured at fair value on a recurring basis also consist of marketable securities, unit investment trust fund, loans, bonds, stock and other investments which are the Company's defined benefit plan assets. Fair value information for those assets and liabilities, including their classification in the fair value hierarchy, is included in Note 15, "Retirement Plans."

During the nine-month periods ended December 24, 2021 and December 25, 2020, there were no transfers among Level 1, Level 2 and Level 3 asset or liabilities.

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

5. Trade Accounts Receivable, net

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

	December 24, 2021	March 26, 2021
Trade accounts receivable	$ 120,500	$ 108,546
Less:		
Provision for expected credit losses and allowance for doubtful accounts	(70)	(138)
Returns and sales allowances	(15,944)	(15,274)
Related party trade accounts receivable	(28,251)	(23,634)
Total	$ 76,235	$ 69,500

Changes in the Company's provision for expected credit losses / allowance for doubtful accounts and returns and sales allowances were as follows:

Description	Provision for Expected Credit Losses / Allowance for Doubtful Accounts	Returns and Sales Allowances	Total
Balance at March 26, 2021	$ 138	$ 15,274	$ 15,412
Charged to costs and expenses or revenue	(68)	114,047	113,979
Write-offs, net of recoveries	—	(113,377)	(113,377)
Balance at December 24, 2021	$ 70	$ 15,944	$ 16,014

Description	Allowance for Doubtful Accounts	Returns and Sales Allowances	Total
Balance at March 27, 2020	$ 288	$ 17,185	$ 17,473
Charged to costs and expenses or revenue	(150)	103,660	103,510
Write-offs, net of recoveries	—	(104,408)	(104,408)
Balance at December 25, 2020	$ 138	$ 16,437	$ 16,575

6. Inventories

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

	December 24, 2021	March 26, 2021
Raw materials and supplies	$ 11,751	$ 9,629
Work in process	45,089	50,095
Finished goods	22,018	27,774
Total	$ 78,858	$ 87,498

The Company recorded inventory provisions totaling $348 and $5,389 for the three- and nine-month periods ended December 24, 2021, respectively, and $885 and $2,958 for the three- and nine-month periods ended December 25, 2020, respectively.

The Company discontinued a product line manufactured by Voxtel and subsequently recognized impairment charges, which represented much of the increase in inventory provisions, for the related inventory of $— and $3,106 for the three- and nine-month periods ended December 24, 2021, respectively.

7. Assets Held for Sale

As of March 26, 2021, the Company had entered into a definitive agreement to sell its Thailand-based facility (the "AMTC Facility") as it had already transferred production to the Manila, Philippines facility, which was reclassified from

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

Property, plant and equipment, net to Assets held for sale in fiscal year 2021. The sale of the AMTC Facility was completed on August 3, 2021 following receipt of government approvals in Thailand and the fulfillment of customary closing conditions. The Company received cash of $27,405, which with related selling costs, resulted in a gain on the final disposition of $370.

8. Property, Plant and Equipment, net

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

	December 24, 2021	March 26, 2021
Land	$ 16,257	$ 16,602
Buildings, building improvements and leasehold improvements	57,282	56,911
Machinery and equipment	528,786	491,025
Office equipment	6,252	6,281
Construction in progress	27,971	29,201
Total	636,548	600,020
Less accumulated depreciation	(428,843)	(407,627)
Total	$ 207,705	$ 192,393

Total depreciation expense amounted to $10,893 and $33,235 for the three- and nine-month periods ended December 24, 2021, respectively, and $11,255 and $33,861 for the three- and nine-month periods ended December 25, 2020, respectively.

Long-lived assets include property, plant and equipment and related deposits on such assets, and capitalized tooling costs. The geographic locations of the Company's long-lived assets, net, based on physical location of the assets, as of December 24, 2021 and March 26, 2021 are as follows:

	December 24, 2021	March 26, 2021
United States	$ 34,793	$ 36,529
Philippines	166,087	148,374
Thailand	—	1,698
Other	7,328	7,190
Total	$ 208,208	$ 193,791

Amortization of prepaid tooling costs amounted to $31 and $97 for the three- and nine-month periods ended December 24, 2021, respectively, and $18 and $54 for the three- and nine-month periods ended December 25, 2020, respectively.

9. Goodwill and Intangible Assets

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

	Total
Balance at March 26, 2021	$ 20,106
Currency translation	(63)
Balance at December 24, 2021	$ 20,043

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

Intangible assets, net is as follows:

Description	December 24, 2021			
	Gross	Accumulated Amortization	Net Carrying Amount	Weighted- Average Lives
Patents	$ 35,558	$ 14,580	$ 20,978	10 years
Customer relationships	6,899	6,640	259	9 years
Process technology	13,100	1,470	11,630	12 years
Indefinite-lived and legacy process technology	4,050	1,650	2,400	
Trademarks	200	54	146	5 years
Legacy trademarks	629	57	572	
Other	32	32	—	
Total	$ 60,468	$ 24,483	$ 35,985	

Description	March 26, 2021			
	Gross	Accumulated Amortization	Net Carrying Amount	Weighted- Average Lives
Patents	$ 32,751	$ 12,307	$ 20,444	10 years
Customer relationships	6,193	5,865	328	9 years
Process technology	13,100	651	12,449	12 years
Indefinite-lived and legacy process technology	4,050	1,650	2,400	
Trademarks	200	24	176	5 years
Legacy trademarks	627	58	569	
Other	32	32	—	
Total	$ 56,953	$ 20,587	$ 36,366	

Intangible assets amortization expense was $1,087 and $3,190 for the three- and nine-month periods ended December 24, 2021, respectively, and $926 and $2,310 for the three- and nine-month periods ended December 25, 2020, respectively. The majority of the Company's intangible assets are related to patents as noted above. The Company capitalizes external legal costs incurred in the defense of its patents when it believes that a significant, discernible increase in value will result from the defense and a successful outcome of the legal action is probable. When the Company capitalizes patent defense costs, it amortizes these costs over the remaining estimated useful life of the patent, which is generally 10 years. There were no significant costs capitalized during either of the first nine months of fiscal years 2022 or 2021.

As of December 24, 2021, annual amortization expense of intangible assets for the next five fiscal years is expected to be as follows:

Remainder of 2022	$ 935
2023	3,612
2024	3,480
2025	3,260
2026	3,032
Thereafter	21,666
Total	$ 35,985

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

10. Other Assets, net

The composition of other assets, net is as follows:

	December 24, 2021	March 26, 2021
VAT receivables long-term, net	$ 10,659	$ 8,177
Income taxes receivable long-term	11,462	—
Investments in marketable securities (1)	13,393	—
Deposits	9,680	3,573
Prepaid contracts long-term	1,466	1,295
Deferred financing costs	74	149
Other	1,344	1,419
Total	$ 48,078	$ 14,613

(1) Represents equity investments in an entity whose equity securities have a readily determinable fair value. These strategic investments represent less than a 20% ownership interest in the entity, and the Company does not maintain power over or control of the entity. These investments are measured at fair value with unrealized gains and losses related to changes in the entity's stock price and the impact of changes in foreign exchange rates each included in the consolidated statements of operations.

11. Accrued Expenses and Other Current Liabilities

The composition of accrued expenses and other current liabilities is as follows:

	December 24, 2021	March 26, 2021
Accrued management incentives	$ 24,927	$ 21,538
Accrued salaries and wages	16,639	15,060
Base acquisition purchase price due	2,000	14,588
Deposits on AMTC Facility	—	14,531
Accrued vacation	5,423	5,739
Accrued severance	709	572
Accrued professional fees	1,949	2,029
Accrued income taxes	2,096	514
Accrued utilities	604	623
Other current liabilities	4,915	3,738
Total	$ 59,262	$ 78,932

12. Leases

The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to and the agreement creates enforceable rights and obligations. The Company also considers whether its service arrangements include the right to control the use of an asset.

The Company leases real estate, equipment and vehicles under operating lease agreements that have initial terms ranging from 1 to 10 years. The Company does not have any leases classified as finance leases. Some leases include one or more options to exercise renewal terms, generally at the Company's sole discretion, that can extend the lease term. Certain leases contain rights to terminate whereby those termination options are held by either the Company, the lessor, or both parties. These options to extend or terminate a lease are included in the lease term only when it is reasonably certain that the Company will exercise that option. The Company's leases generally do not contain any material restrictive covenants.

Operating lease cost is recognized on a straight-line basis over the lease term. Information regarding the Company's leases are as follows:

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

	Three-Month Period Ended December 24, 2021	Nine-Month Period Ended December 24, 2021
Lease costs:		
Operating lease expense	$ 1,075	$ 3,378
Short term lease expense	190	332
Other information:		
Operating cash flows from operating leases	$ 1,259	$ 3,733
Weighted-average remaining lease term – operating leases	5.53 years	5.53 years
Weighted-average discount rate – operating leases	4.5 %	4.5 %

Rent expense incurred under operating lease agreements was $1,454 and $4,226 for the three- and nine-month periods ended December 24, 2021, respectively, and $1,172 and $3,477 for the three- and nine-month periods ended December 25, 2020.

As of December 24, 2021, expirations of lease obligations by fiscal year were as follows:

Remainder of 2022	$ 1,056
2023	3,886
2024	3,503
2025	3,070
2026	2,597
Thereafter	4,406
Total undiscounted lease payments	$ 18,518
Less: present value adjustment	(2,272)
Total operating lease liabilities	$ 16,246

Information as Lessee under ASC 840

Future minimum lease payments for noncancellable operating leases as reported under the previous lease guidance as of March 26, 2021 are as follows:

2022	$ 2,887
2023	2,726
2024	2,644
2025	2,172
2026	1,773
Thereafter	3,713
Total	$ 15,915

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

13. Debt and Other Borrowings

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 the other agents, arrangers and lenders party thereto, providing for a $325,000 senior secured term loan facility due in 2027 (the “Term Loan Facility”). On September 30, 2020, the Company also 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 “Revolving Credit Facility” and, together with the Term Loan Facility, the “Senior Secured Credit Facilities”). The Revolving Credit Facility is secured by a lien on the same collateral and on the same basis as the Term Loan Facility. Interest on the Term Loan Facility is calculated at LIBOR plus 3.75% to 4.00% based on the Company’s net leverage ratio, and LIBOR is subject to a 0.5% floor. The Company’s outstanding borrowings bore an interest rate of 4.25% at December 24, 2021. As of both December 24, 2021 and March 26, 2021, the Company had $25,000 outstanding under the Term Loan Facility and had not borrowed on the Revolving Credit Facility.

Included in the Term Loan Facility were deferred financing costs of $9,374, which the Company has deducted from the carrying amount presented on its unaudited consolidated balance sheet and amortized into interest expense or recognized as loss on debt extinguishment. Included in the Revolving Credit Facility were deferred financing costs of $300, which the Company classified the related short-term and long-term portions within “Prepaid expenses and other current assets” and “Other assets” on its unaudited consolidated balance sheet and is amortizing those costs over the term of the facility. The unamortized portion of the deferred financing costs associated with the Revolving Credit Facility was $174 and $249 at December 24, 2021 and March 26, 2021, respectively.

On November 26, 2019, the Company, through its subsidiaries, entered into a line of credit agreement with a financial institution that provides for a maximum borrowing capacity of 60,000 Philippine pesos (approximately $1,196 at December 24, 2021) at the bank’s prevailing interest rate. While this line of credit initially expired on August 21, 2021 (in connection with certain delays as a result of the COVID-19 pandemic and its impact on bank operations), the line of credit was extended in September 2021 and is now expected to expire on August 21, 2022. There were no borrowings outstanding under this line of credit as of December 24, 2021 and March 26, 2021.

On November 20, 2019, the Company, through its subsidiaries, entered into a line of credit agreement with a financial institution that provides for a maximum capacity of 75,000 Philippine pesos (approximately $1,495 at December 24, 2021) at the bank’s prevailing interest rate. While this line of credit initially expired on June 30, 2021 (in connection with certain delays as a result of the COVID-19 pandemic and its impact on bank operations), the line of credit was extended in September 2021 and is now expected to expire on June 30, 2022. There were no borrowings outstanding under this line of credit as of December 24, 2021 and March 26, 2021.

14. Other Long-Term Liabilities

The composition of other long-term liabilities is as follows:

	December 24, 2021	March 26, 2021
Accrued management incentives	$ 734	$ 628
Accrued retirement	10,655	10,656
Accrued contingent consideration	2,700	4,800
Provision for uncertain tax positions (net)	2,741	2,774
Other	—	275
Total	$ 16,830	$ 19,133

15. Retirement Plans

The Company recognizes the funded status (i.e., the difference between the fair value of plan assets and the benefit obligations) of its defined benefit pension plans in its unaudited consolidated balance sheets with a corresponding adjustment to accumulated other comprehensive income, net of tax. These amounts will continue to be recognized as a component of future net periodic benefit costs consistent with the Company’s past practice. Further, actuarial gains and losses and prior service costs that arise in future periods and are not recognized as net periodic benefit costs in the same periods will be recognized as a component of other comprehensive income. Those amounts will also be recognized as a component of future net periodic benefit costs consistent with the Company's past practice. The Company uses a measurement date for its defined benefit pension plans and other postretirement benefit plans that is equivalent to its fiscal year-end.

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

Plan Descriptions

Non-U.S. Defined Benefit Plan

The Company, through its wholly owned subsidiary, Allegro MicroSystems Philippines, Inc. ("AMPI"), has a defined benefit pension plan, which is a noncontributory plan that covers substantially all employees of the respective subsidiary. The plan's assets are invested in common trust funds, bonds and other debt instruments and stocks.

Effect on the unaudited statements of operations

Expense related to the non-United States ("U.S."). defined benefit plan was as follows:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Service cost	$ 365	$ 296	$ 1,119	$ 843
Interest cost	158	166	485	474
Expected return on plan assets	(75)	(79)	(230)	(231)
Amortization of prior service cost	1	2	1	6
Actuarial loss	51	47	156	126
Net periodic pension expense	$ 500	$ 432	$ 1,531	$ 1,218

Information on Plan Assets

The table below sets forth the fair value of the entity's plan assets as of December 24, 2021 and March 26, 2021, using the same three-level hierarchy of fair value inputs described in the significant accounting policies included in the Company's 2021 Annual Report.

	Fair Value at December 24, 2021	Level 1	Level 2	Level 3
Assets of non-U.S. defined benefit plan:				
Government securities	$ 2,005	$ 2,005	$ —	$ —
Unit investment trust fund	1,217	—	1,217	—
Loans	578	—	—	578
Bonds	706	—	706	—
Stocks and other investments	2,338	1,224	2	1,112
Total	$ 6,844	$ 3,229	$ 1,925	$ 1,690

	Fair Value at March 26, 2021	Level 1	Level 2	Level 3
Assets of non-U.S. defined benefit plan:				
Government securities	$ 1,646	$ 1,646	$ —	$ —
Unit investment trust fund	1,221	—	1,221	—
Loans	584	—	—	584
Bonds	1,112	—	1,112	—
Stocks and other investments	3,081	1,947	1	1,133
Total	$ 7,644	$ 3,593	$ 2,334	$ 1,717

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

The following table shows the change in fair value of Level 3 plan assets for the nine months ended December 24, 2021:

	Level 3 Non-U.S. Defined Plan Assets	
	Loans	Stocks
Balance at March 26, 2021	$ 584	$ 1,133
Additions during the year	308	—
Redemptions during the year	(289)	—
Revaluation of equity securities	(5)	13
Change in foreign currency exchange rates	(20)	(34)
Balance at December 24, 2021	$ 578	$ 1,112

The investments in the Company's major benefit plans largely consist of low-cost, broad-market index funds to mitigate risks of concentration within the market sectors. In recent years, the Company's investment policy has shifted toward a closer matching of the interest-rate sensitivity of the plan assets and liabilities. The appropriate mix of equity and bond investments is determined primarily through the use of detailed asset-liability modeling studies that look to balance the impact of changes in the discount rate against the need to provide asset growth to cover future service cost. The Company, through its wholly owned subsidiary, Allegro MicroSystems, LLC's ("AML"), non-U.S. defined benefit plan, has added a greater proportion of fixed income securities with return characteristics that are more closely aligned with changes in liabilities caused by discount rate volatility. There are no significant restrictions on the amount or nature of the investments that may be acquired or held by the plans.

During the three- and nine-month periods ended December 24, 2021, the Company contributed approximately $344 and $1,040 to its non-U.S. pension plan, respectively. During the three- and nine-month periods ended December 25, 2020, the Company contributed approximately $249 and $736 to its non-U.S. pension plan, respectively. The Company expects to contribute approximately $1,425 to its non-U.S. pension plan in fiscal year 2022.

Other Defined Benefit Plans

In December 1993, the Company commenced with a rollover pension promise agreement ("Pension Promise") to offer a then European employee an insured annuity upon their retirement at age 65. The employee was the only eligible participant of the Pension Promise. The impact associated with the expense and related other income with the Pension Promise was insignificant in fiscal years 2021 and 2020, respectively. The total values of the Pension Promise in the amounts of 663 and 928 British Pounds Sterling at December 24, 2021 and March 26, 2021, respectively (approximately $882 and $1,272 at December 24, 2021 and March 26, 2021, respectively), were classified with other in other assets, net and accrued retirement in other long-term liabilities in the Company's unaudited consolidated balance sheets.

Defined Contribution Plan

The Company has a 401(k) plan that covers all employees meeting certain service and age requirements. Employees are eligible to participate in the plan upon hire when the service and age requirements are met. Employees may contribute up to 35% of their compensation, subject to the maximum contribution allowed by the Internal Revenue Service. All employees are 100% vested in their contributions at the time of plan entry.

Eligible AML U.S. employees may contribute up to 50% of their pretax compensation to a defined contribution plan, subject to certain limitations, and AML may match, at its discretion, 100% of the participants' pretax contributions, up to a maximum of 5% of their eligible compensation. Matching contributions by AML totaled approximately $655 and $3,000 for the three- and nine-month periods ended December 24, 2021, respectively, and approximately $1,112 and $3,181 for the three- and nine-month periods ended December 25, 2020, respectively.

The Company, through its AML subsidiary, Allegro MicroSystems Europe, Ltd. ("Allegro Europe"), also has a defined contribution plan (the "AME Plan") covering substantially all employees of Allegro Europe. Contributions to the AME Plan by the Company totaled approximately $209 and $639 for the three- and nine-month periods ended December 24, 2021, respectively, and approximately $207 and $592 for the three- and nine-month periods ended December 25, 2020, respectively.

16. Commitments and Contingencies

Insurance

The Company, through its subsidiaries, utilizes self-insured employee health programs for employees in the United States. The Company records estimated liabilities for its self-insured health programs based on information provided by the third-party plan administrators, historical claims experience and expected costs of claims incurred but not reported. The Company monitors its estimated liabilities on a quarterly basis. As facts change, it may become necessary to make adjustments that could be material to the Company's unaudited consolidated financial position and results of operations. The accrued liability related to self-insurance was $863 and $1,518 as of December 24, 2021 and March 26, 2021, respectively, and was included in accrued expenses and other current liabilities in the Company's unaudited consolidated balance sheets.

Legal proceedings

The Company is subject to various legal proceedings and claims, the outcomes of which are subject to significant uncertainty. The Company does not believe there are any such matters that could have a material adverse effect on the Company's financial position, results of operations or cash flows. 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, and the ability to make a reasonable estimate of the loss. If the occurrence of liability is probable, the Company will disclose the nature of the contingency, and if estimable, will provide the likely amount of such loss or range of loss.

Indemnification

From time to time, the Company has agreed to indemnify and hold harmless certain customers for potential allegations of infringement of intellectual property rights and patents arising from the use of its products. To date, the Company has not incurred any costs in connection with such indemnification arrangements; therefore, there was no accrual of such amounts at December 24, 2021 or March 26, 2021.

Environmental Matters

The Company establishes accrued liabilities for environmental matters when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. If the contingency is resolved for an amount greater or less than the accrual, or the Company's share of the contingency increases or decreases or other assumptions relevant to the development of the estimate were to change, the Company would recognize an additional expense or benefit in the unaudited consolidated statements of operations during the period such determination was made. No significant environmental accruals were established at December 24, 2021 and March 26, 2021.

17. Net Income per Share

In connection with completion of the Company's IPO on November 2, 2020 and immediately following the pricing of the IPO, all outstanding shares of Class A common stock and Class L common stock were automatically converted into an aggregate of 166,500,000 shares of common stock (the "Common Stock Conversion"). Outstanding shares of Class A and Class L common stock were converted to common stock in the Common Stock Conversion at conversion rates of approximately 15.822 and 13.010 shares of common stock to each share of Class A and Class L common stock, respectively. As part of the Common Stock Conversion, 2,066,508 and 1,766 shares of common stock were returned to the Company for tax payments made on behalf of holders of Class A common stock and Class L common stock, respectively, in withhold to cover tax transactions.

Prior to the Company's IPO, shares of Class A common stock were entitled to a priority dividend of 8%. After Class A shareholders received an annualized return on capital of 8%, distributions of the remaining value were split between Class A and Class L shareholders based on the achievement of certain return targets. In determining income to the Class A stockholders for computing basic and diluted earnings per share for the three- and nine-month periods ended December 25, 2020, the Company did not allocate income to the shares of Class L common stock in accordance with ASC 260, because such classes of shares would not have shared in the distribution had all of the income for the periods been distributed. Accordingly, earnings per share calculations were provided only for the Class A shares with a weighted average of 124,363,078 shares for the three-month period ended December 25, 2020.

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

The following table sets forth the basic and diluted net income attributable to Allegro MicroSystems, Inc. per share. The number of shares of common stock reflected in the calculation is the total shares of common stock (vested and unvested) held on the IPO date, after the Common Stock Conversion.

	Three-Month Period Ended		Nine-Month Period Ended	
	December 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Net income attributable to Allegro MicroSystems, Inc.	$ 32,936	$ (5,095)	$ 93,791	$ 9,309
Net income attributable to common stockholders	32,973	(5,060)	93,903	9,412
Basic weighted average shares of common stock	189,736,901	124,363,078	189,665,324	48,121,026
Dilutive effect of common stock equivalents	2,331,321	—	2,013,627	123,517,761
Diluted weighted average shares of common stock	192,068,222	124,363,078	191,678,951	171,638,787
Basic net income attributable to Allegro MicroSystems, Inc. per share	$ 0.17	$ (0.04)	$ 0.49	$ 0.19
Basic net income attributable to common stockholders per share	$ 0.17	$ (0.04)	$ 0.50	$ 0.20
Diluted net income attributable to Allegro MicroSystems, Inc. per share	$ 0.17	$ (0.04)	$ 0.49	$ 0.05
Diluted net income attributable to common stockholders per share	$ 0.17	$ (0.04)	$ 0.49	$ 0.05

The computed net income per share for the three- and nine-month periods ended December 24, 2021 and December 25, 2020 does not assume conversion of securities that would have an antidilutive effect on income per share. As the Company was in a net loss position for the three-month period ended December 25, 2020, common stock equivalents of 57,553,282 were deemed antidilutive.

The following table represents issuable weighted average share information for the respective periods:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Restricted stock units	1,199,816	377,767	1,046,229	125,922
Performance stock units	1,117,532	422,768	959,084	140,923
Employee stock purchase plan	13,973	—	8,314	—
Shares related to Common Stock Conversion	—	56,752,747	—	123,250,916
Total	2,331,321	57,553,282	2,013,627	123,517,761

18. Common Stock and Stock-Based Compensation

The Company accounts for stock-based compensation through the measurement and recognition of compensation expense for share-based payment awards made to employees over the related requisite service period, including stock options, performance share units ("PSUs"), restricted share units ("RSUs") and restricted shares (all part of our equity incentive plan).

During the nine months ended December 24, 2021, the Company granted 1,030,887 RSUs to employees with an estimated grant date fair value of $25.47. Stock-based compensation expense related to non-vested awards not yet recorded at December 24, 2021 was $25,133, which is expected to be recognized over a weighted-average of 1.34 years. During the nine months ended December 24, 2021, 168,717 shares vested.

PSUs are included at 100% - 200% of target goals. The intrinsic value of the PSU's that were unvested during the nine months ended December 24, 2021 was $36,708. The total compensation cost related to unvested awards not yet recorded at December 24, 2021 was $13,765, which is expected to be recognized over a weighted average of 1.78 years. No shares vested during the nine months ended December 24, 2021.

During the nine months ended December 24, 2021, 227,530 shares of the Company's restricted common stock vested. In addition, 24,014 shares were forfeited, which reduced common stock outstanding during the same period. The Company had 154,783 unvested shares of restricted common stock at December 24, 2021 with a weighted average grant date fair value of $14.00 and remaining vesting period of 1.07 years.

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

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

	Three-Month Period Ended		Nine-Month Period Ended	
	December 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Cost of sales	$ 742	$ 4,694	$ 1,992	$ 4,844
Research and development	1,019	2,984	2,814	3,037
Selling, general and administrative	5,859	38,198	13,841	39,020
Total stock-based compensation	$ 7,620	$ 45,876	$ 18,647	$ 46,901

19. Income Taxes

The Company recorded the following tax (benefit) provision in its unaudited consolidated statements of operations:

	Three-Month Period Ended		Nine-Month Period Ended	
	December 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
Operating taxes	$ 6,517	$ (12,169)	$ 17,785	$ (9,764)
Discrete tax items	(236)	(18,354)	(1,098)	(18,149)
Provision (benefit) for income taxes	$ 6,281	$ (30,523)	$ 16,687	$ (27,913)
Annual operating tax rate	16.6 %	34.2 %	16.1 %	52.8 %
Effective tax rate	16.0 %	85.8 %	15.1 %	150.9 %

The Company's provision (benefit) 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 tax rate can fluctuate primarily based on: the mix of its U.S. and foreign income; the impact of discrete transactions; and the difference between the amount of tax benefit generated by the foreign derived intangible income deduction ("FDII") and research credits offset by the additional tax from the global intangible low-tax income ("GILTI").

The Company regularly assesses the likelihood of outcomes that could result from the examination of its tax returns by the IRS and other tax authorities to determine the adequacy of its income tax reserves and expense. Should actual events or results differ from the Company's then-current expectations, charges or credits to the Company's provision for income taxes may become necessary. Any such adjustments could have a significant effect on the results of operations.

Income tax expense and the effective income tax rate were $6,281, or 16.0%, and $16,687, or 15.1%, for the three- and nine-month periods ended December 24, 2021, respectively. Income tax benefit and the effective income tax rate were $30,523, or 85.8%, and $27,913, or 150.9%, for the three- and nine-month periods ended December 25, 2020, respectively. The increase in income tax expense was primarily attributable to tax impacts of the IPO transaction recorded in the prior three- and nine-month period. The IPO transaction resulted in excess tax over financial reporting deductions related to a $40,440 stock-based compensation charge (and the related incremental tax deductions), a $16,000 one-time dividend treated as compensation expense for tax purposes, as well as a tax loss on the divestiture of Polar Semiconductor, LLC ("PSL"). The tax impacts of these transactions and other discrete transactions caused an overall U.S. NOL that will be carried back five years. Additional fluctuations in our effective income tax rate relate primarily to differences in our U.S. taxable income, estimated FDII benefits, GILTI income, research credits, non-deductible stock-based compensation charges, and discrete tax items.

20. Related Party Transactions

Transactions involving Sanken

The Company sells products and services to, and purchases in-process products from, Sanken. In addition, prior to March 28, 2020, the Company also sold products for Sanken.

Net sales of the Company's products and services to Sanken totaled $39,461 and $112,079 during the three- and nine-month periods ended December 24, 2021, respectively, and $26,439 and $72,570 during the three- and nine-month periods ended December 25, 2020, respectively. Trade accounts receivables, net of allowances from Sanken, totaled $28,251 and $21,595 as of December 24, 2021 and March 26, 2021, respectively. Other accounts receivable from Sanken totaled $54 and $198 as of December 24, 2021 and March 26, 2021, respectively.

Transactions involving PSL

In May 2009, the Company entered into a technology development agreement (the "IC Technology Development Agreement") with Polar Semiconductor, Inc. ("PSI") (subsequently changed to Polar Semiconductor, LLC), and Sanken, pursuant to which the parties agreed upon the general terms under which they may, from time to time, undertake certain activities (the "IC Process Development Activities") to develop new technologies to be used by PSI to manufacture products for the Company and Sanken, as well as the ownership and use of such technologies following their development. The IC Technology Development Agreement provides that the expenses for all IC Process Development Activities will be shared equally by the Company and Sanken on an annual basis (subject to any exceptions upon which the parties may agree from time to time), with such expenses being paid to PSL by Sanken in the form of an up-front annual fee, with PSL being responsible for any expenses that exceed the amount of such fee. The IC Technology Development Agreement will continue in effect until such time as the Company, PSL and Sanken mutually agree to its termination or adopt a successor agreement, or in the event that the companies fail to agree upon the annual fee for that fiscal year within three months after the commencement of such fiscal year. During the three- and nine-month periods ended December 24, 2021, the Company (through PSL) received no fees from Sanken pursuant to the IC Technology Development Agreement, and, during the same periods, the Company paid no fees to PSL pursuant to the IC Technology Development Agreement. There are also no expected payments to be made during the remainder of fiscal year 2022. During the three- and nine-month periods ended December 25, 2020, the Company (through PSL) received fees of $300 and $900, respectively, from Sanken pursuant to the IC Technology Development Agreement, and, during the same periods, the Company paid fees of $300 and $900 to PSL pursuant to the IC Technology Development Agreement.

In April 2015, PSL and Sanken entered into a discrete technology development agreement (as amended, the "Discrete Technology Development Agreement"), pursuant to which the parties agreed upon the general terms under which they, from time to time, would undertake certain activities (the "Discrete Development Activities") to develop new technologies to be used by PSL to manufacture products for Sanken, as well as the ownership and use of such technologies following their development. In June 2018, the Company, PSL and Sanken entered into an amendment to the Discrete Technology Development Agreement pursuant to which the parties agreed to the assignment of all rights and obligations of PSL under such agreement to the Company and to certain amendments to the terms of such agreement. The Discrete Technology Development Agreement provided that the expenses for all Discrete Development Activities were to be shared equally by the Company and Sanken on an annual basis (subject to any exceptions upon which the parties agreed to from time to time). As of March 26, 2021, the Company had accrued $614 included in amounts due to a related party under the Discrete Technology Development Agreement, which was paid in the first quarter of fiscal year 2022. The Discrete Technology Development Agreement terminated on March 31, 2021 in accordance with its terms.

On March 28, 2020, the Company entered into an agreement to divest a majority of its ownership interest in PSL to Sanken, in order to better align with its fabless, asset-lite scalable manufacturing strategy (the "PSL Divestiture"). In addition, this also resulted in PSL taking over the distribution of Sanken products in the U.S. and Europe at the same time.

The Company continues to purchase in-process products from PSL.

Purchases of various products from PSL totaled $11,837 and $38,346 for the three- and nine-month periods ended December 24, 2021, respectively, and $11,558 and $33,448 for the three- and nine-month periods ended December 25, 2020, respectively. For the three- and nine-month periods ended December 25, 2020, these amounts include $1,500 and $5,000, respectively, of price support payments. The price support payments were for fiscal year 2021 only. Accounts payable to PSL included in amounts due to a related party totaled $4,051 and $1,739 as of December 24, 2021 and March 26, 2021, respectively.

Note 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 (“Initial PSL Loan”). The Initial PSL Loan will be repaid in equal installments, comprising of 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 1st, July 1st, October 1st, and January 1st). In addition, PSL has the option of borrowing up to an additional $7,500 on or around January 1, 2023 under the same terms of the PSL Loan (“Secondary PSL Loan”, and, collectively with the Initial PSL Loan, the “PSL Promissory Notes”). The loan funds will be 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.

Transactions involving Sanken Electric Europe Ltd. (“SEEL”)

During fiscal year ended March 26, 2021 (and following the PSL Divestiture), Sanken, through PSL formed SEEL in order to cover its distribution business in Europe. The Company, in connection with the transition services agreement with Sanken and PSL, paid certain costs on behalf of them, and as such, had no related party accounts receivable from SEEL as of December 24, 2021. The Company had related party accounts receivable from SEEL of $1,272 as of March 26, 2021.

Sublease Agreement

In 2014, the Company, through one of its subsidiaries, entered into a sublease agreement with Sanken pursuant to which the subsidiary subleases from Sanken certain office building space in Japan. The sublease automatically renews on an annual basis unless either party provides notice to the other party and can otherwise be terminated by either party upon providing six months’ prior notice. The Company made aggregate payments of approximately $56 and $166 to Sanken under the sublease agreement during the three- and nine-month periods ended December 24, 2021, respectively, and $59 and $173 during the three- and nine-month periods ended December 25, 2020, respectively.

Consulting Agreement

In December 2018 and prior to Reza Kazerounian becoming a member of the Company’s board of directors, the Company entered into a board executive advisor agreement (the “Consulting Agreement”) with Mr. Kazerounian, pursuant to which the Company engaged Mr. Kazerounian to serve as executive advisor to the board of directors and the office of Chief Executive Officer. The Consulting Agreement provides for a fee payable to Mr. Kazerounian on a monthly basis in exchange for his services (which fee was reduced from $30 per month to $19 per month in connection with Mr. Kazerounian’s appointment to the board of directors in June 2018), as well as a grant of 12,000 shares of the Company’s Class L common stock and a signing bonus of $54 in connection with the execution of the Consulting Agreement. The Consulting Agreement provides that if Mr. Kazerounian’s employment is terminated by the board of directors, he will be entitled to a severance payment in the amount of $180 as well as a six-month vesting acceleration of his shares of Class L common stock. The board of directors and Mr. Kazerounian each have the right to terminate the Consulting Agreement at any time. During the three- and nine-month periods ended December 24, 2021, the Company paid aggregate fees of $69 and $191, respectively, to Mr. Kazerounian pursuant to the Consulting Agreement. During the three- and nine-month periods ended December 25, 2020, the Company paid aggregate fees of $82 and $262, respectively, to Mr. Kazerounian pursuant to the Consulting Agreement.

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 filed with the Securities and Exchange Commission (“SEC”) on May 19, 2021 (the “2021 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 II, Item 5, “Risk Factors” of our 2021 Annual Report and Part II. Item 1A. “Risk Factors” of this Quarterly Report. 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 24, 2021 and December 25, 2020 relate to the 13-week periods ended December 24, 2021 and December 25, 2020, respectively. All references to “2021,” “fiscal year 2021” or similar references relate to the 52-week period ended March 26, 2021.

Overview

Allegro MicroSystems, Inc., together with its consolidated subsidiaries (“AMI”, “we”, “us” or “our”) is a leading global designer, developer, manufacturer and marketer of sensor integrated circuits (“ICs”) and application-specific analog power ICs enabling the most important emerging technologies in the automotive and industrial markets. We are the number one supplier of magnetic sensor IC solutions worldwide based on market share, driven by our market leadership in the automotive industry. We focus on providing complete IC solutions to sense, regulate and drive a variety of mechanical systems. This includes sensing angular or linear position of a shaft or actuator, driving an electric motor or actuator, and regulating the power applied to sensing and driving circuits so they operate safely and efficiently.

We are headquartered in Manchester, New Hampshire and have a global footprint with 16 locations across four continents. Our portfolio includes more than 1,000 products, and we ship over one billion units annually to more than 10,000 customers worldwide. During the three- and nine-month periods ended December 24, 2021, we generated $186.6 million and $568.4 million in total net sales, respectively, with $33.0 million and $93.9 million in net income and $54.9 million and $167.7 million in Adjusted EBITDA in such fiscal periods, respectively. During the three- and nine-month periods ended December 25, 2020, we generated $164.4 million and $416.1 million in total net sales, respectively, with $5.1 million in net loss and $9.4 million in net income and $39.6 million and $98.6 million in Adjusted EBITDA in such fiscal periods, respectively.

On November 2, 2020, we completed our initial public offering (“IPO”) of 28,750,000 shares of our common stock at an offering price of $14.00 per share, of which 25,000,000 shares were sold by us and 3,750,000 shares were sold by selling stockholders, resulting in net proceeds to us of approximately, $321.4 million after deducting $20.1 million of underwriting discounts and $8.5 million of offering costs. Our common stock is now listed on the Nasdaq Global Select Market under the ticker symbol “ALGM.”

Our Growth Strategies and Outlook

We plan to pursue the following strategies to continue to grow our sales and enhance our profitability:

- *Invest in research and development that is market-aligned and focused on targeted portfolio expansion.* We believe that our investments in research and development in the areas of product design, automotive-grade wafer fabrication technology and IC packaging development are critical to maintaining our competitive advantage. In both the automotive and industrial markets, major technology shifts driven by disruptive technologies are creating high-growth opportunities in areas such as electrified vehicles (“xEVs”), advanced driver assistance systems (“ADAS”), Industry 4.0, data centers and green energy applications. Our knowledge of customers’ end systems has driven an expansion of our sensor IC and power solutions to enable these new technologies. By aligning our research and development investments with disruptive technology trends while undergoing a rigorous ROI review, we believe we can deliver an attractive combination of growth and profitability.

- *Emphasize the automotive "first" philosophy to align our product development with the most rigorous applications and safety standards.* We have been intentional about incorporating support for the stringent automotive operating voltages, temperature ranges and safety and reliability standards into every part of our operations, from design to manufacturing. We believe our focus on meeting or exceeding industry standards as the baseline for product development increases our opportunity in the automotive market as customers look for trusted suppliers to deliver highly reliable solutions for rapidly growing emerging markets, and that our philosophy of designing for automotive safety and reliability gives us a meaningful lead over new entrants attempting to enter the automotive market. For example, we will apply this philosophy of innovation, quality and reliability to our new photonics portfolio which supplies components into safety-critical Light Detection and Ranging ("LiDAR") applications. We also believe we can use our expertise in designing for the automotive market and our expanding product portfolio to capitalize on increasing demand among industrial customers for ruggedized solutions that meet the highest quality and reliability standards. Additionally, in our experience, demand for solutions that meet or exceed stringent safety and reliability specifications supports higher average sales prices ("ASP") and lower ASP declines over time than are typical for our industry.

- *Invest to lead in chosen markets and apply our intellectual property and technology to pursue adjacent growth markets.* We intend to continue to invest in technology advancements and our intellectual property portfolio to maintain the number one market share position in magnetic sensor ICs and achieve leadership positions in power ICs within our target markets. We believe that leveraging our technology and existing research and development, sales and support efforts will enable us to take advantage of synergistic opportunities in new, adjacent growth markets. We believe this strategy of leveraging our known capabilities to target adjacent growth markets will enable us to enjoy greater returns on our research and development investments.

- *Expand our sales channels and enhance our sales operations and customer relationships.* Our global sales infrastructure is optimized to support customers through a combination of key account managers and regional technical and support centers near customer locations that enable us to act as an extension of our customers' design teams, providing us with key insights into product requirements and accelerating the adoption and ramp up of our products in customer designs. We intend to continue strengthening our relationships with our existing customers while also enabling our channel partners to support demand creation and fulfillment for smaller broad-based industrial customers. We believe we will be able to further penetrate the industrial market and efficiently scale our business to accelerate growth by enabling our channel partners to become an extension of our demand generation and customer support efforts.

- *Continue to improve our gross margins through product innovation and cost optimization.* We strive to improve our profitability by both rapidly introducing new products with value-added features and reducing our manufacturing costs through our fabless, asset-lite manufacturing model. We expect to continue to improve our product mix by developing new products for growth markets where we believe we can generate higher ASPs and/or higher gross margins. We also intend to further our relationships with key foundry suppliers to apply our product and applications knowledge to develop differentiated and cost-efficient wafer processes and packages. We believe we can reduce our manufacturing costs by leveraging the advanced manufacturing capabilities of our strategic suppliers, implementing more cost-effective packaging technologies and leveraging both internal and external assembly and test capacity to reduce our capital requirements, lower our operating costs, enhance reliability of supply and support our continued growth.

- *Pursue selective acquisitions and other strategic transactions.* We evaluate and pursue selective acquisitions and other transactions to facilitate our entrance into new applications, add to our intellectual property portfolio and design resources, and accelerate our growth. From time to time, we acquire companies, technologies or assets and participate in joint ventures when we believe they will cost effectively and rapidly improve our product development or manufacturing capabilities or complement our existing product offerings. For example, our August 2020 acquisition of Voxtel and its affiliate, LadarSystems, Inc., brings together Voxtel's laser and imaging expertise and our automotive leadership and scale to enable what we believe will be the next generation of ADAS.

- *Maintain commitment to sustainability.* We intend to continue to innovate with purpose, addressing critical global challenges related to energy efficiency, vehicle emissions and clean and renewable energy with our sensing and power management product portfolio. In addition, we strive to operate our business in a socially responsible and environmentally sustainable manner, and we strive to maintain a commitment to social responsibility in our supply chain and disclosure of the environmental impact of our business operations.

Recent Initiatives to Improve Results of Operations

We have recently implemented several initiatives designed to improve our operating results.

On August 28, 2020, we acquired Voxtel, Inc. (“Voxtel”), a privately-held technology company located in Beaverton, Oregon that specializes in components for eye-safe LiDAR used in ADAS, fully autonomous vehicles, and industrial automation (the “Voxtel Acquisition”). In addition to the laser technology, Voxtel’s capabilities include its Indium Gallium Arsenide (“InGaAs”) Avalanche Photodiode (“APDs”) and APD photoreceivers—highly sensitive in the important eye-safe region around 1550 nanometers (“nm”). This technology enables images to be obtained over a wide range of weather conditions and over a long-distance or a wide field of view using a laser that does not pose an ocular hazard. The combination of these highly sensitive detectors and high-peak-power eye-safe lasers with Voxtel’s custom integrated circuits and electro-optical packaging expertise, allows for cost-effective, compact laser-ranging and 3D-image sensing. In addition, Voxtel holds more than 38 US patents, representing a comprehensive Laser Detection and Ranging (“LADAR”)/LiDAR photonic technology suite.

In February 2020, we announced that we would consolidate our assembly and test facilities into a single site, located at our manufacturing facility in the Philippines (the “AMPI Facility”). As such, we completed the transition and closed our manufacturing facility in Thailand (the “AMTC Facility”) in March 2021 and closed on the sale of the AMTC Facility in August 2021. As a result, we expect to realize a significant reduction in cost of goods sold in subsequent periods.

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:

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 OEM 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 revenue can be lengthy, typically between two and four years. As a result, our future revenue is highly dependent on our continued success at winning design mandates from our customers. Further, despite current inflationary and pricing conditions, we expect the ASPs of our products to decline over time, and we consider design wins to be critical to our future success and 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 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, but 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. 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 exposes us to the risks of inventory shortages or excess inventory. We continue to see demand for our products exceed supply and we are operating in a inflationary environment.

Manufacturing Costs and Product Mix

Gross margin, or gross profit as a percentage of total net sales, 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, we expect their ASPs to decline. 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 is highly cyclical and is characterized by increasingly rapid technological change, product obsolescence, competitive pricing pressures, evolving standards, short product life-cycles 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 suffer and margins generally decline.

Components of Our Results of Operations

Net sales

Our total net sales are derived from product sales to direct customers and distributors. We sell products globally through our direct sales force, third-party and related party distributors and independent sales representatives. Sales are derived from products for different applications. Shutdowns of third-party factories, in connection with COVID-19 or other factors beyond our control, have affected, and are expected to continue to affect our product sales in the next fiscal quarter. Our core applications are focused on the automotive, industrial and other industries.

We sell magnetic sensor ICs, power ICs and photonics in the Americas, EMEA and Asia. Revenue is generally recognized when control of the products is transferred to the customer, which typically occurs at a point in time upon shipment or delivery, depending on the terms of the contract. When we transact with a distributor, our contractual arrangement is with the distributor and not with the end customer. Whether we transact business with and receive the order from a distributor or directly from an end customer through our direct sales force and independent sales representatives, our revenue recognition policy and resulting pattern of revenue recognition for the order are the same. We recognize revenue net of sales returns, price protection adjustments, stock rotation rights and any other discounts or credits offered to our customers.

Cost of goods sold, gross profit and gross margin

Cost of goods sold consists primarily of costs of purchasing raw materials, costs associated with probe, assembly, test and shipping our products, costs of personnel, including stock-based compensation, costs of equipment associated with manufacturing, procurement, planning and management of these processes, costs of depreciation and amortization, costs of logistics and quality assurance, and costs of royalties, value-added taxes, utilities, repairs and maintenance of equipment, and an allocated portion of our occupancy costs.

Gross profit is calculated as total net sales less cost of goods sold. Gross profit is affected by numerous factors, including average selling price, revenue mix by product, channel and customer, foreign exchange rates, seasonality, manufacturing costs and the effective utilization of our facilities. Another factor impacting gross profit is the time required for the expansion of existing facilities to reach full production capacity. As a result, gross profit varies from period to period and year to year. We expect cost of goods sold to decrease in absolute dollars and as a percentage of total net sales in the future, primarily as a result of the closure of the AMTC Facility and the transfer of the Sanken products distribution business to PSL.

A significant portion of our costs are fixed, and, as a result, costs are generally difficult to adjust or may take time to adjust in response to changes in demand. In addition, our fixed costs increase as we expand our capacity. If we expand capacity faster than required by our sales growth, our gross margin could be negatively affected. Gross margin is calculated as gross profit divided by total net sales.

Operating Expenses

Research and development ("R&D") expenses

R&D expenses consist primarily of personnel-related costs of our research and development organization, including stock-based compensation, costs of development of wafers and masks, license fees for computer-aided design software, costs of development testing and evaluation, costs of developing automated test programs, equipment depreciation and related occupancy and equipment costs. While most of the costs incurred are for new product development, a significant portion of these costs are related to process technology development, and proprietary package development. R&D expenses also include costs for technology development by external parties. We expect further increases in R&D expenses, in absolute dollars and as a percentage of total net sales as we continue the development of innovative technologies and processes for new product offerings as well as increase the headcount of our R&D personnel in future years.

Selling, General and Administrative ("SG&A") expenses

SG&A expenses consist primarily of personnel-related costs, including stock-based compensation, and sales commissions to independent sales representatives, professional fees, including the costs of accounting, audit, legal, regulatory and tax compliance. Additionally, costs related to advertising, trade shows, corporate marketing, as well as an allocated portion of our occupancy costs also comprise SG&A expenses.

We anticipate our selling and marketing expenses to increase in absolute terms as we expand our sales force and increase our sales and marketing activities. We also anticipate that we will incur increased accounting, audit, legal, regulatory, compliance and director and officer insurance costs as well as investor and public relations expenses associated with being a public company.

Change in fair value of contingent consideration

The change in fair value of contingent consideration represents the gain recorded in the three months ended December 24, 2021 resulting from the adjustment in contingent consideration related to the Voxtel Acquisition.

Interest (expense) income, net

Interest (expense) income, net is comprised of interest expense from term loan debt and credit facilities we maintain with various financial institutions and previously on borrowings under the PSL-Sanken Loans (which were forgiven in connection with the PSL Divestiture). Current expense is partially mitigated by income earned on our cash and cash equivalents, consisting primarily of certain investments that have contractual maturities no greater than three months at the time of purchase.

Foreign currency transaction gain (loss)

We incur transaction gains and losses resulting from intercompany transactions as well as transactions with customers or vendors denominated in currencies other than the functional currency of the legal entity in which the transaction is recorded.

Income in earnings of equity investment

Income in earnings of equity investment represents our equity investment in connection with the PSL Divestiture.

Other, net

Other, net primarily consists of miscellaneous income and expense items unrelated to our core operations.

Income tax provision (benefit)

Our provision or benefit 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.

We are subject to tax in the U.S. and various foreign jurisdictions. Our effective income tax rate fluctuates primarily because of: the change in the mix of our U.S. and foreign income; the impact of discrete transactions and law changes; and the difference between the amount of tax benefits generated by the foreign derived intangible income deduction ("FDII") and research credits offset by the additional tax costs associated with global intangible low-tax income ("GILTI").

We regularly assess the likelihood of outcomes that could result from the examination of our tax returns by the IRS, and other tax authorities to determine the adequacy of our income tax reserves and expense. Should actual events or results differ from our then-current expectations, charges or credits to our provision for income taxes may become necessary. Any such adjustments could have a significant effect on our results of operations.

Results of Operations

Three-Month Period Ended December 24, 2021 Compared to Three-Month Period Ended December 25, 2020

The following table summarizes our results of operations for the three-month periods ended December 24, 2021 and December 25, 2020.

	Three-Month Period Ended		Change	
	December 24, 2021	December 25, 2020	$	%
	(Dollars in thousands)			
Total net sales [1]	$ 186,629	$ 164,449	$ 22,180	13.5 %
Cost of goods sold	85,464	90,024	(4,560)	(5.1)%
Gross profit	101,165	74,425	26,740	35.9 %
Operating expenses:				
Research and development	30,297	30,999	(702)	(2.3)%
Selling, general and administrative	37,963	67,650	(29,687)	(43.9)%
Change in fair value of contingent consideration	(2,700)	—	(2,700)	100.0 %
Total operating expenses	65,560	98,649	(33,089)	(33.5)%
Operating income (loss)	35,605	(24,224)	59,829	247.0 %
Other income (expense), net:				
Loss on debt extinguishment	—	(9,055)	9,055	— %
Interest expense, net	(269)	(2,598)	2,329	(89.6)%
Foreign currency transaction loss	(3)	(145)	142	(97.9)%
Income in earnings of equity investment	287	949	(662)	(69.8)%
Other, net	3,634	(510)	4,144	(812.5)%
Total other income (expense), net	3,649	(11,359)	15,008	132.1 %
Income (loss) before income tax provision (benefit)	39,254	(35,583)	74,837	210.3 %
Income tax provision (benefit)	6,281	(30,523)	36,804	(120.6)%
Net income (loss)	32,973	(5,060)	38,033	751.6 %
Net income attributable to non-controlling interests	37	35	2	5.7 %
Net income (loss) attributable to Allegro MicroSystems, Inc.	$ 32,936	$ (5,095)	$ 38,031	746.4 %

(1) Our total net sales for the periods presented above include related party net sales generated through our distribution agreement with Sanken. See our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional information regarding our related party net sales for the periods set forth above.

The following table sets forth our results of operations as a percentage of total net sales for the periods presented.

	Three-Month Period Ended	
	December 24, 2021	December 25, 2020
Total net sales	100.0 %	100.0 %
Cost of goods sold	45.8 %	54.7 %
Gross profit	54.2 %	45.3 %
Operating expenses:		
Research and development	16.2 %	18.9 %
Selling, general and administrative	20.3 %	41.1 %
Change in fair value of contingent consideration	(1.4)%	— %
Total operating expenses	35.1 %	60.0 %
Operating income (loss)	19.1 %	(14.7)%
Other income (expense), net:		
Loss on debt extinguishment	— %	(5.5)%
Interest expense, net	(0.1)%	(1.6)%
Foreign currency transaction loss	— %	(0.1)%
Income in earnings of equity investment	0.1 %	0.5 %
Other, net	1.9 %	(0.3)%
Total other income (expense), net	1.9 %	(7.0)%
Income (loss) before income tax provision (benefit)	21.0 %	(21.7)%
Income tax provision (benefit)	3.4 %	(18.6)%
Net income (loss)	17.6 %	(3.1)%
Net income attributable to non-controlling interests	— %	— %
Net income (loss) attributable to Allegro MicroSystems, Inc.	17.6 %	(3.1)%

Total net sales

Total net sales increased by $22.2 million, or 13.5%, to $186.6 million in the three-month period ended December 24, 2021 from $164.4 million in the three-month period ended December 25, 2020. This increase was primarily due to the continued economic recovery and increase in demand across most automotive and industrial solutions. Much of the favorable growth in total net sales was attributable to higher demand for our ADAS, safety, comfort and convenience, xEV, broad-based industrial and gaming applications.

Sales Trends by Market

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 24, 2021	December 25, 2020	Amount	%
	(Dollars in thousands)			
Automotive	$ 130,797	$ 113,902	$ 16,895	14.8 %
Industrial	31,903	23,654	8,249	34.9 %
Other	23,929	26,893	(2,964)	(11.0)%
Total net sales	$ 186,629	$ 164,449	$ 22,180	13.5 %

The increase in net sales by market was driven by increases in automotive of $16.9 million, or 14.8%, and industrial of $8.2 million, or 34.9%, partially offset by a decrease in other of $3.0 million, or 11.0%.

Automotive net sales increased in the three-month period ended December 24, 2021 compared to the three-month period ended December 25, 2020 primarily due to our customers' increased vehicle production across most markets due to the on-going recovery from the COVID-19 pandemic. As a result, we experienced higher demand for our ADAS, safety, comfort and convenience and xEV applications during the third quarter of 2022 compared to the same period last year.

Industrial net sales improved in the three-month period ended December 24, 2021 compared to the three-month period ended December 25, 2020 due primarily to the growth across our industrial applications, including data center and factory automation.

Sales Trends by Product

The following table summarizes net sales by product:

	Three-Month Period Ended		Change	
	December 24, 2021	December 25, 2020	Amount	%
	(Dollars in thousands)			
Power integrated circuits	$ 62,859	$ 54,406	$ 8,453	15.5 %
Magnetic sensors	123,543	109,457	14,086	12.9 %
Photonics	227	586	(359)	(61.3)%
Total net sales	$ 186,629	$ 164,449	$ 22,180	13.5 %

The increase in net sales by product was driven primarily by increases of $14.1 million, or 12.9%, in magnetic sensor IC product sales and $8.5 million, or 15.5%, in power integrated circuit product sales.

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 24, 2021	December 25, 2020	Amount	%
	(Dollars in thousands)			
Americas:				
United States	$ 26,228	$ 23,934	$ 2,294	9.6 %
Other Americas	4,921	5,620	(699)	(12.4)%
EMEA:				
Europe	29,891	28,239	1,652	5.9 %
Asia:				
Japan	39,461	26,439	13,022	49.3 %
Greater China	48,696	46,172	2,524	5.5 %
South Korea	19,935	17,606	2,329	13.2 %
Other Asia	17,497	16,439	1,058	6.4 %
Total net sales	$ 186,629	$ 164,449	$ 22,180	13.5 %

Net sales increased across most geographic locations in the three-month period ended December 24, 2021 compared to the three-month period ended December 25, 2020 primarily due to content and market share gains as many countries continue to experience economic expansion coming out of the COVID-19 pandemic and demand for many of our products and applications continues to rise.

Net sales in Japan grew $13.0 million, or 49.3%, which was primarily driven by higher demand for our automotive applications, particularly safety, comfort and convenience, internal combustion engine ("ICE"), xEV and ADAS. The increase in net sales of $2.5 million, or 5.5%, in Greater China and $2.3 million, or 9.6%, in the United States related to higher demand for our broad-based industrial and ADAS offerings. South Korea experienced sales growth of $2.3 million, or 13.2%, mainly due to higher demand across all automotive sectors, while Other Asia sales growth of $1.1 million, or 6.4%, was attributable primarily to higher data center demand in our industrial sector. The increase in net sales of $1.7 million, or 5.9%, in Europe, predominantly comprised of Germany and France, was primarily driven by increases in wireless infrastructure and factory automation demand.

Cost of goods sold, gross profit and gross margin

Cost of goods sold decreased by $4.6 million, or 5.1%, to $85.5 million in the three-month period ended December 24, 2021 from $90.0 million in the three-month period ended December 25, 2020. The decrease in cost of goods sold was primarily attributable to decreases in amortization of manufacturing cost absorptions and conversion costs and lower Voxtel impacts, mainly from the discontinuation of a product line, partially offset by higher overall production volume in the third quarter of 2022.

Gross profit increased by $26.7 million, or 35.9%, to approximately $101.1 million in the three-month period ended December 24, 2021 from $74.4 million in the three-month period ended December 25, 2020. The increase in gross profit was driven by a $22.2 million operational increase in net sales to all markets discussed above coupled with the impacts to cost of goods sold discussed above.

R&D expenses

R&D expenses decreased by $0.7 million, or 2.3%, to $30.3 million in the three-month period ended December 24, 2021 from $31.0 million in the three-month period ended December 25, 2020. This decrease was primarily due to decreases in stock-based compensation expense of $2.0 million and inventory and supplies of $1.0 million, partially offset by a combined $2.2 million increase in employee-related variable compensation costs, as well as general operating expenses, including dues and subscriptions.

R&D expenses represented 16.2% of our total net sales for the three-month period ended December 24, 2021, a decrease from 18.9% of our total net sales for the three-month period ended December 25, 2020. This percentage decrease was primarily due to the growth in net sales in the three-month period ended December 24, 2021 and, to a lesser extent, the impacts to R&D expenses discussed above.

SG&A expenses

SG&A expenses decreased by $29.7 million, or 43.9%, to $38.0 million in the three-month period ended December 24, 2021 from $67.7 million in the three-month period ended December 25, 2020. This decrease was primarily due to lower stock-based compensation expense of $32.3 million and combined decrease in facilities, supplies and personnel costs of $5.5 million. These lower costs were partially offset by higher general operating expenses of $8.1 million, particularly higher employee-related variable compensation and personnel costs, professional fees, contract labor costs, as well as severance expense related to the departure of an officer in the third quarter of fiscal 2022.

SG&A expenses represented 20.3% of our total net sales for the three-month period ended December 24, 2021, a decrease from 41.1% of our total net sales for the three-month period ended December 25, 2020. This percentage decrease was primarily due to the growth in net sales in the three-month period ended December 24, 2021. In addition, the percentage decrease represents the lower SG&A expenses as discussed above, as those costs were incrementally higher for the three-month period ended December 25, 2020 due in large part to IPO-related costs and accelerated vesting of the Class A and L common stock and RSU Conversion Program incurred during that period.

Loss on debt extinguishment

Loss on debt extinguishment reflected a $9.1 million loss in the three-month period ended December 25, 2020, representing the write-off of unamortized balances of previously deferred financing costs as a result of the $300.0 million Term Loan Facility principal balance repayment on November 25, 2020.

Interest expense, net

Interest expense, net was $0.3 million in the three-month period ended December 24, 2021 compared to interest expense, net of $2.6 million in the three-month period ended December 25, 2020. The decrease in interest expense was primarily due to lower outstanding debt balances during the three-month period ended December 24, 2021 attributable to mandatory interest payments on the original $325.0 million senior secured debt before repayment of $300.0 million of this balance after the IPO in the three-month period ended December 25, 2020.

Foreign currency transaction loss

We recorded an insignificant amount of foreign currency transaction loss in the three-month period ended December 24, 2021 compared to a loss of $0.1 million in the three-month period ended December 25, 2020. The foreign currency transaction loss in the three-month period ended December 24, 2021 was primarily due to the realized and unrealized losses from our UK location of $0.4 million, mostly offset by $0.2 million of realized and unrealized gains from our Philippines location, as well as approximately $0.2 million of unrealized gains on our investments in marketable securities. The foreign currency transaction loss recorded in the three-month period ended December 25, 2020 was primarily due to $0.3 million of realized and unrealized losses from our UK and Philippines locations, partly offset by $0.2 million of realized and unrealized gains from our Thailand location.

Income in earnings of equity investment

Income in earnings of equity investment reflected a $0.3 million gain in the three-month period ended December 24, 2021 compared to a $0.9 million gain in the three-month period ended December 25, 2020, representing the earnings on our 30% investment in PSL.

Other, net

Other, net increased by $4.1 million to $3.6 million of miscellaneous gain in the three-month period ended December 24, 2021 from $0.5 million of miscellaneous loss in the three-month period ended December 25, 2020. This increase was largely attributable to $3.5 million of unrealized gains on equity securities and a $0.4 million gain related to the sale of scrap metal.

Income tax provision (benefit)

Income tax expense and the effective income tax rate were $6.3 million, or 16.0%, respectively, in the three-month period December 24, 2021, and income tax benefit and the effective tax rate were $30.5 million, or 85.8%, respectively, in the three-month period December 25, 2020. The increase in income tax expense was primarily attributable to tax impacts of the IPO transaction recorded in the prior three-month period. The IPO transaction resulted in excess tax over financial reporting deductions related to a $40.4 million stock-based compensation charge (and the related incremental tax deductions), a $16.0 million one-time dividend treated as compensation expense for tax purposes, as well as a tax loss on the divestiture of PSL. The tax impacts of these transactions and other discrete transactions caused an overall U.S. NOL that will be carried back five years. Additional fluctuations in our effective income tax rate relate primarily to differences in our U.S. taxable income, estimated FDII benefits, GILTI income, research credits, non-deductible stock-based compensation charges, and discrete tax items.

Nine-Month Period Ended December 24, 2021 Compared to Nine-Month Period Ended December 25, 2020

The following table summarizes our results of operations for the nine-month periods ended December 24, 2021 and December 25, 2020.

	Nine-Month Period Ended		Change	
	December 24, 2021	December 25, 2020	$	%
	(Dollars in thousands)			
Total net sales [(1)]	$ 568,381	$ 416,099	$ 152,282	36.6 %
Cost of goods sold	270,524	224,203	46,321	20.7 %
Gross profit	297,857	191,896	105,961	55.2 %
Operating expenses:				
Research and development	89,441	80,509	8,932	11.1 %
Selling, general and administrative	104,115	118,677	(14,562)	(12.3)%
Change in fair value of contingent consideration	(2,100)	—	(2,100)	100.0 %
Total operating expenses	191,456	199,186	(7,730)	(3.9)%
Operating income (loss)	106,401	(7,290)	113,691	1559.5 %
Other income (expense), net:				
Loss on debt extinguishment	—	(9,055)	9,055	— %
Interest expense, net	(1,764)	(1,935)	171	(8.8)%
Foreign currency transaction loss	(55)	(1,331)	1,276	(95.9)%
Income in earnings of equity investment	792	1,407	(615)	(43.7)%
Other, net	5,216	(297)	5,513	1856.2 %
Total other income (expense), net	4,189	(11,211)	15,400	137.4 %
Income (loss) before income tax provision (benefit)	110,590	(18,501)	129,091	697.8 %
Income tax provision (benefit)	16,687	(27,913)	44,600	(159.8)%
Net income	93,903	9,412	84,491	897.7 %
Net income attributable to non-controlling interests	112	103	9	8.7 %
Net income attributable to Allegro MicroSystems, Inc.	$ 93,791	$ 9,309	$ 84,482	907.5 %

(1) Our total net sales for the periods presented above include related party net sales generated through our distribution agreement with Sanken. See our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional information regarding our related party net sales for the periods set forth above.

The following table sets forth our results of operations as a percentage of total net sales for the periods presented.

	Nine-Month Period Ended	
	December 24, 2021	December 25, 2020
Total net sales	100.0 %	100.0 %
Cost of goods sold	47.6 %	53.9 %
Gross profit	52.4 %	46.1 %
Operating expenses:		
Research and development	15.7 %	19.3 %
Selling, general and administrative	18.3 %	28.5 %
Change in fair value of contingent consideration	(0.4)%	— %
Total operating expenses	33.6 %	47.8 %
Operating income (loss)	18.8 %	(1.7)%
Other income (expense), net:		
Loss on debt extinguishment	— %	(2.2)%
Interest expense, net	(0.3)%	(0.5)%
Foreign currency transaction loss	(0.1)%	(0.4)%
Income in earnings of equity investment	0.1 %	0.3 %
Other, net	1.0 %	(0.1)%
Total other income (expense), net	0.7 %	(2.9)%
Income (loss) before income tax provision (benefit)	19.5 %	(4.6)%
Income tax provision (benefit)	3.0 %	(6.8)%
Net income	16.5 %	2.2 %
Net income attributable to non-controlling interests	— %	— %
Net income attributable to Allegro MicroSystems, Inc.	16.5 %	2.2 %

Total net sales

Total net sales increased by $152.3 million, or 36.6%, to $568.4 million in the nine-month period ended December 24, 2021 from $416.1 million in the nine-month period ended December 25, 2020. This increase was primarily due to the continued economic recovery and increases in demand for ADAS, safety, comfort and convenience, xEV, wireless infrastructure, personal mobility, industrial automation and gaming applications.

Sales Trends by Market

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 24, 2021	December 25, 2020	Amount	%
	(Dollars in thousands)			
Automotive	$ 390,351	$ 279,759	$ 110,592	39.5 %
Industrial	98,533	65,710	32,823	50.0 %
Other	79,497	70,630	8,867	12.6 %
Total net sales	$ 568,381	$ 416,099	$ 152,282	36.6 %

Net sales to our end markets increased by $152.3 million, or 36.6%, to $568.4 million in the nine-month period ended December 24, 2021 from $416.1 million in the nine-month period ended December 25, 2020.

Automotive net sales increased in the nine-month period ended December 24, 2021 compared to the nine-month period ended December 25, 2020 due to the continued higher demand for our ADAS, safety, comfort and convenience, xEV and ICE applications.

Industrial and other net sales increased in the nine-month period ended December 24, 2021 compared to the nine-month period ended December 25, 2020 primarily due to increased demand in gaming, industrial automation, wireless infrastructure and personal mobility.

Sales Trends by Product

The following table summarizes net sales by product:

	Nine-Month Period Ended		Change	
	December 24, 2021	December 25, 2020	Amount	%
	(Dollars in thousands)			
Power integrated circuits (“PIC”)	$ 195,054	$ 146,276	$ 48,778	33.3 %
Magnetic sensors (“MS”)	371,806	268,956	102,850	38.2 %
Photonics	1,521	867	654	75.4 %
Total	$ 568,381	$ 416,099	$ 152,282	36.6 %

The growth in net sales by product was driven by increases in magnetic sensor IC product sales of $102.9 million and in power IC product sales of $48.8 million during the nine-month period ended December 24, 2021 compared to the same period last year.

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 24, 2021	December 25, 2020	Amount	%
	(Dollars in thousands)			
Americas:				
United States	$ 80,854	$ 57,892	$ 22,962	39.7 %
Other Americas	16,697	10,797	5,900	54.6 %
EMEA:				
Europe	97,108	70,459	26,649	37.8 %
Asia:				
Japan	112,079	72,570	39,509	54.4 %
Greater China	142,158	116,178	25,980	22.4 %
South Korea	61,614	43,733	17,881	40.9 %
Other Asia	57,871	44,470	13,401	30.1 %
Total	$ 568,381	$ 416,099	$ 152,282	36.6 %

The increase in net sales across geographic locations in the nine-month period ended December 24, 2021 compared to the nine-month period ended December 25, 2020 was primarily due to content and market share gains as many countries continue to experience economic expansion coming out of the COVID-19 pandemic and demand for many of our products and applications rose year-over-year.

The increase in net sales in Japan of $39.5 million, or 54.4%, which was primarily driven by higher demand for our ICE, safety, comfort and convenience, ADAS, xEV and personal mobility offerings. The increase in net sales of $26.6 million, or 37.8%, in Europe, predominantly comprised of Germany and France, was primarily driven by increases in ICE, safety, comfort and convenience, ADAS, xEV and industrial offerings. The increase in net sales of $26.0 million, or 22.4%, in Greater China related to higher automotive demand, primarily in our ADAS and ICE applications, as well as increased demand in our industrial sectors. Net sales were higher by $28.9 million, or 42.0%, in the United States and Other Americas (predominantly Mexico), primarily driven by the COVID-19 recovery, as well as content and market share gains in ICE, ADAS, safety, comfort and convenience and industrial applications. South Korea and Other Asia experienced sales growth of $17.9 million, or 40.9%, and $13.4 million, or 30.1%, respectively, mainly due to higher automotive demand, specifically in ADAS, safety, comfort and convenience, ICE, personal mobility and industrial motor control applications.

Cost of goods sold, gross profit and gross margin

Cost of goods sold increased by $46.3 million, or 20.7%, to $270.5 million in the nine-month period ended December 24, 2021 from $224.2 million in the nine-month period ended December 25, 2020. The increase in cost of goods sold was primarily attributable to higher production volume and increases in amortization of manufacturing cost absorptions and excess inventory reserves, specifically expenses of $3.1 million related to the discontinuation of a legacy Voxtel product line during the first nine months of 2022.

Gross profit increased by $106.0 million, or 55.2%, to $297.9 million in the nine-month period ended December 24, 2021 from $191.9 million in the nine-month period ended December 25, 2020. The increase in gross profit was driven by a $152.3 million increase in net sales in all markets, partially offset by the impacts to cost of goods sold discussed above.

R&D expenses

R&D expenses increased by $8.9 million, or 11.1%, to $89.4 million in the nine-month period ended December 24, 2021 from $80.5 million in the nine-month period ended December 25, 2020. This increase was primarily due to a combined $6.4 million increase in employee-related variable compensation costs, contract labor, and inventory and supplies costs and a combined $2.5 million increase in office supplies and travel and meeting costs.

R&D expenses represented 15.7% of our total net sales for the nine-month period ended December 24, 2021, a decrease from 19.3% of our total net sales in the nine-month period ended December 25, 2020. This percentage decrease was primarily due to the growth in net sales in the nine-month period ended December 24, 2021.

SG&A expenses

SG&A expenses decreased by $14.6 million, or 12.3%, to $104.1 million in the nine-month period ended December 24, 2021 from $118.7 million in the nine-month period ended December 25, 2020. This decrease was primarily due to a $25.2 million decrease in stock-based compensation expense, partially offset by increases of $6.8 million increase in combined employee-related variable compensation and personnel costs, and inventory and supplies costs and $3.0 million in combined professional fees, severance and travel and meeting costs.

SG&A expenses represented 18.3% of our total net sales in the nine-month period ended December 24, 2021, a decrease from 28.5% of our total net sales in the nine-month period ended December 25, 2020. This percentage decrease was primarily due to the growth in net sales in the nine-month period ended December 24, 2021. In addition, the percentage decrease represents the lower SG&A expenses as discussed above, as those costs were incrementally higher for the nine-month period ended December 25, 2020 due in large part to IPO-related costs and accelerated vesting of the Class A and L common stock and RSU Conversion Program incurred during that period.

Loss on debt extinguishment

Loss on debt extinguishment reflected a $9.1 million loss in the nine-month period ended December 25, 2020, representing the write-off of unamortized balances of previously deferred financing costs as a result of the $300.0 million Term Loan Facility principal balance repayment on November 25, 2020.

Interest expense, net

Interest expense, net was relatively flat at $1.8 million for the nine months ended December 24, 2021 compared to $1.9 million for the nine months ended December 25, 2020.

Foreign currency transaction loss

Foreign currency transaction loss decreased by $1.2 million to $0.1 million in the nine-month period ended December 24, 2021 compared to $1.3 million in the nine-month period ended December 25, 2020. The foreign currency transaction loss recorded in the nine months ended December 24, 2021 was primarily due to $0.6 million of realized and unrealized losses from our UK location, mostly offset by $0.2 million of realized and unrealized gains from our Philippines location, as well as approximately $0.3 million of unrealized gains on our investments in marketable securities. The foreign currency transaction loss recorded in the nine-month period ended December 25, 2020 was primarily attributable to $2.2 million of realized and unrealized losses from our UK location, partially offset by $1.4 million of realized and unrealized gains from our Thailand location.

Income in earnings of equity investment

Income in earnings of equity investment reflected a $0.8 million gain in the nine-month period ended December 24, 2021 compared to a $1.4 million gain in the nine-month period ended December 25, 2020, representing the earnings on our 30% investment in PSL.

Other, net

Other, net increased by $5.5 million to $5.2 million of miscellaneous gains in the nine months ended December 24, 2021 from $0.3 million of miscellaneous loss in the nine months ended December 25, 2020. This increase was attributable primarily to $4.5 million of unrealized gains on marketable securities and a $0.4 million gain related to the sale of the AMTC Facility recognized during the first nine months of 2022.

Income tax provision (benefit)

Income tax expense and the effective income tax rate were $16.7 million, or 15.1%, respectively, in the nine-month period ended December 24, 2021, and income tax benefit and the effective income tax rate were $27.9 million, or 150.9%, respectively, in the nine-month period ended December 25, 2020. The increase in income tax expense was primarily attributable to tax impacts of the IPO transaction recorded in the prior nine- month period. The IPO transaction resulted in excess tax over financial reporting deductions related to a $40.4 million stock-based compensation charge (and the related incremental tax deductions), a $16.0 million one-time dividend treated as compensation expense for tax purposes, as well as a tax loss on the divestiture of PSL. The tax impacts of these transactions and other discrete transactions caused an overall U.S. NOL that will be carried back five years. Additional fluctuations in our effective income tax rate relate primarily to differences in our U.S. taxable income, estimated FDII benefits, GILTI income, research credits, non-deductible stock-based compensation charges, and discrete tax items.

Non-GAAP Financial Measures

In addition to the measures presented in our consolidated financial statements, we regularly review other metrics, defined as non-GAAP financial measures by the SEC, to evaluate our business, measure our performance, identify trends, prepare financial forecasts and make strategic decisions. The key metrics we consider are non-GAAP Gross Profit, non-GAAP Gross Margin, non-GAAP Operating Expenses, non-GAAP Operating Income, non-GAAP Operating Margin, non-GAAP Profit before Tax, non-GAAP Provision for Income Tax, non-GAAP Net Income, non-GAAP Net Income per Share, EBITDA, Adjusted EBITDA and Adjusted EBITDA margin (collectively, the "Non-GAAP Financial Measures"). These Non-GAAP Financial Measures provide supplemental information regarding our operating performance on a non-GAAP basis that excludes certain gains, losses and charges of a non-cash nature or that occur relatively infrequently and/or that management considers to be unrelated to our core operations, and in the case of non-GAAP Provision for Income Tax, management believes that this non-GAAP measure of income taxes provides it with the ability to evaluate the non-GAAP Provision for Income Taxes across different reporting periods on a consistent basis, independent of special items and discrete items, which may vary in size and frequency. By presenting these Non-GAAP Financial Measures, we provide a basis for comparison of our business operations between periods by excluding items that we do not believe are indicative of our core operating performance, and we believe that investors' understanding of our performance is enhanced by our presenting these Non-GAAP Financial Measures, as they provide a reasonable basis for comparing our ongoing results of operations. Management believes that tracking and presenting these non-GAAP Financial Measures provides management and the investment community with valuable insight into matters such as: our ongoing core operations, our ability to generate cash to service our debt and fund our operations; and the underlying business trends that are affecting our performance. These Non-GAAP Financial Measures are used by both management and our board of directors, together with the comparable GAAP information, in evaluating our current performance and planning our future business activities. In particular, management finds it useful to exclude non-cash charges in order to better correlate our operating activities with our ability to generate cash from operations and to exclude certain cash charges as a means of more accurately predicting our liquidity requirements. We believe that these Non-GAAP Financial Measures, when used in conjunction with our GAAP financial information, also allow investors to better evaluate our financial performance in comparison to other periods and to other companies in our industry.

These Non-GAAP Financial Measures have significant limitations as analytical tools. Some of these limitations are that:

- such measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- such measures exclude certain costs which are important in analyzing our GAAP results;
- such measures do not reflect changes in, or cash requirements for, our working capital needs;
- such measures do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- such measures do not reflect our tax expense or the cash requirements to pay our taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future;
- such measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate such measures differently than we do, thereby further limiting their usefulness as comparative measures.

The Non-GAAP Financial Measures are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. These Non-GAAP Financial Measures should not be considered as substitutes for GAAP financial measures such as gross profit, gross margin, net income or any other performance measures derived in accordance with GAAP. Also, in the future we may incur expenses or charges such as those being adjusted in the calculation of these Non-GAAP Financial Measures. Our presentation of these Non-GAAP Financial Measures should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items.

Our prior disclosure referred to non-GAAP Gross Profit and non-GAAP Gross Margin as Adjusted Gross Profit and Adjusted Gross Margin, respectively. No changes have been made to how we calculate these measures.

Non-GAAP Gross Profit and Non-GAAP Gross Margin

We calculate non-GAAP Gross Profit and non-GAAP Gross Margin excluding the items below from cost of goods sold in applicable periods, and we calculate non-GAAP Gross Margin as non-GAAP Gross Profit divided by total net sales.

- Voxtel inventory impairment—Represents costs related to the discontinuation of one of our product lines manufactured by Voxtel.
- Inventory cost amortization - Represents intercompany inventory transactions incurred from purchases made from PSL in fiscal year 2020. Such costs are one-time incurred expenses impacting our operating results during fiscal year 2021 following the disposition of PSL during the fiscal year ended March 26, 2021 (the "PSL Divestiture"). Such costs did not have a continuing impact on our operating results after our second fiscal quarter of fiscal year 2021.
- Foundry service payment - Represents foundry service payments incurred under our Price Support Agreement with PSL in respect to the guaranteed capacity at PSL to support our production forecast and are one-time costs incurred impacting our operating results during fiscal year 2021 following the PSL Divestiture. Such costs did have a continuing impact on our operating results after fiscal year 2021.
- Stock-based compensation—Represents non-cash expenses arising from the grant of stock-based awards.
- AMTC Facility consolidation one-time costs—Represents one-time costs incurred in connection with closing of the AMTC Facility and transitioning of test and assembly functions to the AMPI Facility announced in fiscal year 2020, consisting of: moving equipment between facilities, contract terminations and other non-recurring charges. The closure and transition of the AMTC Facility was substantially completed in March 2021 and closed on the sale in August 2021. These costs are in addition to, and not duplicative of, the adjustments noted in note (*) below.
- Amortization of acquisition-related intangible assets—Represents non-cash expenses associated with the amortization of intangible assets in connection with the acquisition of Voxtel, which closed in August 2020.
- COVID-19 related expenses—Represents expenses attributable to the COVID-19 pandemic primarily related to increased purchases of masks, gloves and other protective materials, and overtime premium compensation paid for maintaining 24-hour service at the AMPI Facility.

(*) Non-GAAP Gross Profit and the corresponding calculation of non-GAAP Gross Margin do not include adjustments consisting of:

- Additional AMTC-related costs—Represents costs relating to the closing of the AMTC Facility and the transitioning of test and assembly functions to the AMPI Facility in the Philippines announced in fiscal year 2020 consisting of the net savings expected to result from the movement of work to the AMPI Facility, which facility had duplicative capacity based on the buildouts of the AMPI Facility in fiscal years 2019 and 2018. The elimination of these costs did not reduce our production capacity and therefore did not have direct effects on our ability to generate revenue. The closure and transition of the AMTC Facility was substantially completed in March 2021 and closed on the sale in August 2021.
- Out of period adjustment for depreciation expense of giant magnetoresistance assets ("GMR assets")—Represents a one-time depreciation expense related to the correction of an immaterial error, related to 2017, for certain manufacturing assets that have reached the end of their useful lives.

Non-GAAP Operating Expenses, non-GAAP Operating Income and non-GAAP Operating Margin

We calculate non-GAAP Operating Expenses and non-GAAP Operating Income excluding the same items excluded above to the extent they are classified as operating expenses, and also excluding the items below in applicable periods. We calculate non-GAAP Operating Margin as non-GAAP Operating Income divided by total net sales.

- Transaction fees—Represents transaction-related legal and consulting fees incurred primarily in connection with (i) the acquisition of Voxtel in fiscal year 2020, (ii) one-time transaction-related legal and consulting fees in fiscal 2021, (iii) one-time transaction-related legal, consulting and registration fees related to a secondary offering on behalf of certain shareholders in fiscal 2022, and (iv) one-time transaction-related legal and consulting fees in fiscal 2022 not related to (iii).

- Severance—Represents severance costs associated with (i) labor savings initiatives to manage overall compensation expense as a result of the declining sales volume during the applicable period, including a voluntary separation incentive payment plan for employees near retirement and a reduction in force, (ii) the closing of the AMTC Facility and the transitioning of test and assembly functions to the AMPI Facility announced and initiated in fiscal year 2020, (iii) costs related to the discontinuation of one of our product lines manufactured by Voxtel in fiscal year 2022, and (iv) nonrecurring separation costs related to the departure of an officer in fiscal year 2022.
- Change in fair value of contingent consideration—Represents the change in fair value of contingent consideration payable in connection with the acquisition of Voxtel.

(**) Non-GAAP Operating Income does not include adjustments consisting of those set forth in note (*) to the calculation of non-GAAP Gross Profit, and the corresponding calculation of non-GAAP Gross Margin, above or:

- Labor savings—Represents salary and benefit costs related to employees whose positions were eliminated through voluntary separation programs or other reductions in force (not associated with the closure of the AMTC Facility or any other plant or facility) and a restructuring of overhead positions from high-cost to low-cost jurisdictions net of costs for newly hired employees in connection with such restructuring.

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin

We calculate EBITDA as net income minus interest income (expense), tax provision (benefit), and depreciation and amortization expenses. We calculate Adjusted EBITDA as EBITDA excluding the same items excluded above and also excluding the items below in applicable periods. We calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by total net sales.

- Non-core (gain) loss on sale of equipment—Represents non-core miscellaneous losses and gains on the sale of equipment.
- Miscellaneous legal judgment charge—Represents a one-time charge associated with the final payment of the previously accrued amount payable with respect to a VAT dispute related to the construction of the AMPI Facility.
- Foreign currency translation (gain) loss—Represents losses and gains resulting from the remeasurement and settlement of intercompany debt and operational transactions, as well as transactions with external customers or vendors denominated in currencies other than the functional currency of the legal entity in which the transaction is recorded.
- Income in earnings of equity investment—Represents our equity method investment in PSL.
- Unrealized gains on investments—Represents mark-to-market adjustments on equity investments with readily determinable fair values.

Non-GAAP Profit before Tax, Non-GAAP Net Income, and Non-GAAP Basic and Diluted Earnings Per Share

We calculate non-GAAP Profit before Tax as Income before Tax Provision excluding the same items excluded above and also excluding the items below in applicable periods. We calculate non-GAAP Net Income as Net Income excluding the same items excluded above and also excluding the items below in applicable periods.

- Loss on debt extinguishment—Represents one-time costs representing deferred financing costs associated with the $300.0 million of our term loan facility repaid during the nine-month period ended December 25, 2020.
- Interest on repaid portion of term loan facility—Represents interest expense associated with the $300.0 million of our term loan facility repaid during the period.

Non-GAAP Provision for Income Tax

In calculating non-GAAP Provision for Income Tax, we have added back the following to GAAP Income Tax Provision:

- Tax effect of adjustments to GAAP results—Represents the estimated income tax effect of the adjustments to non-GAAP Profit Before Tax described above and elimination of discrete tax adjustments.

	Three-Month Period Ended			Nine-Month Period Ended	
	December 24, 2021	September 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
			(Dollars in thousands)		
Reconciliation of Gross Profit					
GAAP Gross Profit	**$ 101,165**	**$ 102,532**	**$ 74,425**	**$ 297,857**	**$ 191,896**
Voxtel inventory impairment	—	271	—	3,106	—
Inventory cost amortization	—	—	—	—	2,698
Foundry service payment	—	—	1,500	—	5,000
Stock-based compensation	742	722	4,694	1,992	4,844
AMTC Facility consolidation one-time costs	—	7	607	144	1,559
Amortization of acquisition-related intangible assets	273	273	273	819	378
COVID-19 related expenses	137	316	65	796	138
Total Non-GAAP Adjustments	**$ 1,152**	**$ 1,589**	**$ 7,139**	**$ 6,857**	**$ 14,617**
Non-GAAP Gross Profit*	**$ 102,317**	**$ 104,121**	**$ 81,564**	**$ 304,714**	**$ 206,513**
Non-GAAP Gross Margin* (% of net sales)	**54.8%**	**53.8%**	**49.6%**	**53.6%**	**49.6%**

* Non-GAAP Gross Profit and the corresponding calculation of non-GAAP Gross Margin do not include adjustments for the following components of our net income: (i) additional AMTC related costs of $—, $—, and $1,198 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and (ii) additional AMTC related costs of $— and $6,553 for the nine months ended December 24, 2021 and December 25, 2020, respectively, and out of period adjustment for depreciation expense of GMR assets of $— and $768 for the nine months ended December 24, 2021 and December 25, 2020, respectively.

	Three-Month Period Ended			Nine-Month Period Ended	
	December 24, 2021	September 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
			(Dollars in thousands)		
Reconciliation of Operating Expenses					
GAAP Operating Expenses	**$ 65,560**	**$ 63,978**	**$ 98,649**	**$ 191,456**	**$ 199,186**
Research and Development Expenses					
GAAP Research and Development Expenses	30,297	29,590	30,999	89,441	80,509
Stock-based compensation	1,019	1,043	2,984	2,814	3,037
AMTC Facility consolidation one-time costs	—	—	1	2	2
COVID-19 related expenses	6	8	32	20	92
Transaction fees	—	—	—	—	18
Non-GAAP Research and Development Expenses	29,272	28,539	27,982	86,605	77,360
Selling, General and Administrative Expenses					
GAAP Selling, General and Administrative Expenses	37,963	34,088	67,650	104,115	118,677
Stock-based compensation	5,859	4,431	38,198	13,841	39,020
AMTC Facility consolidation one-time costs	108	151	1,620	583	4,138
Amortization of acquisition-related intangible assets	23	16	71	68	80
COVID-19 related expenses	356	551	338	1,288	4,676
Transaction fees	1,085	6	1,729	1,114	3,699
Severance	578	—	(181)	746	156
Non-GAAP Selling, General and Administrative Expenses	29,954	28,933	25,875	86,475	66,908
Change in fair value of contingent consideration	(2,700)	300	—	(2,100)	—
Total Non-GAAP Adjustments	**6,334**	**6,506**	**44,792**	**18,376**	**54,918**
Non-GAAP Operating Expenses *	**$ 59,226**	**$ 57,472**	**$ 53,857**	**$ 173,080**	**$ 144,268**

* Non-GAAP Operating Expenses do not include adjustments for the following components of our net income: (i) additional AMTC related costs of $—, $—, and $19 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and labor savings costs of $—, $—, and $109 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and (ii) additional AMTC related costs of $— and $723 for the nine months ended December 24, 2021 and December 25, 2020, respectively, and labor savings costs of $— and $218 for the nine months ended December 24, 2021 and December 25, 2020, respectively.

	Three-Month Period Ended			Nine-Month Period Ended	
	December 24, 2021	September 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
			(Dollars in thousands)		
Reconciliation of Operating Income (Loss)					
GAAP Operating Income (Loss)	**$ 35,605**	**$ 38,554**	**$ (24,224)**	**$ 106,401**	**$ (7,290)**
Voxtel inventory impairment	—	271	—	3,106	—
Inventory cost amortization	—	—	—	—	2,698
Foundry service payment	—	—	1,500	—	5,000
Stock-based compensation	7,620	6,196	45,876	18,647	46,901
AMTC Facility consolidation one-time costs	108	158	2,228	729	5,699
Amortization of acquisition-related intangible assets	296	289	344	887	458
COVID-19 related expenses	499	875	435	2,104	4,906
Change in fair value of contingent consideration	(2,700)	300	—	(2,100)	—
Transaction fees	1,085	6	1,729	1,114	3,717
Severance	578	—	(181)	746	156
Total Non-GAAP Adjustments	**$ 7,486**	**$ 8,095**	**$ 51,931**	**$ 25,233**	**$ 69,535**
Non-GAAP Operating Income*	**$ 43,091**	**$ 46,649**	**$ 27,707**	**$ 131,634**	**$ 62,245**
Non-GAAP Operating Margin* (% of net sales)	**23.1%**	**24.1%**	**16.8%**	**23.2%**	**15.0%**

* Non-GAAP Operating Income and the corresponding calculation of non-GAAP Operating Margin do not include adjustments for the following components of our net income: (i) additional AMTC related costs of $—, $—, and $1,217 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, labor savings costs of $—, $—, and $109 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and (ii) additional AMTC related costs of $— and $7,276 for the nine months ended December 24, 2021 and December 25, 2020, respectively, labor savings costs of $— and $218 for the nine months ended December 24, 2021 and December 25, 2020, respectively, and out of period adjustment for depreciation expense of GMR assets of $— and $768 for the nine months ended December 24, 2021 and December 25, 2020, respectively.

	Three-Month Period Ended			Nine-Month Period Ended	
	December 24, 2021	September 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
			(Dollars in thousands)		
Reconciliation of EBITDA and Adjusted EBITDA					
GAAP Net Income (Loss)	**$ 32,973**	**$ 33,223**	**$ (5,060)**	**$ 93,903**	**$ 9,412**
Interest expense, net	269	1,150	2,598	1,764	1,935
Income tax provision (benefit)	6,281	6,143	(30,523)	16,687	(27,913)
Depreciation & amortization	12,011	12,339	12,199	36,522	36,225
EBITDA	**$ 51,534**	**$ 52,855**	**$ (20,786)**	**$ 148,876**	**$ 19,659**
Non-core (gain) loss on sale of equipment	(19)	(296)	(7)	(350)	286
Voxtel inventory impairment	—	271	—	3,106	—
Miscellaneous legal judgment charge	—	—	574	—	574
Loss on debt extinguishment	—	—	9,055	—	9,055
Foreign currency translation loss (gain)	3	(202)	145	55	1,331
Income in earnings of equity investment	(287)	(226)	(949)	(792)	(1,407)
Unrealized gains on investments	(3,504)	(978)	—	(4,482)	—
Stock-based compensation	7,620	6,196	45,876	18,647	46,901
AMTC Facility consolidation one-time costs	108	158	2,228	729	5,699
COVID-19 related expenses	499	875	435	2,104	4,906
Change in fair value of contingent consideration	(2,700)	300	—	(2,100)	—
Transaction fees	1,085	6	1,729	1,114	3,717
Severance	578	—	(181)	746	156
Inventory cost amortization	—	—	—	—	2,698
Foundry service payment	—	—	1,500	—	5,000
Adjusted EBITDA*	**$ 54,917**	**$ 58,959**	**$ 39,619**	**$ 167,653**	**$ 98,575**
Adjusted EBITDA Margin* (% of net sales)	**29.4%**	**30.5%**	**24.1%**	**29.5%**	**23.7%**

* Adjusted EBITDA and the corresponding calculation of Adjusted EBITDA Margin do not include adjustments for the following components of our net income: (i) additional AMTC related costs of $—, $—, and $1,217 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and labor savings costs of $—, $—, and $109 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and (ii) additional AMTC related costs of $— and $7,276 for the nine months ended December 24, 2021 and December 25, 2020, respectively, and labor savings costs of $— and $218 for the nine months ended December 24, 2021 and December 25, 2020, respectively.

	Three-Month Period Ended			Nine-Month Period Ended	
	December 24, 2021	September 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
			(Dollars in thousands)		
Reconciliation of Income (Loss) before Tax Provision (Benefit)					
GAAP Income (Loss) before Tax Provision (Benefit)	**$ 39,254**	**$ 39,366**	**$ (35,583)**	**$ 110,590**	**$ (18,501)**
Non-core (gain) loss on sale of equipment	(19)	(296)	(7)	(350)	286
Voxtel inventory impairment	—	271	—	3,106	—
Miscellaneous legal judgment charge	—	—	574	—	574
Loss on debt extinguishment	—	—	9,055	—	9,055
Foreign currency translation loss (gain)	3	(202)	145	55	1,331
Income in earnings of equity investment	(287)	(226)	(949)	(792)	(1,407)
Unrealized gains on investments	(3,504)	(978)	—	(4,482)	—
Inventory cost amortization	—	—	—	—	2,698
Foundry service payment	—	—	1,500	—	5,000
Stock-based compensation	7,620	6,196	45,876	18,647	46,901
Interest on repaid portion of Term Loan Facility	—	—	2,163	—	2,163
AMTC Facility consolidation one-time costs	108	158	2,228	729	5,699
Amortization of acquisition-related intangible assets	296	289	344	887	458
COVID-19 related expenses	499	875	435	2,104	4,906
Change in fair value of contingent consideration	(2,700)	300	—	(2,100)	—
Transaction fees	1,085	6	1,729	1,114	3,717
Severance	578	—	(181)	746	156
Total Non-GAAP Adjustments	**$ 3,679**	**$ 6,393**	**$ 62,912**	**$ 19,664**	**$ 81,537**
Non-GAAP Profit before Tax*	**$ 42,933**	**$ 45,759**	**$ 27,329**	**$ 130,254**	**$ 63,036**

* Non-GAAP Profit before Tax does not include adjustments for the following components of our net income: (i) additional AMTC related costs of $—, $—, and $1,217 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, labor savings costs of $—, $—, and $109 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and (ii) additional AMTC related costs of $— and $7,276 for the nine months ended December 24, 2021 and December 25, 2020, respectively, labor savings costs of $— and $218 for the nine months ended December 24, 2021 and December 25, 2020, respectively, and out of period adjustment for depreciation expense of GMR assets of $— and $768 for the nine months ended December 24, 2021 and December 25, 2020, respectively.

	Three-Month Period Ended			Nine-Month Period Ended	
	December 24, 2021	September 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
			(Dollars in thousands)		
Reconciliation of Income Tax Provision (Benefit)					
GAAP Income Tax Provision (Benefit)	**$ 6,281**	**$ 6,143**	**$ (30,523)**	**$ 16,687**	**$ (27,913)**
GAAP effective tax rate	16.0%	15.6%	85.8%	15.1%	150.9%
Tax effect of adjustments to GAAP results	561	946	34,872	3,598	37,539
Non-GAAP Provision for Income Taxes *	**$ 6,842**	**$ 7,089**	**$ 4,349**	**$ 20,285**	**$ 9,626**
Non-GAAP effective tax rate	15.9%	15.5%	15.9%	15.6%	15.3%

* Non-GAAP Provision for Income Taxes does not include tax adjustments for the following components of our net income: additional AMTC related costs, labor savings costs, and out of period adjustment for depreciation expense of GMR assets. The related tax effect of those adjustments to GAAP results were $—, $— and $297 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and $— and $1,851 for the nine months ended December 24, 2021 and December 25, 2020, respectively.

	Three-Month Period Ended			Nine-Month Period Ended	
	December 24, 2021	September 24, 2021	December 25, 2020	December 24, 2021	December 25, 2020
			(Dollars in thousands)		
Reconciliation of Net Income (Loss)					
GAAP Net Income (Loss)	**$ 32,973**	**$ 33,223**	**$ (5,060)**	**$ 93,903**	**$ 9,412**
GAAP Basic Earnings (Loss) per Share	$ 0.17	$ 0.18	$ (0.04)	$ 0.50	$ 0.20
GAAP Diluted Earnings (Loss) per Share	$ 0.17	$ 0.17	$ (0.04)	$ 0.49	$ 0.05
Non-core (gain) loss on sale of equipment	(19)	(296)	(7)	(350)	286
Voxtel inventory impairment	—	271	—	3,106	—
Miscellaneous legal judgment charge	—	—	574	—	574
Loss on debt extinguishment	—	—	9,055	—	9,055
Foreign currency translation loss (gain)	3	(202)	145	55	1,331
Income in earnings of equity investment	(287)	(226)	(949)	(792)	(1,407)
Unrealized gains on investments	(3,504)	(978)	—	(4,482)	—
Inventory cost amortization	—	—	—	—	2,698
Foundry service payment	—	—	1,500	—	5,000
Stock-based compensation	7,620	6,196	45,876	18,647	46,901
Interest on repaid portion of Term Loan Facility	—	—	2,163	—	2,163
AMTC Facility consolidation one-time costs	108	158	2,228	729	5,699
Amortization of acquisition-related intangible assets	296	289	344	887	458
COVID-19 related expenses	499	875	435	2,104	4,906
Change in fair value of contingent consideration	(2,700)	300	—	(2,100)	—
Transaction fees	1,085	6	1,729	1,114	3,717
Severance	578	—	(181)	746	156
Tax effect of adjustments to GAAP results	(561)	(946)	(34,872)	(3,598)	(37,539)
Non-GAAP Net Income*	**$ 36,091**	**$ 38,670**	**$ 22,980**	**$ 109,969**	**$ 53,410**
Basic weighted average common shares	189,736,901	189,673,788	124,363,078	189,665,324	48,121,026
Diluted weighted average common shares	192,068,222	191,676,422	181,916,360	191,678,951	171,638,787
Non-GAAP Basic Earnings per Share	$ 0.19	$ 0.20	$ 0.18	$ 0.58	$ 1.11
Non-GAAP Diluted Earnings per Share	$ 0.19	$ 0.20	$ 0.13	$ 0.57	$ 0.31

* Non-GAAP Net Income does not include adjustments for the following components of our net income: (i) additional AMTC related costs of $—, $—, and $1,217 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, labor savings costs of $—, $—, and $109 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and (ii) additional AMTC related costs of $— and $7,276 for the nine months ended December 24, 2021 and December 25, 2020, respectively, labor savings costs of $— and $218 for the nine months ended December 24, 2021 and December 25, 2020, respectively, and out of period adjustment for depreciation expense of GMR assets of $— and $768 for the nine months ended December 24, 2021 and December 25, 2020, respectively, and (iii) the related tax effect of adjustments to GAAP results $—, $—, and $297 for the three months ended December 24, 2021, September 24, 2021, and December 25, 2020, respectively, and $— and $1,851 for the nine months ended December 24, 2021 and December 25, 2020, respectively.

Liquidity and Capital Resources

As of December 24, 2021, we had $259.2 million of cash and cash equivalents and $368.4 million of working capital compared to $197.2 million of cash and cash equivalents and $313.9 million of working capital as of March 26, 2021. Working capital is impacted by the timing and extent of our business needs.

Our primary requirements for liquidity and capital 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 2022 is to utilize excess cash on hand to support our growth initiatives into select markets and planned capital expenditures. As of December 24, 2021, the Company is not party to any off-balance sheet arrangements that have 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 upcoming fiscal year relate to our leases, operating and capital purchase commitments and expected contributions to our defined benefit and contribution plans. For information regarding the Company's expected cash requirements and timing of payments related to debt and borrowing capacity, leases and noncancellable purchase commitments and pension and defined contribution plans, see Note 15, "Commitments and Contingencies", Note 12, "Debt and Other Borrowings" and Note 14, "Retirement Plans" to the Company's 2021 Annual Report.

We have experienced and expect to continue to experience—to a smaller degree—increases in accounting, legal and professional fees and other costs associated with being a public company. We believe that our existing cash resources, together with our access to the capital markets and unutilized loan facilities, will be sufficient to finance our continued operations, growth strategy, planned capital expenditures and the additional expenses we expect to incur as a public company for at least the next twelve 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 twelve months. If these resources are not sufficient to satisfy our liquidity requirements due to changes in circumstances, we may be required to 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 24, 2021 and December 25, 2020:

	Nine-Month Period Ended	
	December 24, 2021	**December 25, 2020**
	(dollars in thousands)	
Net cash provided by operating activities	$ 118,558	$ 63,534
Net cash used in investing activities	(50,123)	(50,401)
Net cash used in financing activities	(6,209)	(72,186)
Effect of exchange rate changes on cash and cash equivalents	604	3,350
Net increase in cash and cash equivalents and restricted cash	$ 62,830	$ (55,703)

Operating Activities

Net cash provided by operating activities was $118.6 million in the nine months ended December 24, 2021, resulting primarily from our net income of $93.9 million and noncash charges of $50.0 million, partially offset by a net decrease in operating assets and liabilities of $25.4 million. Net changes in operating assets and liabilities consisted of a $11.9 million increase in prepaid expenses, a $9.9 million decrease in accrued expenses and other current and long-term liabilities, a $6.1 million increase in trade accounts receivable, net, and a $2.8 million increase in net amounts due from related parties, partially offset by a $3.3 million decrease in inventories and a $2.0 million increase in trade accounts payable. The increase in prepaid expenses and other assets were primarily due to an increase in prepaid contracts and deposits and the timing of tax payments, including value-added taxes receivable, insurance and contract costs. The decrease in accrued expenses and other current and long-term liabilities was primarily due to the release of deposits related to the sale of our AMTC Facility and reduction of the balance due on the Voxtel acquisition, partially offset by higher accrued personnel costs, particularly for management incentive bonuses, and higher income taxes due. The increase in trade accounts receivable, net was primarily a result of increased sales year-over-year, as well as the timing of receipts from customers. The increase in net amounts due from related parties was primarily due to variations in the timing of such payments in the ordinary course of business. The decrease in inventories was primarily a result of the continued drawdown after building inventory up in prior periods to support anticipated sales growth and recovery from the COVID-19 pandemic. Accounts payable increased mainly due to higher operating purchases, including unpaid capital expenditures of $4.9 million, partially offset by the timing of payments to vendors and suppliers.

Net cash provided by operating activities was $63.5 million in the nine-month period ended December 25, 2020, resulting primarily from our net income of $9.4 million and noncash charges of $79.0 million, partially offset by a net increase in operating assets and decrease in operating liabilities of $24.9 million. Net changes in operating assets and liabilities consisted of a $29.7 million increase in prepaid expenses, a $6.0 million increase in trade accounts receivable, net and a $1.2 million decrease in accrued expenses and other current and long-term liabilities, partially offset by a $8.3 million decrease in net amounts due from related parties, a $2.4 million increase in trade accounts payable, a $1.1 million decrease in inventories and a $0.1 million decrease in accounts receivable – other. The increase in prepaid expenses and other assets, excluding the impact of the noncash removal of PSL-related assets of $5.2 million and the acquisition of Voxtel, included an $18.7 million increase in prepaid taxes, a $3.6 million increase in VAT receivables, a $3.5 million increase in prepaid insurance and a $2.8 million increase in amortizable patent costs. Changes related to trade accounts receivable, net, accounts receivable – other, and due from/to related parties were primarily due to variations in the timing of such payments in the ordinary course of business. The decrease in accrued expenses and other current and long-term liabilities is the result of a $14.9 million increase in balances from March 27, 2020, adjusted for $26.5 million of noncash increases related to the Voxtel acquisition primarily for deferred and contingent consideration, offset by the $7.6 million impact of the noncash removal of PSL and Sanken distribution related assets. Trade accounts payable were impacted by the noncash removal of PSL-related liabilities of $4.2 million, with the difference due to timing of such payments in the ordinary course of business. The $1.1 million inventory decrease is the result of a $33.2 million reduction in balances from March 27, 2020, offset by a $32.3 million impact of the noncash removal of PSL and Sanken distribution business related assets and $3.0 million of noncash inventory provisions, reduced by $3.1 million of inventory added in the acquisition of Voxtel.

Investing Activities

Net cash used in investing activities primarily consists of purchases and sales of property, plant and equipment, partially offset by proceeds from sales of property, plant and equipment. We expect our multi-year transition from an integrated device manufacturer to our current fabless, asset-lite manufacturing model, including the completion of the PSL Divestiture, will result in a stabilization of capital expenditures in the future.

Net cash used in investing activities was $50.1 million in the nine months ended December 24, 2021, consisting of purchases of property, plant and equipment of $55.8 million, payments related to the acquisition of Voxtel of $12.5 million, and purchases of marketable securities of $9.2 million, partially offset by $27.4 million of cash received for the sale of the AMTC Facility.

Net cash used in investing activities was $50.4 million in the nine-month period ended December 25, 2020, consisting of $25.9 million of purchases of property, plant and equipment, $8.5 million of cash expended for the acquisition of Voxtel and $16.3 million of cash removed as a result of the PSL Divestiture, partially offset by $0.3 million of proceeds from sales of property, plant and equipment.

Financing Activities

Net cash used in financing activities was $6.2 million in the nine months ended December 24, 2021, consisting of funds loaned to PSL of $7.5 million, partially offset by $1.3 million of proceeds received in connection with the issuance of common stock under our employee stock purchase plan.

Net cash used in financing activities was $72.2 million in the nine-month period ended December 25, 2020, consisting of $400.0 million of dividends paid prior to our IPO, $300.0 million for repayment of senior secured debt, $27.7 million of payments for taxes related to net share settlement of equity awards, and $33.0 million for repayment of unsecured credit facilities, partially offset by $315.7 million of borrowing of senior secured debt, net of deferred financing costs, $321.4

million of proceeds from initial public offering, net of underwriting discounts and other offering costs, and a $51.4 million related party note receivable.

Debt Obligations

On September 30, 2020, we entered into a term loan credit agreement with Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and the other agents, arrangers and lenders party thereto, providing for a $325.0 million senior secured term loan facility due in 2027 (the "Term Loan Facility"). On September 30, 2020, we also 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 $50.0 million senior secured revolving credit facility expiring in 2023 (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Senior Secured Credit Facilities"). As of December 24, 2021, we had $25.0 million in aggregate principal amount of debt outstanding under our Senior Secured Credit Facilities.

Description of Credit Facilities

Term Loan Facility

The Term Loan Facility bears interest at a rate per year of, at our option, either (i) the Base Rate (as defined in the credit agreement) plus an applicable margin from 2.75% to 3.00% depending on our net leverage ratio, or (ii) the Eurodollar Rate (as defined in the credit agreement) plus an applicable margin from 3.75% to 4.00% depending on our net leverage ratio. The Eurodollar Rate is subject to a floor of 0.50%. At December 24, 2021, all term loan borrowings were designated as Eurodollar loans and bore interest of 4.25%.

We incurred deferred financing costs of $9.4 million in connection with the Term Loan Facility, the total of which was amortized into interest expense or recognized as loss on debt extinguishment as of March 26, 2021.

The Term Loan Facility contains certain covenants that may, among other things and subject to certain exceptions, restrict the ability of us to:

- create, incur, assume or suffer to exist any lien upon any of its property, assets, or revenue;
- create, incur, or assume indebtedness;
- merge, consolidate or amalgamate with or into any other entity;
- purchase or otherwise acquire all or substantially all of the assets, liabilities or properties of any other entity;
- sell, lease, transfer or otherwise dispose of all or substantially all of its assets or properties;
- enter into transactions with affiliates;
- pay dividends or make other distributions; or
- change the nature of its business activities, its fiscal year, or its governing documents.

Borrowings under the Term Loan Facility are secured by 100% of the stock of our domestic subsidiaries, portions of the stock of certain of our foreign subsidiaries, and substantially all of our and our subsidiaries' other property and assets, in each case subject to various exceptions.

We may be required to make mandatory prepayments of the Term Loan Facility if we have Excess Cash Flow (as defined in the credit agreement) if we make certain sales of assets outside the ordinary course of business, or if we suffer certain property loss events. We may make optional prepayments from time to time without premium or penalty.

Revolving Credit Facility

The Revolving Credit Facility bears interest at a rate per year of, at our option, the Base Rate plus 1.50%, the Cost of Funds Rate (as defined in the credit agreement) plus 2.50%, or the Eurodollar Rate plus 2.50%. In addition, commencing on the last business day of December 2020, we are required to pay, on a quarterly basis, a non-refundable commitment fee of 0.50% per year on the average daily unused commitments under the Revolving Credit Facility.

We incurred financing costs of $0.3 million in connection with the Revolving Credit Facility, which we classified the related short-term and long-term portions within Prepaid expenses and other current assets and Other assets on our unaudited consolidated balance sheet and are amortizing these costs over the term of the facility. The unamortized portion of the deferred financing costs associated with the Revolving Credit Facility was $0.2 million at December 24, 2021.

The Revolving Credit Facility contains certain financial and non-financial covenants, including a maximum net leverage ratio applicable to the Revolving Credit Facility in the event that utilization exceeds 35% of the revolving loan commitment.

Borrowings under the Revolving Credit Facility are secured by 100% of the stock of our domestic subsidiaries, portions of the stock of certain of our foreign subsidiaries, and substantially all of our subsidiaries' other property and assets, in each case subject to various exceptions.

AMPI Credit Facilities

On November 26, 2019, AMPI entered into a line of credit agreement with Union Bank of the Philippines, Inc. that provides for a maximum borrowing capacity of 60.0 million Philippine pesos (approximately $1.2 million) at the bank's prevailing interest rate. While this line of credit initially expired on August 21, 2021 (in connection with certain delays as a result of the COVID-19 pandemic and its impact on bank operations), the line of credit was extended in September 2021 and is now expected to expire on August 21, 2022. There were no borrowings outstanding under this line of credit as of December 24, 2021 and March 26, 2021.

On November 20, 2019, AMPI entered into a line of credit agreement with BDO Unibank that provides for a maximum borrowing capacity of 75.0 million Philippine pesos (approximately $1.5 million) at the bank's prevailing interest rate. While this line of credit initially expired on June 30, 2021 (in connection with certain delays as a result of the COVID-19 pandemic and its impact on bank operations), the line of credit was extended in September 2021 and is now expected to expire on June 30, 2022. There were no borrowings outstanding under this line of credit as of December 24, 2021 and March 26, 2021.

Recent Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies" in the unaudited consolidated financial statements included elsewhere 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 Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("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 2021 Annual Report. There have been no material changes in our critical accounting policies and estimates since March 26, 2021.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in our exposures to market risk since March 26, 2021. For details on the Company's interest rate, foreign currency exchange, and inflation risks, see "Item 7A. Quantitative and Qualitative Information About Market Risks" in our 2021 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 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 Senior Vice President, Chief Financial Officer and Treasurer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 24, 2021. Based on the evaluation of our disclosure controls and procedures as of December 24, 2021, 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 was no change 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 has materially affected, or is 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 and proceedings arising in the course of our business. The outcome of any such claims or proceedings, regardless of the merits, 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.

There have been no material changes to the “Risk Factors” disclosed in Item 1A of our 2021 Annual Report.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits

Exhibit No.	Description of Exhibit
4.1	Form of Indenture (incorporated by reference from Exhibit 4.3 to the Company's Registration Statement on Form S-3ASR filed on November 1, 2021).
10.1	Loan Agreement, dated as of December 2, 2021, by and between Allegro MicroSystems, Inc. and Polar Semiconductor, LLC.
10.2	Offer Letter, dated as of January 6, 2022, by and between Allegro MicroSystems, Inc. and Derek D'Antilio. *
10.3	Severance Agreement, dated as of January 10, 2022, by and between Allegro MicroSystems, Inc. and Derek D'Antilio. *
10.4	Offer Letter, dated as of October 15, 2021, by and between Allegro MicroSystems, Inc. and Sharon S. Briansky. *
10.5	Severance Agreement, dated as of December 6, 2021, by and between Allegro MicroSystems, Inc. and Sharon S. Briansky. *
10.6	Consulting Agreement, dated as of January 10, 2022, by and between Allegro MicroSystems, Inc. and Paul V. Walsh, Jr. *
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 Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101 filed herewith).

* Indicates management contract or compensatory plan, contract or arrangement.

** Certification is not deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. Such certification is not deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act except to the extent that the registrant specifically incorporates it by reference.

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 2, 2022

By: /s/ Ravi Vig

Ravi Vig
President and Chief Executive Officer
(principal executive officer)

Date: February 2, 2022

By: /s/ Derek P. D’Antilio

Derek P. D’Antilio
Senior Vice President, Chief Financial Officer and Treasurer
(principal financial and accounting officer)

LOAN AGREEMENT

THIS LOAN AGREEMENT is made as of December 2nd, 2021, between Polar Semiconductor, LLC., a Delaware corporation headquartered at 2800 East Old Shakopee Road, Bloomington, Minnesota 55425 (“POLAR”), and Allegro Micro Systems, LLC (“Allegro”), a Delaware limited liability company, headquartered at 955 Perimeter Road, Manchester, New Hampshire 03103.

WHEREAS, POLAR desires to expand its wafer fabrication capacity of its group 3 products (0.18um process) to support the increasing wafer demand of Allegro, and such capacity increase requires POLAR to purchase a DUV Scanner and other associated manufacturing tools (the “Equipment”). Once this Equipment is fully deployed and qualified, a targeted capacity of the group 3 products for Allegro will increase from 920 wafers per week in fiscal year 2023 to 1,250 wafers per week in fiscal year 2024, an increase of approximately 36%;

WHEREAS, POLAR is required to provide a down payment on the Equipment in the amount of approximately seven million five hundred thousand US Dollars ($7,500,000.00) on November 15, 2021 with final payment for the Equipment in the amount of approximately seven million five hundred thousand US Dollars ($7,500,000.00) on or about January 1, 2023; and

WHEREAS, Allegro is willing to loan POLAR, for the sole purpose of purchasing the Equipment, a seven million five hundred thousand US Dollars ($7,500,000.00) for the down payment and provide POLAR an option for the additional seven million five hundred thousand US Dollars ($7,500,000.00), if required by POLAR, for the final payment.

NOW, THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS

In this Agreement, the following terms shall have the meanings set forth below:

“Agreement” means this Loan Agreement.

“Business Day” means any day other than a Saturday, a Sunday or a legal holiday on which banks are authorized or required to be closed for the conduct of commercial banking business in Boston, Massachusetts

“Event of Default” means any of the events specified in Section 6.1 hereof.

"Loan" means the aggregate loan extended pursuant to Section 2.1 hereof (i.e., the Initial Loan plus, if applicable, the Secondary Loan).

"Note" means the promissory note referred to in Section 2.2 hereof.

"Payment Date" means the date that a payment is due under Section 3.3.

2. TERM LOAN; CAPACITY ALLOCATION

2.1 **Term Loan**. Subject to the terms of this Agreement, Allegro hereby agrees to loan to POLAR on or before November 5th, 2021 the amount of seven million five hundred thousand US Dollars ($7,500,000.00) (the "Initial Loan") with an option to borrow up to an additional seven million five hundred thousand US Dollars ($7,500,000.00) (the "Secondary Loan") of which the total of accrued interest and total Dollar will be recalculated at the time the loan is issued to POLAR.

2.2 **Promissory Note**. The Initial Loan and the Secondary Loan (if any) each shall be evidenced by a promissory note from POLAR to Allegro, dated as of the applicable date borrowing, in the form set forth on Exhibit A to this Agreement (the "Note").

2.3 **Interest Rate**. The interest rate on the Initial Loan and Supplemental Loan each shall be at a fixed interest rate of 1.26% percent per annum or the Applicable Federal Rate for the month in which the applicable borrowing occurs, whichever is higher.

2.4 **Allocation of Expanded Capacity.** Once the Equipment has been installed and qualified (which Polar shall undertake to accomplish within a reasonable period of time from receipt of the Equipment), upon the request of Allegro, POLAR shall increase its shipments of wafers for group 3 products (0.18um process) to the amount (up to 1,250 wafers per week) and for the period requested by Allegro.

3. PAYMENT OF PRINCIPAL AND INTEREST.

3.1 **Payment of Principal**. POLAR shall repay the principal amount of the Initial Loan over four (4) years, with a quarterly principal payment in the amount of $468,750 due on the first day of each calendar year quarter (April 1st, July 1st, October 1st, and January 1st). The due date of the first repayment installment shall be April 1st, 2022 and with a final maturity date of January 1, 2026. Installment principal payments will be recalculated to include the amount of

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the Secondary Loan, if POLAR elects to take the Secondary Loan, with a final maturity date for the Secondary Loan also being January 1, 2026.

3.2 **<u>Interest Payments</u>**. At the time that each installment of principal is paid to Allegro pursuant to Section 3.1, POLAR shall also pay accrued interest at the rate specified in Section 2.3. Principal and interest shall be transmitted in a single payment on the Payment Date.

3.3 **<u>Time and Place of Payments</u>**. All payments by POLAR hereunder shall be made without withholding, deduction, recoupment, setoff or counterclaim. Payments shall be made of immediately available funds prior to 12:00 noon, Eastern time, on the date due. However, if any due date is not a Business Day, the next succeeding Business Day. Payments shall be made by wire transfer to such account as Allegro shall designate to POLAR from time to time.

3.4 **<u>Prepayment</u>**. POLAR may at its option prepay, at any time, without premium or penalty, the whole or any portion of the Loan; provided that each such optional prepayment, if less than the entire principal amount of the Loan then outstanding, shall be in an amount of $100,000 or a multiple thereof. Each such prepayment shall be accompanied by payment of all accrued but unpaid interest as of the date of prepayment. Any partial prepayment of principal shall be applied to installments of principal thereafter coming due in inverse order of their normal maturity.

4. REPRESENTATIONS AND WARRANTIES

As an inducement to Allegro to execute this Agreement and to extend the Loan, POLAR hereby represents and warrants to Allegro that:

4.1 **<u>Organization</u>**. POLAR is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. POLAR has the legal power and authority to enter into and perform this Agreement.

4.2 **<u>Authorization</u>**. The execution, delivery and performance of this Agreement and the Note have been duly authorized by all necessary corporate action, and do not and will not require the consent or approval of any third party.

4.3 **<u>Validity and Binding Effect</u>**. This Agreement and the Note, when duly executed and delivered by POLAR, will be legal, valid and binding obligations of POLAR enforceable against POLAR in accordance with their respective terms, except as enforceability

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may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws of general application affecting lender rights generally and by general principles of equity limiting the availability of equitable remedies.

5. DEFAULT AND REMEDIES

5.1 **Events of Default.** The occurrence of any one of the following events shall constitute an Event of Default hereunder:

(a) POLAR fails to make any payment of principal or interest on the Loan by the required Payment Date unless a payment extension has been approved in writing by Allegro's Chief Executive Officer or Chief Financial Officer.

(b) Any representation or warranty of POLAR contained herein shall prove to have been incorrect in any material respect when made.

(c) POLAR shall default in the performance of any other term, covenant or agreement contained in this Agreement and such default shall continue unremedied for thirty (30) days after notice thereof is given to POLAR.

(d) Default by POLAR in the payment when due, whether by acceleration or otherwise (subject to any applicable grace period), of any other obligation for borrowed money having a principal amount, individually or in the aggregate, in excess of $500,000.

(e) POLAR shall be dissolved, or become insolvent or bankrupt, or shall cease paying its debts as they mature or shall make an assignment for the benefit of lenders, or a trustee, receiver or liquidator shall be appointed for POLAR or for a substantial part of its property, or bankruptcy, reorganization, arrangement, insolvency or similar proceeding shall be instituted by or against POLAR under the laws of any jurisdiction.

(f) There shall be a material adverse change in the business or financial condition of POLAR and POLAR does not, within thirty (30) days after notice from Allegro, provide adequate assurances that such adverse change will not impact the ability of POLAR to repay the Loan on a timely basis.

(g) Any person or persons other than Sanken Electric Co., Ltd. or its subsidiaries acquires more than 50% of the voting securities of POLAR or acquires substantially all of POLAR**'s** assets.

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5.2 Right of Acceleration. Upon the occurrence of any Event of Default and at any time thereafter, in addition to any other rights and remedies available to Allegro hereunder, Allegro may declare the entire principal amount of the Loan and all accrued and unpaid interest to be immediately due and payable, whereupon the same shall become forthwith due and payable, without presentment, demand, protest or notice of any kind.

5.3 Right of Set-off. In addition to any other rights or remedies available to Allegro hereunder or under applicable law, and not in limitation of its rights or remedies, upon the occurrence and during the continuance of any Event of Default, Allegro is hereby authorized at any time or from time to time, without presentment, demand, protest or notice of any kind, have the right to appropriate and apply to the payment of the Loan and any accrued interest any and all accounts payable to POLAR or any other amounts owed to POLAR, whether incurred in the ordinary course of business or otherwise.

6. MISCELLANEOUS PROVISIONS.

6.1 No Effect on Other Agreements. This Agreement, and the attached Exhibits, does not alter, amend or replace any other rights or obligations of any party pursuant to any other agreement between the parties.

6.2 Amendments. No amendment or modification of this Agreement shall be effective unless set forth in writing and signed by a duly authorized representative of each party.

6.3 Assignment. Neither party shall assign any or all of its rights and obligations under this Agreement without the prior written consent of the other party.

6.4 Waiver. Any failure by a party to exercise or enforce any right under this Agreement shall not be deemed a waiver of such party's right thereafter to enforce each and every term and condition of this Agreement.

6.5 Notices. Notices under this Agreement may be sent by e-mail or courier service. Notice shall be sent to the address set forth on the first page of this Agreement or to such other address and contact person as a party may designate, or to the email address of any such designated contact person.

6.6 Severability. The invalidity or unenforceability of any portion of this Agreement shall not affect the validity or enforceability of the remainder of this Agreement.

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6.7 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

POLAR SEMICONDUCTOR, LLC	**ALLEGRO MICROSYSTEMS, LLC**
DocuSigned by: Yoshihiro Suzuki FAFF6135EB4E49D...	DocuSigned by: Paul V Walsh Jr 83B22FAC620F4F2...
By: Yoshihiro Suzuki	By: Paul V. Walsh Jr.
Title: Chairman and Chief Executive Officer	Title: Senior Vice President and C.F.O.

EXHIBIT A

TERM NOTE

$7,500,000.00 December 2nd, 2021

FOR VALUE RECEIVED, the undersigned, POLAR SEMICONDUCTOR LLC., a Delaware corporation (the “Company”), promises to pay to the order of ALLEGRO MICROSYSTEMS, INC., (“Holder”) the principal amount of Seven Million Five Hundred Thousand Dollars ($7,500,000.00) or, if less, the aggregate unpaid principal amount of the Loan extended pursuant to that certain Loan Agreement dated as of December 2nd,, 2021 (together with all amendments and other modifications, if any, from time to time thereafter made thereto, the “Loan Agreement”) between Company and Holder. The principal of this Note shall be payable in installments as set forth in the Loan Agreement.

Company also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Loan Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America in same day or immediately available funds to the account designated by Holder pursuant to the Loan Agreement.

All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor and agree to pay, to the extent permitted by law, all costs and expenses, including, without limitation, reasonable attorney fees, incurred or paid by

Governing Law. This Note and all matters related hereto shall in all respects be governed by and construed in accordance with the laws of the State Delaware. Any proceeding to enforce, interpret, challenge the validity of, or recover for the breach of any provision of, this Note shall be filed exclusively in the United States District Court for Delaware or the state courts located in the State of Delaware, and the parties hereto expressly consent to the exclusive jurisdiction of such courts and expressly waive any and all objections to personal jurisdiction, service of process or venue in connection therewith. Final judgment against the Company in any action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment. The Company hereby acknowledges that this Note constitutes an instrument for the payment of money, and consents and agrees that the Holder, at its sole option, in the event of a dispute by the Company in the payment of any moneys due hereunder, shall have the right to bring a motion-action under the appropriate Delaware law. Nothing in this Section 10 shall affect the right of the Holder to (i) commence legal proceedings or otherwise sue the maker in any other court having jurisdiction over the Company or (ii) serve process upon the maker in any manner authorized by the laws of any such jurisdiction. The Company irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note in any court referred to in this Section and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Waiver of Jury Trial. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING BROUGHT BY OR ON BEHALF OF ANY PARTY ARISING OUT OF OR RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

Amendments; Waivers. Neither the Company nor Holder will (by act, delay, omission or otherwise) be deemed to have waived any of its rights or remedies hereunder, or any provision hereof, unless such waiver is in writing signed by such party, and any such waiver will be effective only to the extent specifically set forth therein. A waiver by either party of any right or remedy under this Note on any one occasion will not be construed as a bar to or waiver of any such right or remedy which such party would otherwise have had on any future occasion.

Severability. Wherever possible, each provision of this Note which has been prohibited by or held invalid under applicable law will be ineffective to the extent of such prohibition or invalidity, but such prohibition or invalidity will not invalidate the remainder of such provision or the remaining provisions of this Note.

Transfers; Assignees. This Note may not be transferred or assigned by the Company without Holder's prior written consent. Holder may transfer or assign this Note only in compliance with the legend set forth hereon. If the transfer or assignment is based on an exemption under applicable securities laws, the Company may condition the transfer or assignment on receipt from Holder or the transferee/assignee of a reasonably acceptable opinion of counsel confirming the exemption. Wherever in this Note reference is made to the Company or Holder, such reference will be deemed to include, as applicable, a reference to their respective successors and assigns, legatees, heirs, executors, administrators, and legal representatives, as applicable, and, in the case of Holder, any future holder of this Note. The provisions of this Note will be binding upon and will inure to the benefit of such successors, assigns, holders, legatees, heirs, executors, administrators and legal representatives, as applicable. Upon surrender for registration of transfer of this Note, the Company, at its expense, will execute and deliver, in the name of the designated transferee or transferees, one or more new Notes of the same type, and of a like aggregate principal amount. This Note may be exchanged at the option of the Holder thereof for Notes of a like aggregate principal amount but in different denominations, not less than Two Hundred and Fifty Thousand Dollars ($250,000) principal amount each. Whenever this Note is so surrendered for exchange, the Company, at its expense, will execute and deliver the Notes that the Holder making the exchange is entitled to receive. All Notes issued upon any registration of transfer or exchange will be the legal and valid obligations of the Company evidencing the same interests, and entitled to the same benefits, as the Notes surrendered upon such registration of transfer or exchange. The person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, until due presentment of a Note for registration of transfer so provided herein.

Headings; Interpretation. The headings of the sections of this Note are solely for convenient reference and will not be deemed to affect the meaning or interpretation of any provision of this Note.

Securities Laws. Holder, by acceptance of this Note, hereby represents and warrants that Holder has acquired this Note for investment only and not for resale or distribution hereof. Holder, by acceptance of this Note, further understands, covenants and agrees that the Company is under no obligation and has made no commitment to provide for registration of this Note under the Act or

state securities laws, or to take such steps as are necessary to permit the sale of this Note without registration under those laws.

Usury. It is the intention of the Company and Holder to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Note will be subject to reduction to an amount which is the maximum legal amount allowed under applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters.

Lost Notes, etc. If the original copy of this Note is mutilated, destroyed, lost or stolen, the Company will execute and deliver one or more new Notes for a like amount, in substitution therefor, in exchange for (i) the statement of the Holder, briefly setting forth the circumstances

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with respect to such mutilation, destruction, loss or theft, and (ii), except for a mutilation where the original mutilated original is delivered to the Company, a written agreement (without security or payment) to indemnify the Company and Holdco against any claim that may be made on account of the alleged mutilation, destruction, loss or theft. If requested by the Holder, the Company will issue replacement Notes following any merger or other reorganization of the Company not prohibited by this Note or requiring repayment.

Further Assurances. The Company agrees to (i) cooperate fully with the Holder, (ii) execute such further Instruments, documents, financing statements and agreements that may be required under applicable law and (iii) give such further written assurances and take such further action as may be reasonably requested by the Holder, in each case, as may be necessary to carry out and effectuate the provisions and purposes of this Note and the transactions contemplated hereunder.

POLAR SEMICONDUCTOR, LLC

DocuSigned by:

Yoshihiro Suzuki

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____

Yoshihiro Suzuki

Chairman and Chief Executive Officer

Exhibit B

POLAR
REPAYMENT SCHEDULE

Loan Principal: $7,500,000.00

Term: 4 Years
Issue Date: December 2nd , 2021

Interest Rate: 1.26% per annum or the Applicable Federal Rate for the month in which the borrowing occurs, whichever is higher
Maturity Date: January 1st, 2026
Payment Schedule: Principal & Interest due on January 1st, April 1st, July 1st, October 1st of each year

	Date	Payment	Interest	Principal	Balance
Loan	**12/3/2021**				**7,500,000.00**
2022	**Totals**	**0.00**	**0.00**	**0.00**	
1	4/1/2022	500,011.48	31,261.48	468,750.00	7,031,250.00
2	7/1/2022	490,898.44	22,148.44	468,750.00	6,562,500.00
3	10/1/2022	489,421.88	20,671.88	468,750.00	6,093,750.00
4	1/1/2023	487,945.31	19,195.31	468,750.00	5,625,000.00
2023	**Totals**				
5	4/1/2023	486,468.75	17,718.75	468,750.00	5,156,250.00
6	7/1/2023	484,992.19	16,242.19	468,750.00	4,687,500.00
7	10/1/2023	483,515.63	14,765.63	468,750.00	4,218,750.00
8	1/1/2024	482,039.06	13,289.06	468,750.00	3,750,000.00
2024	**Totals**				
9	4/1/2024	480,562.50	11,812.50	468,750.00	3,281,250.00
10	7/1/2024	479,085.94	10,335.94	468,750.00	2,812,500.00
11	10/1/2024	477,609.38	8,859.38	468,750.00	2,343,750.00
12	1/1/2025	476,132.81	7,382.81	468,750.00	1,875,000.00
2025	**Totals**				
13	4/1/2025	474,656.25	5,906.25	468,750.00	1,406,250.00
14	7/1/2025	473,179.69	4,429.69	468,750.00	937,500.00
15	10/1/2025	471,703.13	2,953.13	468,750.00	468,750.00
16	1/1/2026	470,226.56	1,476.56	468,750.00	0.00
2026	**Totals**	1,889,765.63	14,765.63	1,875,000.00	
Grand	**Totals**	7,708,449.00	208,449.00	7,500,000.00	

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Exhibit 10.2

January 6, 2022

Derek D'Antilio

Dear Derek,

I am very pleased to offer you the position of Senior Vice President, Finance and CFO, reporting to Ravi Vig. We believe your knowledge, experience and enthusiastic spirit will be an excellent addition to our team and are very much looking forward to having you on board.

This offer is contingent upon a background check, a negative cross-check against certain global Restricted Party Lists, and our ability to successfully verify your employment and educational credentials, along with your written acceptance of the position under the following terms of employment:

Your primary work location will be Marlborough, Massachusetts. However, you should expect that you will travel periodically to Manchester, NH as required. Currently, we are in a flexible home office/work office arrangement at least until January, at which time we expect to transition to a hybrid work approach.

Your starting salary will be $7,692 per week, annualized at $400,000. In addition, you will be eligible to participate in Allegro's Annual Incentive Plan at a target level of 75% of your base salary. Under this plan,payments are made when Allegro achieves its fiscal year financial targets. Your actual payment will be based on Allegro's financial performance and your individual contributions towards these results. If your start date is before January 31, 2022, you will be eligible for a pro-rated payout for the FY22 fiscal year based on your hire date. If your start date is after February 1, 2022, you will be eligible to participate in the FY23 AIP Plan.

You will be provided a one-time sign-on hiring bonus in the amount of $125,000 to be paid to you within 30 days of your hire date. Entire amount to be reimbursed to Allegro MicroSystems, LLC should you voluntarily terminate your employment in less than 1 full year from the date of hire.
After 1 year, should you terminate your employment in less than 2 years from the date of hire, you will be required to make a prorated repayment based upon the number of months worked less than 2 years.

As part of your offer of employment, and subject to Compensation Committee approval, you will be awarded with a special one-time RSU award with a grant date value of $1,500,000, meaning the number of shares underlying the award will be equal to $1,500,000 divided by the Allegro closing stock price on the actual grant date. Your RSU award will be formally granted on the third trading day after Allegro's next quarterly earnings announcement, which will be in early (Feb 2022). Subject to your continued employment with Allegro, your RSUs will vest 60% in year 1, and 40% in year two. Your vesting dates will be several days after your grant date anniversaries to accommodate Allegro's quarterly trading windows. This award will be processed shortly after the grant date by our stock plan administrator, Fidelity, who will send you grant acceptance instructions.

In addition, you will be eligible to participate in Allegro's FY23 annual equity program with a target value of $1,500,000. This award is subject to approval from the Compensation Committee. This award will be allocated in two parts: performance shares and RSUs. For reference, the FY22 grants were distributed in a 60%/40% mix for fiscal years FY22 – FY24. This annual equity award and all plan details and measures, and PSU/RSU % distribution will be formally granted and communicated to you in May 2022, on the assumption that your start date occurs before the May timeframe.

Lastly, you will be offered an Executive Severance Agreement which will provide severance benefits to you in the event your employment with Allegro is terminated involuntarily without cause or voluntarily for good reason, provided you sign a "Separation Agreement" and "General Release" The severance benefits will include severance pay equal to 2 times your annual base salary plus 2 times your target annual bonus and a prorated bonus payment for the fiscal year in which the termination occurs and 2 years of health care continuation. (See attached draft severance agreement)

This offer is contingent upon your compliance with the Immigration Reform and Control Act of 1986. This Act requires that you establish your identity and employment eligibility. To do so, you will need to bring the required documents on your first day of employment. You will not be able to commence employment until the required documents (attached) are provided.

In addition to the above, you will be eligible to participate in the Company's extensive benefits program, including:

- Comprehensive Medical Insurance
- Dental Insurance
- Vision Insurance
- Life Insurance
- Short-term disability
- Long-term disability
- 401(k) Savings Plan
- Vacation allotment will be based on Company policy

Please note that some of these coverages require employee contributions. You will receive additional information at the time you begin employment.

We have enclosed a copy Allegro’s Intellectual Property and Confidentiality Agreement for your review. Should you accept the position you will be required to sign this Agreement on your first day of employment.

Allegro is a publicly traded company and securities laws and regulations prohibit trading in Allegro stock when in possession of material non-public information. Allegro’s Insider Trading Policy also prohibits employees of Allegro or any of its affiliates, as well and any members of an employee’s household, from trading in Allegro stock when in possession of material non-public information. In addition, under the Policy, any employee that is designated as an “insider”, as well as household members, are further prohibited from trading in Allegro stock during announced quarterly trading black-out periods. As such, new employees and members of their households are advised not to trade in Allegro stock until they have been made aware whether the employee has been designated an “insider”.

This is not a contract for employment. Your employment with Allegro is voluntary and is subject to termination by you or Allegro at will, with or without cause, and with or without notice, at any time.

Derek, we believe this opportunity provides you the scope and challenge you seek. Your skills and abilities should enable you to make a significant contribution to our business.

Enclosed you will also find a copy of Allegro’s Non-Disclosure Agreement. Please sign and return this form to me at your earliest convenience after receiving this written offer. Once received, Joe Martin, Allegro’s BOD and Audit Committee Chair, will be contacting you to discuss confidential information with you regarding Allegro which we hope will inspire you to accept and become part of our exciting transformation as a public company.

To indicate your agreement with the above terms and conditions of employment with Allegro MicroSystems, please sign below at your earliest convenience. If you have any questions, please contact me personally anytime on my mobile phone at 508-662-1154, I look forward to your response by Friday 1/6/2022.

Very truly yours,

Joanne Valente

Joanne Valente
Vice President/CHRO

Offer accepted

DocuSigned by:
Derek D'Antilio
47F09D1A08B7456...

Derek D’Antilio
1/6/2022

SEVERANCE AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into as of January 10, 2022, between Allegro MicroSystems, LLC., a Delaware limited liability company ("Allegro") and Derek D'Antilio, Senior Vice President, Finance, CFO and Treasurer of Allegro ("Executive").

WHEREAS, Allegro wishes to ensure that Allegro executives will continue to exert maximum effort toward the success of the Company and to continue their employment with Allegro without undue concern regarding the security of their employment.

NOW, THEREFORE, the parties agree as follows:

Certain Definitions.

For purposes of this Agreement, certain terms shall have the meaning set forth below:

1.1 "Cause" means a good faith determination by the Board of Directors of Allegro MicroSystems, Inc. ("AMI") of any one or more of the following: (a) Executive's (x) continued or repeated failure or refusal (after prior written notice thereof from the Board of Directors of AMI and Executive's failure to cure the same (if curable) within ten (10) calendar days of such written notice, and other than due to Executive's disability) to substantially perform the duties required by Executive's position with Allegro or any of its subsidiaries (it being understood that Executive's failure to attain performance goals or targets or to otherwise fail to substantially perform the duties required by Executive's position shall not constitute "Cause" hereunder if such failure is as a result of actions taken or not taken in good faith and with reasonable belief that such actions or omissions were in the best interests of AMI and its subsidiaries) or (y) failure or refusal to follow lawful directives of the Board of Directors of AMI; (b) gross negligence or willful misconduct (including unauthorized disclosure of material proprietary information) by Executive, which results in a material detriment to AMI or any of its subsidiaries; (c) Executive's conviction (by a court of competent jurisdiction, not subject to further appeal) of, or pleading guilty to, a felony that involves fraud or moral turpitude or that is perpetrated against AMI or any of its subsidiaries, their respective businesses or any of their respective assets, properties or personnel; or (d) a material breach by Executive of the Restrictive Covenants, this Agreement, or of any other written agreement with the Company to which Executive is a party.

1.2 The term "Company" means Allegro MicroSystems, LLC or any successor to Allegro, including without limitation any entity that acquires all or substantially all of Allegro's assets or any entity into which Allegro merges.

1.3 The term "Company's Governing Body" means the board of directors of AMI if the Company is then a subsidiary of AMI; if not, the board of directors of the Company if the Company is then a corporation or the board of managers or the managing member of the Company within the meaning of the applicable limited liability act if the

Company is then a limited liability company; or, if none of the foregoing, the Company's governing body under applicable law or its constituent documents.

1.4 The term "Good Reason" shall mean the occurrence of any of the following without Executive's prior written consent: (a) a reduction in Executive's base salary paid or payable by the Company and/ or any of its subsidiaries; or (b) a reduction in the Target Bonus of Executive; (c) a material diminution in Executive's authority, duties, responsibilities, or reporting relationship in connection with Executive's employment with the Company; (d) the relocation of Executive's principal work location in connection with his employment by the Company to a facility or location more than thirty-five (35) miles from Executive's present principal work location; or (e) the Company has materially breached this Agreement, including without limitation a failure to comply with the assignment to successor requirement in Section 8.

1.5 The term "Target Bonus" means the target bonus for a fiscal year as specified for Executive under Allegro's Annual Incentive Plan or any successor annual bonus plan maintained by the Company. In the event that a Target Bonus has not been established for a fiscal year because action has not yet been taken within such fiscal year to approve the annual bonus plan target pool and Target Bonuses, the Target Bonus shall be the same as Executive's Target Bonus for the preceding fiscal year.

Severance Benefit and Health Care Continuation Benefit Following Termination without Cause.

2.1 Executive shall be entitled to a "Severance Benefit" as described in this Section 2 in the event that the Company terminates Executive's employment without Cause and the release described in Section 5 has become effective.

2.2 In the event of termination without Cause, the Severance Benefit shall be equal to the sum of the following (the "Severance Benefit"):

(a) 200% of Executive's annual base salary on the termination date.
(b) 200% of Executive's Target Bonus on the termination date; and
(c) a prorated bonus for the fiscal year in which termination occurs, determined by multiplying the Target Bonus on the termination date by a ratio equal to the number of completed days of employment in the fiscal year prior to and including the termination date divided by the total number of days in such fiscal year.

2.3 The applicable Severance Benefit shall be paid to Executive in a lump sum not later than fifteen (15) days following the termination date if the release described in Section has become effective. If the Release described in Section 6 has not become effective more than 15 days following the termination date, the Severance Benefit shall be paid not later than five (5) days after the Release becomes effective.

2.4 Payment of the Severance Benefit shall be net of applicable withholding taxes.

2.5 In addition to the Severance Benefit, if Executive is a participant on the termination date in a group health plan of the Company that is subject to Section 601 et seq. of the Employee Retirement Income Security Act of 1974, as amended, or similar state health care continuation coverage law ("COBRA"), Executive shall be entitled for up to twenty-four months after the termination date to Company payment of the entire cost of COBRA health insurance continuation coverage for Executive and Executive's covered dependents, subject to the following conditions. The Company shall notify Executive of the right to continue Executive's health insurance coverage pursuant to COBRA. To the extent that Executive timely elects to accept continued health insurance coverage under COBRA, the Company shall pay or reimburse to Executive the full monthly cost of Executive's COBRA coverage, plus, if the Company determines that the inclusion of the monthly cost of COBRA coverage in Executive's gross income is necessary in order to avoid the adverse consequences of Section 105(h) of the Internal Revenue Code of 1986, as amended (the "Code"), or in order to avoid violations of the Patient Protection and Affordable Care Act of 2010, as amended (the "ACA"), a tax gross- up payment for applicable taxes imposed on such monthly payment and on such gross- up payment, until the earlier of eighteen (18) months after the termination of employment date or such date as Executive becomes eligible for health insurance coverage through any subsequent employment. If Executive desires to continue health care coverage under COBRA after becoming eligible for other health insurance coverage, Executive may do so for the balance of the applicable COBRA period at Executive's expense consistent with the requirements of COBRA. Notwithstanding the foregoing, the Company shall not be required to provide Executive with the healthcare continuation coverage benefits in this Section 2.5 if doing so would result in the imposition of penalties or other adverse consequences to the Company pursuant to the ACA or any successor legislation or regulations thereunder. Payment of the health care continuation coverage benefit pursuant to this Section 2.5 shall be conditioned upon Executive's timely execution of the Release described in Section 6 and the Release having become effective by its terms on or before the sixtieth (60th) day following Executive's termination.

2.6 If the Company, at the time of giving Executive notice of termination, specifies or requests a termination date later than the notice date, Executive shall not be required to accept a termination date that is more than two weeks after the date of notice of termination, and the failure to agree to a later termination date shall not be construed as a voluntary termination by Executive. The termination date for purposes of this Section 2, consistent with the preceding sentence, shall be the final day of employment of Executive by the Company.

AMI Stock Rights.

3.1 Executive’s rights with respect to AMI stock awards, stock options, stock appreciation rights, and/or stock units that Executive may own or have a conditional right to at the time of termination shall be determined in accordance with AMI’s Certificate of Incorporation, the Allegro MicroSystems, Inc. 2020 Omnibus Incentive Compensation Plan, the applicable grant agreements pursuant to which Executive acquired such rights and any other applicable governing documents, as any such documents may be amended from time to time. Notwithstanding any provision to the contrary in any such documents, for purposes of determining the extent to which Executive is vested in any such rights, termination of the Executive for Good Reason pursuant to Section 4 of this Agreement shall be treated in the same manner as a termination by the Company without Cause.

Voluntary Termination for Good Reason or Otherwise.

4.1 Executive shall be entitled to terminate employment with the Company and receive the Severance Benefit, health care continuation benefits, and certain rights with respect to AMI stock awards, appreciation rights, and/or units (as specified in Section 3), upon the following conditions, provided that Executive timely executes the Release described in Section 6 and the Release becomes effective by its terms on or before the sixtieth (60th) day following Executive's termination:

4.2 If an event constituting Good Reason occurs, and Executive gives the Company written notice within sixty (60) days following the event of Good Reason, detailing why Executive believes a Good Reason event has occurred, the Company shall have thirty (30) days after receipt of such written notice to remedy or cure the event of Good Reason. If the Company does not remedy or cure the event within such period and the event constitutes Good Reason, as defined in this Agreement, Executive's employment shall be deemed terminated for Good Reason at the end of such thirty (30) day cure period. Executive's notice shall be delivered to the Company's Governing Body.

4.3 The termination date for purposes of Section 4.2 shall be, if earlier than the expiration of the thirty (30) day cure period described in Section 4.2, the date that the Company gives written notice to Executive that the Company does not intend to cure the event of Good Reason.

4.4 If an event of Good Reason is (or includes) a material reduction in annual base salary or Target Bonus as described in Section 1.4(b), the applicable severance benefit shall be calculated on the basis of annual base salary and Target Bonus as the same existed immediately prior to such reduction.

4.5 In the absence of an event of Good Reason, termination by Executive for personal reasons if payment of the benefits hereunder is approved by the Company's Governing Body upon the recommendation of the Compensation Committee of such Company's Governing Body.

Release Requirement; Compliance with Restrictive Covenants.

5.1 As a prerequisite to the Company's payment of the Severance Benefit, the health care continuation benefit and any AMI stock awards, appreciation rights, and/or units, Executive shall have executed and delivered to the Company a general release of claims ("Release") and the Release shall have become effective in accordance with its terms as specified in this Section 5 on or prior to the sixtieth (60th) day following Executive's termination. The Release shall be substantially in the form attached as Exhibit A. The Company may modify the Release versus the form attached as Exhibit A in order to specify the amount of the Severance Benefit or other benefits, comply with changes in law, or reflect changes in relevant facts (such as the name of the Company). However, the Company shall not include any additional requirements or provisions in the Release, including without limitation any restrictive covenants concerning post-termination activities of Executive without Executive's prior written consent.

5.2 The Company shall deliver the form of Release to Executive on or prior to the date of termination. Executive shall have at least forty-five (45) days within which to consider the Release. Executive shall have up to seven (7) days after execution and delivery of the Release to revoke the Release. The Release shall not become effective until the revocation period has expired without revocation of the Release by Executive.

5.3 The health insurance continuation benefit described in Section 2.6 shall be provided to Executive on a monthly basis after the termination date on the assumption that the Release will become effective, provided that entitlement to such benefit shall expire if the Release does not become effective within sixty (60) days after the termination date and, in such case, Executive shall be required to promptly return amounts paid on his or her behalf to the Company.

5.4 Executive's entitlement to receive and to retain the Severance Benefit, the health care continuation benefit and any AMI stock awards, appreciation rights, and/or units will be conditioned upon Executive's compliance with the Restrictive Covenants, which Restrictive Covenants are hereby incorporated in their entirety as though fully set forth herein.

Exclusive Remedy.

6.1 Executive's receipt of the Severance Payment and other consideration provided in this Agreement shall be in lieu of any benefits specified under any other severance policy maintained by the Companies; any benefits pursuant to any other agreement or understanding between Executive and the Companies relating to termination of employment; and any benefits under the Company's Annual Incentive Plan or its successor for the fiscal year in which termination occurs. However, this Agreement shall not divest Executive of Executive's right to distributions from Allegro's Executive Deferred Compensation Plan or any right to vested benefits under the terms of the Company's benefit plans, to be paid accrued wages and vacation through the termination date or to be reimbursed for properly substantiated business expenses in accordance with the Company's expense reimbursement policy.

Successors and Assigns.

7.1 This Agreement shall inure to the benefit of, and shall be binding upon, the Company and its successors and assigns, including any successor entity by merger, consolidation or transfer of all or substantially all of the Company's assets. The Company shall require and cause any person, group or entity that acquires all or substantially all of the assets of the Company to accept a written assignment of this Agreement by the Company, and to acknowledge in such document that the acquiror accepts the assignment and undertakes to perform this Agreement in accordance with its terms.

Amended or Successor Agreements.

8.1 If requested by the Company, Executive will in good faith consider and negotiate an amended or a successor agreement in order to address revised circumstances (for example the restructuring of the Allegro group of companies), providing that there is no diminution in the level of benefits available to Executive hereunder.

Miscellaneous Provisions.

9.1 Arbitration. Any claim, dispute or controversy arising out of this Agreement, the interpretation, validity or enforceability of this Agreement or the alleged breach thereof shall be settled by binding arbitration. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association in Manchester, New Hampshire, or elsewhere by mutual agreement. The Company shall bear responsibility for all costs of arbitration and shall reimburse Executive for his or her reasonable attorneys' fees. Judgment may be entered on the arbitration award in any court having jurisdiction.

9.2 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the state of New Hampshire.

9.3 Entire Agreement. This Agreement constitutes the entire agreement and understanding between Executive and Company concerning the subject matter hereof, and supersedes all prior negotiations or understandings between the parties, whether written or oral, including employment offer letter, concerning such matter.

9.4 Employment at Will. Executive's employment with the Company shall remain at will. Nothing in the Agreement shall provide Executive with any right to continued employment with the Company for any specific period of time or interfere with or restrict the right of either Executive or the Company to terminate Executive's employment at any time.

9.5 Application of Section 409A. The payments contemplated by this Agreement are intended to be exempt from, or to comply with the requirements of, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and this Agreement shall be interpreted with that intent. Notwithstanding the foregoing, the tax treatment of amounts payable and benefits provided under this Agreement is not warranted or guaranteed, and neither the Companies, nor any of their respective members, shareholders, employees, directors, officers, agents or affiliates, shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Executive or any other taxpayer as a result of this Agreement, including by reason of Section 409A or any similar State statute. Notwithstanding anything to the contrary in this Agreement, if at the time Executive's employment terminates, Executive is a "specified employee," as defined below, any and all amounts payable under this Agreement on account of Executive's separation from service that would (but for this provision) be payable within six (6) months following the date of such separation from service, shall instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon Executive's death; except (A) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A- 1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (C) other amounts or benefits that are not subject to the requirements of Section 409A of the Code. For purposes of this Agreement, with respect to payments that are subject to Section 409A and that are payment upon or with reference to Executive's termination of employment, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), from the Company, and the term "specified employee" means an individual determined by the Company to be a specified employee of the Company under Treasury regulation Section 1.409A-1(i). Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. To the extent required by Section 409A, if the period for executing and not revoking the Release spans two taxable years, the Severance Benefit shall be paid in the second taxable year. Any tax gross up payment hereunder shall be made no later than the end of the calendar year following the calendar year in which the related taxes are remitted to the appropriate tax authorities, or at such other specified time or schedule that may be permitted under Treas. Reg. Section 1.409A-3(i)(1)(v).

9.6 Application of Section 280G.

In the event that the Severance Benefit, the health care continuation coverage benefit, and/or any other any payment, coverage or benefit, including any accelerated vesting of equity compensation in AMI, provided in respect of Executive's employment or termination of employment with the Companies and their affiliates, whether under this Agreement or otherwise and whether before or after termination of Executive's employment would constitute "parachute payments" within the meaning of Section 280G(b)(2) of the Code or would subject Executive to an excise tax under Section 4999 of the Code, then, provided that the requirements of Treas. Reg. Section 1.280G-1 Q&A-6(a)(2)(i) are met, AMI shall use its reasonable best efforts to obtain shareholder approval with respect to such parachute payments pursuant to Section 280G(b)(5)(B) of the Code, subject to Executive's execution of a contingent waiver of Executive's receipt of or entitlement to retain any such parachute payments to the extent necessary to obtain such shareholder approval.

9.7 Proprietary Information. Nothing in this Agreement or the Release shall be construed as an elimination or waiver of Executive's obligations not to disclose confidential or proprietary information to third parties as required by Company policy and any agreements between the Company and Executive that were executed during Executive's employment with the Company.

9.8 Waiver; Amendment. No waiver of any breach of this Agreement shall be construed to be a waiver of any other breach of this Agreement. No waiver or amendment of this Agreement shall be effective unless set forth in a written document signed by Executive and an executive of the Company authorized by the Company's Governing Body.

9.9 Notices. Any notices required or permitted by this Agreement shall be in writing, and may be transmitted by personal delivery, by courier service or by e-mail if receipt of such e-mail is acknowledged by the receiving party. Notices shall be addressed to the recipient's principal business office.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

ALLEGRO MICROSYSTEMS, LLC

DocuSigned by:
Derek D'Antilio
47F09D1A08B7456...

Executive

Ravi Vig
President and Chief Executive Officer

EXHIBIT A

GENERAL RELEASE OF CLAIMS

This GENERAL RELEASE OF CLAIMS ("Release") is made by
("Executive"), a resident of in favor of Allegro MicroSystems, LLC of Manchester, New Hampshire (the "Company"), and all related entities, corporations, partnerships and subsidiaries of the Company, as well as each of their current and former directors, insurers, officers, trustees, partners, successors in interest, representatives and agents.

WHEREAS, Executive's employment by the Company has ended or will end on
(the "Termination Date"); and

WHEREAS, Executive wishes to provide the Company with a general release in exchange for the consideration to be provided by the Company to Executive pursuant to that certain Severance Agreement between Executive and the Company dated January XX, 2021 (the "Severance Agreement").

NOW THEREFORE, in consideration of the commitments and mutual promises contained in this document, it is agreed as follows:

ONE: This Release shall constitute full accord and satisfaction of any and all claims which have been or could be raised by Executive and a covenant not to sue (as set forth in Paragraph THREE below).

TWO: In return for Executive's releases under this Release, Allegro shall provide the following "Consideration" to Executive:

a) The Severance Benefit defined in the Severance Agreement, which shall be an amount equal to_($xxx,xxx.xx)
b) Company payment of COBRA medical insurance coverage for a period of time as specified in the Severance Agreement.
c) Vesting and payment of certain AMI stock awards, appreciation rights, and/or units.
d) Other commitments of the Company as set forth in the Severance Agreement.

THREE: In return for the Consideration to be provided by the Company to Executive, on behalf of Executive and his or her heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, and assigns, Executive promises not to sue, and Executive releases and gives up any claim he/ she has or may have against, the Company or any of its current or former subsidiaries, affiliated companies, parent companies, shareholders, directors, officers, employees, agents, benefit plans, trustees or representatives, or their successors or assigns, including without limitation any claim under federal, state, or local law relating to Executive's employment with the Company or the termination thereof, from the beginning of time up to and including the date of execution of this Release, including, but not limited to, any and all claims for breach of express or implied contract or any covenant of good faith and fair dealing; all claims for retaliation or violation of public policy; all claims for unpaid wages under the Massachusetts Wage Act or corresponding New Hampshire law; all claims arising under the Massachusetts and New Hampshire anti-discrimination in employment laws, the Massachusetts Civil Rights Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, Sarbanes-Oxley, the Patriot Act, the Family and Medical Leave Act, or any other federal, state, or local laws relating to employment or benefits associated with employment; claims for emotional distress, mental anguish, personal injury, loss of consortium, and any and all claims that may be asserted on Executive's behalf by others; any claim for wages, compensation, and expenses paid or unpaid during the term of Executive's employment; and any claim for compensatory, punitive, or liquidated damages, interest, attorney's fees, costs, or disbursements. Executive retains Executive's rights under the Employee Retirement Income Security Act of 197 4, as amended ("ERISA"), for any accrued vested benefits under any retirement plan covering Executive's employment, or rights to enforce the terms of this Release.

FOUR: Nothing contained in this Release of Claims shall be construed to prohibit Executive from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency, provided, however, that Executive hereby agrees to waive his or her right to recover monetary damages or other individual relief in any charge, complaint or lawsuit filed by Executive or by anyone else on his or her behalf.

Executive further acknowledges, understands, and agrees that Executive has been paid all wages (including all base compensation and accrued vacation pay) to which Executive is or was entitled by virtue of Executive's employment with the Company and that Executive is unaware of any facts or circumstances indicating that Executive may have an outstanding claim for unpaid wages.

FIVE: This Release, including without limitation the general release and covenant not to sue, applies to all claims due to anything arising before Executive signed this Release, including even those claims not presently known to Executive.

SIX: This Release sets forth the entire understanding between the parties pertaining to this subject matter except for the Severance Agreement. There is no other agreement, oral or written, which adds to or subtracts from this Release or the Severance Agreement or otherwise modifies them. In the event that any provision of this Release is held by any agency or court of competent jurisdiction to be illegal or invalid, the validity of the remaining provisions shall not be affected; and, the illegal or invalid provisions shall be reformed to the extent possible to be consistent with the other terms of this Release; and if they cannot be so reformed, then an invalid provision shall be deemed not to be a part of this Release.

SEVEN: This Release shall be interpreted under the laws of the state of New Hampshire.

EIGHT: Executive acknowledges that Executive received this Release and that Executive has been informed that Executive has forty-five (45) days to review and consider this Release and also acknowledges that Executive has been advised of the right to consult legal advisors of Executive's choosing with regard to this Release. Any modifications to the terms of this Release do not operate to extend the forty-five (45) day limit for Executive's review of the Release. Executive may sign this Release prior to the expiration of the forty-five (45) day deadline expressed above, and Executive affirms that if Executive does so prior to that date it is done according to Executive's own free will. Executive understands that Executive may revoke this Release within seven (7) days after the date of Executive's signature on this Release by sending written notice of his/her intent to revoke to the Company's Vice President of Human Resources or its President via courier service on or before the expiration of that seven (7) day right of revocation. Executive acknowledges that this Release can be revoked only in its entirety and that once revoked no provision of this Release is enforceable. The Company will have no obligations under this Release until the eighth (8th) day after Executive's signature on this Release.

NINE: EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS CAREFULLY READ AND UNDERSTANDS THIS RELEASE CONSISTING OF THREE PAGES. EXECUTIVE ALSO ACKNOWLEDGES THAT EXECUTIVE ENTERS INTO THIS RELEASE VOLUNTARILY, WITH FULL KNOWLEDGE OF ITS SIGNIFICANCE AND WITHOUT PRESSURE OR COERCION. EXECUTIVE ALSO ACKNOWLEDGES THAT EXECUTIVE HAS HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL PRIOR TO SIGNING THIS RELEASE.

IN WITNESS WHEREOF, Executive has executed this Release as of the date indicated below.

____

[Name]

Date:

October 15, 2021

Sharon Briansky

Dear Sharon:

I am very pleased to offer you the position of Senior Vice President, General Counsel and Corporate Secretary, reporting to Ravi Vig. We believe your knowledge, experience and enthusiastic spirit will be an excellent addition to our team and are very much looking forward to having you on board.

This offer is contingent upon a background check, a negative cross-check against certain global Restricted Party Lists, and our ability to successfully verify your employment and educational credentials, along with your written acceptance of the position under the following terms of employment.

You have the option to select a primary work location of Manchester, New Hampshire or Marlborough, Massachusetts. You should expect that you will travel periodically to both as required. Currently, we are in a flexible home office/work office arrangement at least until January, at which time we expect to transition to a hybrid work philosophy.

Your starting salary will be $6,923 per week, annualized at $360,000. In addition, you will be eligible to participate in Allegro's Annual Incentive Plan at a target level of 70%. Under this plan, payments are made when Allegro achieves its fiscal year financial targets. Your actual payment will be based on Allegro’s financial performance and your individual contributions towards these results. You are guaranteed to receive a prorated AIP bonus based on your start date and the results of the FY22 plan.

You will be provided a deferred hiring bonus of $750,000 to be paid to you according to the installment schedule noted below. The payment of these installments will be processed in accordance with the normal payroll processing schedule upon each milestone. Entire amount to be reimbursed to Allegro MicroSystems, LLC should you voluntarily terminate your employment in less than 1 full year from the date of hire. After 1 year, should you terminate your employment in less than 2 years from the date of hire, you will be required to make a prorated repayment based upon the number of months worked less than 2 years.

- 66.6% or $500,000 - within 30 days of hire
- 33.3% or $250,000 - upon attainment of 6 months of service

As part of your offer of employment, and subject to Compensation Committee approval, you will be awarded with a special one-time RSU award with a grant date value of $750,000, meaning the number of shares underlying the award will be equal to $750,000 divided by the Allegro closing stock price on the actual grant date. Your RSU award will be formally granted on the third trading day after Allegro’s next quarterly earnings announcement, which will be in early (February 2022). Subject to your continued employment with Allegro, your RSUs will vest 60% in year 1, and 40% in year two. Your vesting dates will be several days after your grant date anniversaries to accommodate Allegro’s quarterly trading windows. This award will be processed shortly after the grant date by our stock plan administrator, Fidelity, who will send you grant acceptance instructions.

In addition, you will be eligible to participate in Allegro’s FY23 annual equity program with a target value of $1,000,000. This award is subject to approval from the Compensation Committee. This award will be allocated in two parts: performance shares and RSUs. For reference, the FY22 grants were distributed in a 60%/40% mix for fiscal years FY22 – FY24. This annual equity award and all plan details and measures, and PSU/RSU % distribution will be formally granted and communicated to you in May 2022, on the assumption that your start date occurs before the May timeframe.

Lastly, you will be offered an Executive Severance Agreement which will provide severance benefits to you in the event your employment with Allegro is terminated involuntarily without cause or voluntarily for good reason, provided you sign a “Separation Agreement” and “General Release” The severance benefits will include severance pay equal to one time your annual base salary plus one time your target annual bonus and a prorated bonus payment for the fiscal year in which the termination occurs and 18 months of health care continuation. (See attached draft severance agreement)

This offer is contingent upon your compliance with the Immigration Reform and Control Act of 1986. This Act requires that you establish your identity and employment eligibility. To do so, you will need to bring the required documents on your first day of employment. You will not be able to commence employment until the required documents (attached) are provided.

In addition to the above, you will be eligible to participate in the Company's extensive benefits program, including:

- Comprehensive Medical Insurance
- Dental Insurance
- Vision Insurance
- Life Insurance
- Short-term disability
- Long-term disability
- 401(k) Savings Plan
- Vacation allotment will be based on Company policy

Please note that some of these coverages require employee contributions. You will receive additional information at the time you begin employment.

We have enclosed a copy Allegro’s Intellectual Property and Confidentiality Agreement for your review. Should you accept the position you will be required to sign this Agreement on your first day of employment.

Allegro is a publicly traded company and securities laws and regulations prohibit trading in Allegro stock when in possession of material non-public information. Allegro’s Insider Trading Policy also prohibits employees of Allegro or any of its affiliates, as well and any members of an employee’s household, from trading in Allegro stock when in possession of material non-public information. In addition, under the Policy, any employee that is designated as an “insider”, as well as household members, are further prohibited from trading in Allegro stock during announced quarterly trading black-out periods. As such, new employees and members of their households are advised not to trade in Allegro stock until they have been made aware whether the employee has been designated an “insider”.

This is not a contract for employment. Your employment with Allegro is voluntary and is subject to termination by you or Allegro at will, with or without cause, and with or without notice, at any time.

Sharon, we believe this opportunity provides you the scope and challenge you seek. Your skills and ability should enable you to make a significant contribution to our business.

To indicate your agreement with the above terms and conditions of employment with Allegro MicroSystems, please sign below at your earliest convenience. If you have any questions, please contact me at 508-662-1154, We look forward to your response by October 22, 2021.

Very truly yours,

Joanne Valente

Joanne Valente
Vice President/CHRO

Offer accepted

DocuSigned by:
Sharon Briansky
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Sharon Briansky

SEVERANCE AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into as of December 6, 2021, between Allegro MicroSystems, LLC., a Delaware limited liability company ("Allegro") and Sharon Briansky, Senior Vice President, General Counsel and Corporate Secretary of Allegro ("Executive").

WHEREAS, Allegro wishes to ensure that Allegro executives will continue to exert maximum effort toward the success of the Company and to continue their employment with Allegro without undue concern regarding the security of their employment.

NOW, THEREFORE, the parties agree as follows:

Certain Definitions.

For purposes of this Agreement, certain terms shall have the meaning set forth below:

1.1 "Cause" means a good faith determination by the Board of Directors of Allegro MicroSystems, Inc. ("AMI") of any one or more of the following: (a) Executive's (x) continued or repeated failure or refusal (after prior written notice thereof from the Board of Directors of AMI and Executive's failure to cure the same (if curable) within ten (10) calendar days of such written notice, and other than due to Executive's disability) to substantially perform the duties required by Executive's position with Allegro or any of its subsidiaries (it being understood that Executive's failure to attain performance goals or targets or to otherwise fail to substantially perform the duties required by Executive's position shall not constitute "Cause" hereunder if such failure is as a result of actions taken or not taken in good faith and with reasonable belief that such actions or omissions were in the best interests of AMI and its subsidiaries) or (y) failure or refusal to follow lawful directives of the Board of Directors of AMI; (b) gross negligence or willful misconduct (including unauthorized disclosure of material proprietary information) by Executive, which results in a material detriment to AMI or any of its subsidiaries; (c) Executive's conviction (by a court of competent jurisdiction, not subject to further appeal) of, or pleading guilty to, a felony that involves fraud or moral turpitude or that is perpetrated against AMI or any of its subsidiaries, their respective businesses or any of their respective assets, properties or personnel; or (d) a material breach by Executive of the Restrictive Covenants, this Agreement, or of any other written agreement with the Company to which Executive is a party.

1.2 The term "Company" means Allegro MicroSystems, LLC or any successor to Allegro, including without limitation any entity that acquires all or substantially all of Allegro's assets or any entity into which Allegro merges.

1.3 The term "Company's Governing Body" means the board of directors of AMI if the Company is then a subsidiary of AMI; if not, the board of directors of the Company if the Company is then a corporation or the board of managers or the managing member of the Company within the meaning of the applicable limited liability act if the

Company is then a limited liability company; or, if none of the foregoing, the Company's governing body under applicable law or its constituent documents.

1.4 The term "Good Reason" shall mean the occurrence of any of the following without Executive's prior written consent: (a) a reduction in Executive's base salary paid or payable by the Company and/ or any of its subsidiaries; or (b) a reduction in the Target Bonus of Executive; (c) a material diminution in Executive's authority, duties, responsibilities, or reporting relationship in connection with Executive's employment with the Company; (d) the relocation of Executive's principal work location in connection with his employment by the Company to a facility or location more than thirty-five (35) miles from Executive's present principal work location; or (e) the Company has materially breached this Agreement, including without limitation a failure to comply with the assignment to successor requirement in Section 8.

1.5 The term "Target Bonus" means the target bonus for a fiscal year as specified for Executive under Allegro's Annual Incentive Plan or any successor annual bonus plan maintained by the Company. In the event that a Target Bonus has not been established for a fiscal year because action has not yet been taken within such fiscal year to approve the annual bonus plan target pool and Target Bonuses, the Target Bonus shall be the same as Executive's Target Bonus for the preceding fiscal year.

Severance Benefit and Health Care Continuation Benefit Following Termination without Cause.

2.1 Executive shall be entitled to a "Severance Benefit" as described in this Section 2 in the event that the Company terminates Executive's employment without Cause and the release described in Section 5 has become effective.

2.2 In the event of termination without Cause, the Severance Benefit shall be equal to the sum of the following (the "Severance Benefit"):

(a) 100% of Executive's annual base salary on the termination date.
(b) 100% of Executive's Target Bonus on the termination date; and
(c) a prorated bonus for the fiscal year in which termination occurs, determined by multiplying the Target Bonus on the termination date by a ratio equal to the number of completed days of employment in the fiscal year prior to and including the termination date divided by the total number of days in such fiscal year.

2.3 The applicable Severance Benefit shall be paid to Executive in a lump sum not later than fifteen (15) days following the termination date if the release described in Section has become effective. If the Release described in Section 6 has not become effective more than 15 days following the termination date, the Severance Benefit shall be paid not later than five (5) days after the Release becomes effective.

2.4 Payment of the Severance Benefit shall be net of applicable withholding taxes.

2.5 In addition to the Severance Benefit, if Executive is a participant on the termination date in a group health plan of the Company that is subject to Section 601 et seq. of the Employee Retirement Income Security Act of 1974, as amended, or similar state health care continuation coverage law ("COBRA"), Executive shall be entitled for up to eighteen (18) months after the termination date to Company payment of the entire cost of COBRA health insurance continuation coverage for Executive and Executive's covered dependents, subject to the following conditions. The Company shall notify Executive of the right to continue Executive's health insurance coverage pursuant to COBRA. To the extent that Executive timely elects to accept continued health insurance coverage under COBRA, the Company shall pay or reimburse to Executive the full monthly cost of Executive's COBRA coverage, plus, if the Company determines that the inclusion of the monthly cost of COBRA coverage in Executive's gross income is necessary in order to avoid the adverse consequences of Section 105(h) of the Internal Revenue Code of 1986, as amended (the "Code"), or in order to avoid violations of the Patient Protection and Affordable Care Act of 2010, as amended (the "ACA"), a tax gross- up payment for applicable taxes imposed on such monthly payment and on such gross- up payment, until the earlier of eighteen (18) months after the termination of employment date or such date as Executive becomes eligible for health insurance coverage through any subsequent employment. If Executive desires to continue health care coverage under COBRA after becoming eligible for other health insurance coverage, Executive may do so for the balance of the applicable COBRA period at Executive's expense consistent with the requirements of COBRA. Notwithstanding the foregoing, the Company shall not be required to provide Executive with the healthcare continuation coverage benefits in this Section 2.5 if doing so would result in the imposition of penalties or other adverse consequences to the Company pursuant to the ACA or any successor legislation or regulations thereunder. Payment of the health care continuation coverage benefit pursuant to this Section 2.5 shall be conditioned upon Executive's timely execution of the Release described in Section 6 and the Release having become effective by its terms on or before the sixtieth (60th) day following Executive's termination.

2.6 If the Company, at the time of giving Executive notice of termination, specifies or requests a termination date later than the notice date, Executive shall not be required to accept a termination date that is more than two weeks after the date of notice of termination, and the failure to agree to a later termination date shall not be construed as a voluntary termination by Executive. The termination date for purposes of this Section 2, consistent with the preceding sentence, shall be the final day of employment of Executive by the Company.

AMI Stock Rights.

3.1 Executive’s rights with respect to AMI stock awards, stock options, stock appreciation rights, and/or stock units that Executive may own or have a conditional right to at the time of termination shall be determined in accordance with AMI’s Certificate of Incorporation, the Allegro MicroSystems, Inc. 2020 Omnibus Incentive Compensation Plan, the applicable grant agreements pursuant to which Executive acquired such rights and any other applicable governing documents, as any such documents may be amended from time to time. Notwithstanding any provision to the contrary in any such documents, for purposes of determining the extent to which Executive is vested in any such rights, termination of the Executive for Good Reason pursuant to Section 4 of this Agreement shall be treated in the same manner as a termination by the Company without Cause.

Voluntary Termination for Good Reason or Otherwise.

4.1 Executive shall be entitled to terminate employment with the Company and receive the Severance Benefit, health care continuation benefits, and certain rights with respect to AMI stock awards, appreciation rights, and/or units (as specified in Section 3), upon the following conditions, provided that Executive timely executes the Release described in Section 6 and the Release becomes effective by its terms on or before the sixtieth (60th) day following Executive's termination:

4.2 If an event constituting Good Reason occurs, and Executive gives the Company written notice within sixty (60) days following the event of Good Reason, detailing why Executive believes a Good Reason event has occurred, the Company shall have thirty (30) days after receipt of such written notice to remedy or cure the event of Good Reason. If the Company does not remedy or cure the event within such period and the event constitutes Good Reason, as defined in this Agreement, Executive's employment shall be deemed terminated for Good Reason at the end of such thirty (30) day cure period. Executive's notice shall be delivered to the Company's Governing Body.

4.3 The termination date for purposes of Section 4.2 shall be, if earlier than the expiration of the thirty (30) day cure period described in Section 4.2, the date that the Company gives written notice to Executive that the Company does not intend to cure the event of Good Reason.

4.4 If an event of Good Reason is (or includes) a material reduction in annual base salary or Target Bonus as described in Section 1.4(b), the applicable severance benefit shall be calculated on the basis of annual base salary and Target Bonus as the same existed immediately prior to such reduction.

4.5 In the absence of an event of Good Reason, termination by Executive for personal reasons if payment of the benefits hereunder is approved by the Company's Governing Body upon the recommendation of the Compensation Committee of such Company's Governing Body.

Release Requirement; Compliance with Restrictive Covenants.

5.1 As a prerequisite to the Company's payment of the Severance Benefit, the health care continuation benefit and any AMI stock awards, appreciation rights, and/or units, Executive shall have executed and delivered to the Company a general release of claims ("Release") and the Release shall have become effective in accordance with its terms as specified in this Section 5 on or prior to the sixtieth (60th) day following Executive's termination. The Release shall be substantially in the form attached as Exhibit A. The Company may modify the Release versus the form attached as Exhibit A in order to specify the amount of the Severance Benefit or other benefits, comply with changes in law, or reflect changes in relevant facts (such as the name of the Company). However, the Company shall not include any additional requirements or provisions in the Release, including without limitation any restrictive covenants concerning post-termination activities of Executive without Executive's prior written consent.

5.2 The Company shall deliver the form of Release to Executive on or prior to the date of termination. Executive shall have at least forty-five (45) days within which to consider the Release. Executive shall have up to seven (7) days after execution and delivery of the Release to revoke the Release. The Release shall not become effective until the revocation period has expired without revocation of the Release by Executive.

5.3 The health insurance continuation benefit described in Section 2.6 shall be provided to Executive on a monthly basis after the termination date on the assumption that the Release will become effective, provided that entitlement to such benefit shall expire if the Release does not become effective within sixty (60) days after the termination date and, in such case, Executive shall be required to promptly return amounts paid on his or her behalf to the Company.

5.4 Executive's entitlement to receive and to retain the Severance Benefit, the health care continuation benefit and any AMI stock awards, appreciation rights, and/or units will be conditioned upon Executive's compliance with the Restrictive Covenants, which Restrictive Covenants are hereby incorporated in their entirety as though fully set forth herein.

Exclusive Remedy.

6.1 Executive's receipt of the Severance Payment and other consideration provided in this Agreement shall be in lieu of any benefits specified under any other severance policy maintained by the Companies; any benefits pursuant to any other agreement or understanding between Executive and the Companies relating to termination of employment; and any benefits under the Company's Annual Incentive Plan or its successor for the fiscal year in which termination occurs. However, this Agreement shall not divest Executive of Executive's right to distributions from Allegro's Executive Deferred Compensation Plan or any right to vested benefits under the terms of the Company's benefit plans, to be paid accrued wages and vacation through the termination date or to be reimbursed for properly substantiated business expenses in accordance with the Company's expense reimbursement policy.

Successors and Assigns.

7.1 This Agreement shall inure to the benefit of, and shall be binding upon, the Company and its successors and assigns, including any successor entity by merger, consolidation or transfer of all or substantially all of the Company's assets. The Company shall require and cause any person, group or entity that acquires all or substantially all of the assets of the Company to accept a written assignment of this Agreement by the Company, and to acknowledge in such document that the acquiror accepts the assignment and undertakes to perform this Agreement in accordance with its terms.

Amended or Successor Agreements.

8.1 If requested by the Company, Executive will in good faith consider and negotiate an amended or a successor agreement in order to address revised circumstances (for example the restructuring of the Allegro group of companies), providing that there is no diminution in the level of benefits available to Executive hereunder.

Miscellaneous Provisions.

9.1 Arbitration. Any claim, dispute or controversy arising out of this Agreement, the interpretation, validity or enforceability of this Agreement or the alleged breach thereof shall be settled by binding arbitration. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association in Manchester, New Hampshire, or elsewhere by mutual agreement. The Company shall bear responsibility for all costs of arbitration and shall reimburse Executive for his or her reasonable attorneys' fees. Judgment may be entered on the arbitration award in any court having jurisdiction.

9.2 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the state of New Hampshire.

9.3 Entire Agreement. This Agreement constitutes the entire agreement and understanding between Executive and Company concerning the subject matter hereof, and supersedes all prior negotiations or understandings between the parties, whether written or oral, including employment offer letter, concerning such matter.

9.4 Employment at Will. Executive's employment with the Company shall remain at will. Nothing in the Agreement shall provide Executive with any right to continued employment with the Company for any specific period of time or interfere with or restrict the right of either Executive or the Company to terminate Executive's employment at any time.

9.5 Application of Section 409A. The payments contemplated by this Agreement are intended to be exempt from, or to comply with the requirements of, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and this Agreement shall be interpreted with that intent. Notwithstanding the foregoing, the tax treatment of amounts payable and benefits provided under this Agreement is not warranted or guaranteed, and neither the Companies, nor any of their respective members, shareholders, employees, directors, officers, agents or affiliates, shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Executive or any other taxpayer as a result of this Agreement, including by reason of Section 409A or any similar State statute. Notwithstanding anything to the contrary in this Agreement, if at the time Executive's employment terminates, Executive is a "specified employee," as defined below, any and all amounts payable under this Agreement on account of Executive's separation from service that would (but for this provision) be payable within six (6) months following the date of such separation from service, shall instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon Executive's death; except (A) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A- 1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (C) other amounts or benefits that are not subject to the requirements of Section 409A of the Code. For purposes of this Agreement, with respect to payments that are subject to Section 409A and that are payment upon or with reference to Executive's termination of employment, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), from the Company, and the term "specified employee" means an individual determined by the Company to be a specified employee of the Company under Treasury regulation Section 1.409A-1(i). Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. To the extent required by Section 409A, if the period for executing and not revoking the Release spans two taxable years, the Severance Benefit shall be paid in the second taxable year. Any tax gross up payment hereunder shall be made no later than the end of the calendar year following the calendar year in which the related taxes are remitted to the appropriate tax authorities, or at such other specified time or schedule that may be permitted under Treas. Reg. Section 1.409A-3(i)(1)(v).

9.6 Application of Section 280G.

In the event that the Severance Benefit, the health care continuation coverage benefit, and/or any other any payment, coverage or benefit, including any accelerated vesting of equity compensation in AMI, provided in respect of Executive's employment or termination of employment with the Companies and their affiliates, whether under this Agreement or otherwise and whether before or after termination of Executive's employment would constitute "parachute payments" within the meaning of Section 280G(b)(2) of the Code or would subject Executive to an excise tax under Section 4999 of the Code, then, provided that the requirements of Treas. Reg. Section 1.280G-1 Q&A-6(a)(2)(i) are met, AMI shall use its reasonable best efforts to obtain shareholder approval with respect to such parachute payments pursuant to Section 280G(b)(5)(B) of the Code, subject to Executive's execution of a contingent waiver of Executive's receipt of or entitlement to retain any such parachute payments to the extent necessary to obtain such shareholder approval.

9.7 Proprietary Information. Nothing in this Agreement or the Release shall be construed as an elimination or waiver of Executive's obligations not to disclose confidential or proprietary information to third parties as required by Company policy and any agreements between the Company and Executive that were executed during Executive's employment with the Company.

9.8 Waiver; Amendment. No waiver of any breach of this Agreement shall be construed to be a waiver of any other breach of this Agreement. No waiver or amendment of this Agreement shall be effective unless set forth in a written document signed by Executive and an executive of the Company authorized by the Company's Governing Body.

9.9 Notices. Any notices required or permitted by this Agreement shall be in writing, and may be transmitted by personal delivery, by courier service or by e-mail if receipt of such e-mail is acknowledged by the receiving party. Notices shall be addressed to the recipient's principal business office.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

ALLEGRO MICROSYSTEMS, LLC

DocuSigned by:
Sharon Briansky
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Executive

Ravi Vig
President and Chief Executive Officer

EXHIBIT A

GENERAL RELEASE OF CLAIMS

This GENERAL RELEASE OF CLAIMS ("Release") is made by
("Executive"), a resident of in favor of Allegro MicroSystems, LLC of Manchester, New Hampshire (the "Company"), and all related entities, corporations, partnerships and subsidiaries of the Company, as well as each of their current and former directors, insurers, officers, trustees, partners, successors in interest, representatives and agents.

WHEREAS, Executive's employment by the Company has ended or will end on
(the "Termination Date"); and

WHEREAS, Executive wishes to provide the Company with a general release in exchange for the consideration to be provided by the Company to Executive pursuant to that certain Severance Agreement between Executive and the Company dated January XX, 2021 (the "Severance Agreement").

NOW THEREFORE, in consideration of the commitments and mutual promises contained in this document, it is agreed as follows:

ONE: This Release shall constitute full accord and satisfaction of any and all claims which have been or could be raised by Executive and a covenant not to sue (as set forth in Paragraph THREE below).

TWO: In return for Executive's releases under this Release, Allegro shall provide the following "Consideration" to Executive:

a) The Severance Benefit defined in the Severance Agreement, which shall be an amount equal to ($xxx,xxx.xx)
b) Company payment of COBRA medical insurance coverage for a period of time as specified in the Severance Agreement.
c) Vesting and payment of certain AMI stock awards, appreciation rights, and/or units.
d) Other commitments of the Company as set forth in the Severance Agreement.

THREE: In return for the Consideration to be provided by the Company to Executive, on behalf of Executive and his or her heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, and assigns, Executive promises not to sue, and Executive releases and gives up any claim he/ she has or may have against, the Company or any of its current or former subsidiaries, affiliated companies, parent companies, shareholders, directors, officers, employees, agents, benefit plans, trustees or representatives, or their successors or assigns, including without limitation any claim under federal, state, or local law relating to Executive's employment with the Company or the termination thereof, from the beginning of time up to and including the date of execution of this Release, including, but not limited to, any and all claims for breach of express or implied contract or any covenant of good faith and fair dealing; all claims for retaliation or violation of public policy; all claims for unpaid wages under the

Massachusetts Wage Act or corresponding New Hampshire law; all claims arising under the Massachusetts and New Hampshire anti-discrimination in employment laws, the Massachusetts Civil Rights Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, Sarbanes-Oxley, the Patriot Act, the Family and Medical Leave Act, or any other federal, state, or local laws relating to employment or benefits associated with employment; claims for emotional distress, mental anguish, personal injury, loss of consortium, and any and all claims that may be asserted on Executive's behalf by others; any claim for wages, compensation, and expenses paid or unpaid during the term of Executive's employment; and any claim for compensatory, punitive, or liquidated damages, interest, attorney's fees, costs, or disbursements. Executive retains Executive's rights under the Employee Retirement Income Security Act of 197 4, as amended ("ERISA"), for any accrued vested benefits under any retirement plan covering Executive's employment, or rights to enforce the terms of this Release.

FOUR: Nothing contained in this Release of Claims shall be construed to prohibit Executive from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency, provided, however, that Executive hereby agrees to waive his or her right to recover monetary damages or other individual relief in any charge, complaint or lawsuit filed by Executive or by anyone else on his or her behalf.

Executive further acknowledges, understands, and agrees that Executive has been paid all wages (including all base compensation and accrued vacation pay) to which Executive is or was entitled by virtue of Executive's employment with the Company and that Executive is unaware of any facts or circumstances indicating that Executive may have an outstanding claim for unpaid wages.

FIVE: This Release, including without limitation the general release and covenant not to sue, applies to all claims due to anything arising before Executive signed this Release, including even those claims not presently known to Executive.

SIX: This Release sets forth the entire understanding between the parties pertaining to this subject matter except for the Severance Agreement. There is no other agreement, oral or written, which adds to or subtracts from this Release or the Severance Agreement or otherwise modifies them. In the event that any provision of this Release is held by any agency or court of competent jurisdiction to be illegal or invalid, the validity of the remaining provisions shall not be affected; and, the illegal or invalid provisions shall be reformed to the extent possible to be consistent with the other terms of this Release; and if they cannot be so reformed, then an invalid provision shall be deemed not to be a part of this Release.

SEVEN: This Release shall be interpreted under the laws of the state of New Hampshire.

EIGHT: Executive acknowledges that Executive received this Release and that Executive has been informed that Executive has forty-five (45) days to review and consider this Release and also acknowledges that Executive has been advised of the right to consult legal advisors of Executive's choosing with regard to this Release. Any modifications to the terms of this Release do not operate to extend the forty-five (45) day limit for

Executive's review of the Release. Executive may sign this Release prior to the expiration of the forty-five (45) day deadline expressed above, and Executive affirms that if Executive does so prior to that date it is done according to Executive's own free will. Executive understands that Executive may revoke this Release within seven (7) days after the date of Executive's signature on this Release by sending written notice of his/her intent to revoke to the Company's Vice President of Human Resources or its President via courier service on or before the expiration of that seven (7) day right of revocation. Executive acknowledges that this Release can be revoked only in its entirety and that once revoked no provision of this Release is enforceable. The Company will have no obligations under this Release until the eighth (8th) day after Executive's signature on this Release.

NINE: EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS CAREFULLY READ AND UNDERSTANDS THIS RELEASE CONSISTING OF THREE PAGES. EXECUTIVE ALSO ACKNOWLEDGES THAT EXECUTIVE ENTERS INTO THIS RELEASE VOLUNTARILY, WITH FULL KNOWLEDGE OF ITS SIGNIFICANCE AND WITHOUT PRESSURE OR COERCION. EXECUTIVE ALSO ACKNOWLEDGES THAT EXECUTIVE HAS HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL PRIOR TO SIGNING THIS RELEASE.

IN WITNESS WHEREOF, Executive has executed this Release as of the date indicated below.

____

[Name]

Date:

Allegro MicroSystems, Inc. 955 Perimeter Road
Manchester, New Hampshire 03103

January 09, 2022

PERSONAL & CONFIDENTIAL
BY EMAIL (pwalsh@Allegromicro.com)

Paul Walsh
171 Warren Street
Needham, MA 02492

RE: Consulting Agreement and General Release

Dear Paul:

This letter outlines the terms of your separation from employment with Allegro MicroSystems, Inc. (the "Company"), as of February 4, 2022 ("Separation Date"), and the terms of your ongoing consulting arrangement with the Company, as of February 5, 2022. On your Separation Date, the Company will pay all compensation due to you from the Company through your Separation Date. The Company will also reimburse you for any outstanding, reasonable business expenses that you have incurred on the Company's behalf through your Separation Date, after the Company's timely receipt of appropriate documentation under the Company's business expense reimbursement policy. Health coverage will end for you and any dependents at midnight on the Separation Date. You will also receive the vested portion of any outstanding equity awards that were previously granted to you under the Company's 2020 Omnibus Incentive Compensation Plan ("Equity Plan"), as described in more detail in Section 3(c)(1). The compensation, benefits, and equity described in this Section will be paid to you irrespective of whether you sign the Agreement, as defined below.

The remainder of this letter confirms our mutual understanding regarding the terms and conditions of your transition of employment from the Company and outlines your separation benefits, which are subject to your execution and non-revocation of this consulting agreement and general release ("Agreement").

1. Separation Date Your employment with the Company will end on the Separation Date. You acknowledge and understand that nothing in this Agreement alters the at-will nature of your employment. You are expected to continue to comply with all Company policies and rules through your Separation Date. Any violation of such policies and rules before the Separation Date may result in your immediate termination, and in such event, you will not be eligible to receive the benefits provided in Section 3.

2. Consulting Services.

   a) Subject to and upon the terms and conditions set forth in this Agreement, you hereby agree to be available on an as-needed basis to provide guidance to the Company to support the orderly transition of your duties as Senior Vice President,

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Chief Financial Officer and Treasurer of the Company to your successor in that role following the Separation Date, and to provide such other services as shall be determined and reasonably requested from time to time by the Company (the “Services”).

b) The manner and means by which you choose to complete the Services are in your sole discretion and control. In rendering the Services under this Agreement, you shall act solely as an independent contractor, you will not be eligible for any employee benefit plans or programs maintained by the Company, and this Agreement shall not be construed to create any employee/employer relationship between you and the Company. You are not authorized as, nor shall be deemed to be an employee, agent, partner, joint venture, or representative of the Company. Neither party has the authority to bind the other or to incur any liability on behalf of the other, nor to direct the employees of the other.

c) You agree to provide the Services from February 5, 2022 until February 4, 2023 (the “Consulting Period”).

d) The Services provided by you hereunder may be terminated at any time by the Company if you have breached this Agreement or otherwise engaged in any misconduct that has the effect, or potential effect, of causing harm to the Company (monetarily, reputationally, or otherwise).

3. Compensation. Subject to your agreement to provide Services described herein and also provided you satisfy each of the following conditions: (A) the timely execution of this Agreement; (B) the expiration of the seven-day revocation period provided in this Agreement, without revocation by you; (C) your continued compliance with this Agreement; and (D) your continued compliance with the existing restrictive covenants between you and the Company as set forth in Paragraph 13 of the 2020 Omnibus Incentive Compensation Plan Restricted Stock Unit Agreement (“RSU Agreement”), the Company agrees to provide you with the following compensation:

a) Consulting Payment. A single, lump-sum payment equal to the prorated portion of your annual bonus for the 2022 fiscal year under the Company’s annual bonus plan, determined by multiplying your Target Bonus on the Separation Date by a ratio equal to the number of completed days of employment in the fiscal year prior to and including the Separation Date, divided by the total number of days in such fiscal year, based on actual annual incentive plan earnout calculations to be paid at the end of the fiscal year when the awards are calculated and paid.

b) COBRA Benefit. For the twelve-month period immediately following your Separation Date (“Subsidy Period”), provided that you are eligible for and timely elect COBRA, you will be eligible to continue health insurance benefits for you, your spouse, and any dependents (including medical, dental and vision, as applicable), at the same contribution rate as active employees, consistent with the benefit elections in place on your Separation Date (“COBRA Benefit”). Notwithstanding the foregoing, the Company’s contribution to the COBRA Benefit will cease immediately upon the earliest of: (A) the date you cease to be

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eligible for COBRA for any reason; (B) the date you become covered under another group health plan; or (C) the conclusion of the Subsidy Period. Consistent with the requirements of COBRA and to the extent you are still eligible for COBRA following the Subsidy Period, you will be eligible to continue COBRA benefits at the full cost of COBRA. You agree to promptly notify the Company upon the occurrence of an event described in (A) or (B) above. The COBRA health care continuation coverage period under section 4980B of the Code will run concurrently with the Coverage Period. The COBRA Benefit paid by the Company during the Subsidy Period will be treated as taxable income.

c) Equity Grants.

i. As of the Separation Date, you have outstanding equity awards that were previously granted to you under the Equity Plan, including (i) performance- based restricted stock units ("PSUs"); and (ii) time-based restricted stock units ("RSUs"). You will receive those amounts in accordance with the terms of the specific grant agreements under the Equity Plan. Any vested RSUs and PSUs will be distributed to you in accordance with the applicable termination provisions set forth in the respective Award Agreements. All RSUs and PSUs which are unvested as of the Separation Date and do not vest pursuant to the Award Agreements will be forfeited as of the Separation Date.

ii. The Company will also grant you a one-time special RSU award ("New RSUs") that will provide the equivalent of additional pro-rata vesting for certain RSUs and PSUs that would otherwise be forfeited. Such additional vesting will be calculated through the Consulting Period. With respect to determining the amount of the pro-rated PSUs, the value of the award shall be determined using performance equal to the greater of (i) target, or (ii) the prior quarter end performance estimate (as presented to the Compensation Committee) as of your Separation Date; provided that if no projected performance has been calculated on or prior to the Separation Date, with respect to a performance metric, the projected performance with respect to such metric shall be deemed to be at the target for such metric. The New RSUs will contain restrictive covenants consistent with the Company's standard employee grant agreements and will vest on the Separation Date.

4. Release.

a) In consideration for the amounts provided herein, to the fullest extent permitted by law, you waive, release, and forever discharge the Company and each of its past and current parents, subsidiaries, affiliates and each of its and their respective past and current directors, officers, trustees, employees, representatives, agents, employee benefit plans and such plans' administrators, fiduciaries, trustees, recordkeepers, and service providers, and each of its and their respective successors and assigns, each and all of them in their personal and representative capacities (collectively, the "Releasees") from any and all claims legally capable

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of being waived, grievances, injuries, controversies, agreements, covenants, promises, debts, accounts, actions, causes of action, suits, arbitrations, sums of money, attorneys' fees, costs, damages, or any right to any monetary recovery or any other personal relief, whether known or unknown, in law or in equity, by contract, tort, law of trust or pursuant to federal, state or local statute, regulation, ordinance or common law, which you now have, ever have had, or may hereafter have, based on or arising from any fact or set of facts, whether known or unknown to you, from the beginning of time until the date of execution of this Agreement, arising out of or relating in any way to your employment relationship with the Releasees or other associations with the Releasees or any termination thereof. Without limiting the generality of the foregoing, this waiver, release, and discharge includes any claim or right, to the extent legally capable of being waived, based on or arising under any federal, state, or local fair employment practices or equal opportunity laws, including, but not limited to, the Age Discrimination in Employment ("ADEA"), the Older Workers' Benefits Protection Act, the Rehabilitation Act of 1973, the Worker Adjustment and Retraining Notification Act, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Employee Retirement Income Security Act ("ERISA") (including, but not limited to, claims for breach of fiduciary duty under ERISA), the Americans with Disabilities Act, the Family and Medical Leave Act of 1993; the New Hampshire Law Against Discrimination, New Hampshire Whistleblowers' Protection Act, New Hampshire Minimum Wage Law, New Hampshire's Protective Legislation Law, New Hampshire Unemployment Compensation Prohibition Against Discrimination Law, New Hampshire's Uniform Trade Secrets Act, New Hampshire Safety and Health of Employees Law, Non-Compete and Non-Piracy Agreements section of the New Hampshire Protective Legislation Law, all as amended; the Massachusetts Fair Employment Practices Act, the Massachusetts Civil Rights Act, the Massachusetts Equal Rights Act, the Massachusetts Parental Leave Act, the Massachusetts Labor and Industries Act, the Massachusetts right of privacy law, the Massachusetts Wage Act (as further explained below), the Massachusetts Earned Sick Time law, the Massachusetts Minimum Fair Wage law, Massachusetts Law Prohibiting Unlawful Discrimination, Massachusetts Equal Pay Act, except for claims that cannot be waived related to inquiry or discussion of wages, Massachusetts Right to be Free from Sexual Harassment Law, Massachusetts Age Discrimination Law, Massachusetts Equal Rights for the Elderly and Disabled Law, Massachusetts False Claims Act, Massachusetts Family and Medical Leave Laws and Small Necessities Act, Massachusetts labor and industry privacy law, as well as any claim or right under your offer letter and/or employment agreement with the Company.

By signing this Agreement, you acknowledge that this waiver includes any claims against the Releasees under the Massachusetts Wage Act. These claims include, but are not limited to, claims for failure to pay earned wages, failure to pay overtime, failure to pay earned commissions, failure to timely pay wages, failure to pay accrued vacation or holiday pay, failure to furnish appropriate pay stubs, improper wage deductions, and failure to provide proper check-cashing facilities.

You also agree to waive any right to bring, maintain, or participate in a class action, collective action, or representative action against the Releasees to the fullest extent permitted by law. You agree that you may not serve as a representative of a class action, collective action, or representative action, may not participate as a member of a class action, collective action, or representative action, and may not recover any relief from a class action, collective action, or representative action. You further agree that if you are included within a class action, collective action, or representative action, you will take all steps necessary to opt-out of the action or refrain from opting in, as the case may be. You are not waiving any right to challenge the validity of this Section on any grounds that may exist in law and equity. However, the Releasees reserve the right to attempt to enforce this Agreement, including this Section in any appropriate forum.

b) Notwithstanding the generality of the foregoing, nothing herein constitutes a release or waiver by you of, or prevents you from making or asserting: (i) any claim or right you may have under COBRA; (ii) any claim or right you may have for unemployment insurance or workers' compensation benefits (other than for retaliation under workers' compensation laws); (iii) any claim to vested benefits under the written terms of an employee benefit plan; (iv) any claim for indemnity you may have against the Company as a former officer and director of the Company; (v) any medical claim incurred during your employment that is payable under applicable medical plans or an employer-insured liability plan; (vi) any claim or right that may arise after the execution of this Agreement; (vii) any claim or right you may have under this Agreement; or (viii) any claim that is not otherwise able to be waived under applicable law.

In addition, nothing herein shall prevent you from filing a charge or complaint with the Equal Employment Opportunity Commission or similar federal or state fair employment practices agency or interfere with your ability to participate in any investigation or proceeding conducted by such agency; provided, however, that pursuant to Section 4(a), you are waiving any right to recover monetary damages or any other form of personal relief from the Releasees to the extent any such charge, complaint, investigation or proceeding asserts a claim subject to the release in Section 4(a) above. To the extent you receive any such personal or monetary relief in connection with any such charge, complaint, investigation or proceeding, the Company will be entitled to an offset for the payment made pursuant to Section 3 of this Agreement.

5. No Additional Entitlements. You agree and represent that other than as provided for in this Agreement, you have received all entitlements due from the Releasees relating to your employment with the Company, including, but not limited to, all wages earned, all commissions and bonuses, sick pay, vacation pay, overtime pay, and any paid and unpaid personal leave for which you were eligible and entitled, and that no other entitlements are due to you other than as set forth in this Agreement. Additionally, the Company agrees not to contest any claim for unemployment benefits you may file; provided, however, that the Company may respond to any inquiry from the unemployment compensation board to the extent you make any allegations of wrongdoing by the Company.

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6. Return of Property. Upon or promptly following your Separation Date, you agree to promptly return to the Company all of its property, including, but not limited to, computers, tablets, cell phones, files, documents, identification cards, access cards, credit cards, keys, equipment, software, and data, however stored, whether contained on personal devices, email accounts or other storage devices or accounts.

7. Reports to Government Entities. Nothing in this Agreement restricts or prohibits you from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency, or from making other disclosures that are protected under the whistleblower provisions of federal, state, or local law or regulation. You do not need the prior authorization from the Company to engage in conduct protected by this Section, and you do not need to notify the Company that you have engaged in such conduct. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

8. Non-Admission. It is understood and agreed that neither the execution of this Agreement nor the terms of this Agreement constitute an admission of liability to you by the Releasees, and such liability is expressly denied. It is further understood and agreed that no person shall use the Agreement, or the consideration paid pursuant thereto, as evidence of an admission of liability, inasmuch as such liability is expressly denied.

9. Cooperation. You agree that upon the Company's reasonable notice to you, and a reasonable request, you will cooperate with the Company and its counsel (including, if necessary, preparation for and appearance at depositions, hearings, trials, or other proceedings) with regard to matters that relate to or arise out of matters you have knowledge about or have been involved with during your employment with the Company. If cooperation is required under this Section, you will be reimbursed for any reasonable travel expenses incurred in connection therewith. In addition, in the event you are asked to assist with or participate in any legal matter on behalf of the Company following the expiration of the term of your consulting services, the Company will compensate you for your time at an hourly rate of $500, less applicable taxes and withholdings.

10. Confidentiality of the Agreement. Except as permitted in Sections 4 and 7 of this Agreement, or if otherwise required by law, you will not disclose the terms of this Agreement, or the circumstances giving rise to this Agreement, to any person other than your attorneys, immediate family members, accountants, or financial advisors.

11. Protection of Confidential Information. Except as expressly permitted in Sections 4 and 7 of this Agreement or if otherwise required by law, you agree to you abide by your Intellectual Property and Confidentiality Agreement, and will not, at any time, directly or indirectly, disclose any trade secret, confidential or proprietary information you have

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learned by reason of your association with the Company ("Confidential Information") or use any such Confidential Information to the detriment of the Company, its parents, affiliates or subsidiaries, or to the benefit of any business or enterprise that competes with the Company, its parents, affiliates or subsidiaries. You further acknowledge and agree to abide by your obligations set forth in paragraph 13 of the RSU Agreement.

12. <u>Non-Disparagement</u>. Except as expressly permitted in Sections 4 and 7 of this Agreement, or if otherwise required by law, you agree that you will not at any time make any written or verbal comments or statements of a defamatory or disparaging nature regarding the Releasees or their personnel or products, and you will not take any action that would cause the Releasees or their personnel or products any embarrassment or humiliation or otherwise cause or contribute to their being held in disrepute.

13. <u>Acknowledgments</u>. You hereby acknowledge that:

a) The Company advises you to consult with an attorney before signing this Agreement;

b) You have obtained independent legal advice from an attorney of your own choice with respect to this Agreement, or you have knowingly and voluntarily chosen not to do so;

c) You freely, voluntarily and knowingly entered into this Agreement after due consideration;

d) You have had a minimum of twenty-one days to review and consider this Agreement;

e) If you knowingly and voluntarily choose to do so, you may accept the terms of this Agreement before the twenty-one day consideration period provided for in Section 13(d) above has expired;

f) You agree that changes to the Company's offer contained in this Agreement, whether material or immaterial, will not restart the twenty-one day consideration period provided for in Section 13(d) above;

g) You have a right to revoke this Agreement by notifying Joanne Valente, Vice President and Chief Human Resources Officer, in writing, via electronic mail (jvalente@allegromicro.com), within seven days of your execution of this Agreement; and

h) In exchange for your waivers, releases, and commitments set forth herein, including your waiver and release of all claims arising under the Age Discrimination in Employment Act, the payments, benefits, and other considerations that you are receiving pursuant to this Agreement exceed any payment, benefit, or other thing of value to which you would otherwise be entitled, and are just and sufficient consideration for the waivers, releases, and commitments set forth herein.

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14. Revocation by the Company. You agree that if you fail to execute or return the Agreement by the date indicated below, the promises and agreements made by the Company will be revoked.

15. Medicare Disclaimer. You acknowledge that you are not a Medicare Beneficiary as of the time you enter into this Agreement. To the extent that you are a Medicare Beneficiary, you agree to contact a Company Human Resources Representative for further instruction.

16. Miscellaneous.

a) Entire Agreement. Except for the RSU Agreement and your Intellectual Property and Confidentiality Agreement, this Agreement sets forth the entire agreement between you and the Company and replaces any other oral or written agreement between you and the Company relating to the subject matter of this Agreement. In signing this Agreement, you are not relying upon any promises, inducements, or representations made by anyone at or on behalf of the Company, and you are not relying upon any such promises, inducements, or representations in entering into this Agreement other than those included in this Agreement.

b) Governing Law. This Agreement shall be construed, performed, enforced and in all respects governed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to the principles of conflicts of law thereof.

c) Severability. Should any provision of this Agreement be held to be void or unenforceable, the remaining provisions shall remain in full force and effect, to be read and construed as if the void or unenforceable provisions were originally deleted.

d) Amendments. This Agreement may not be modified or amended, except upon the express written consent of both you and the Company.

e) Breach. You acknowledge that if you breach your commitments to the Company agreed upon in Sections 3, 4, 6, 9, 10, 11, or 12 you will forfeit the compensation set forth in Section 3 and be subject to suit by the Company for damages and equityable relief relating to such breach. You further acknowledge that any breach by you of Sections 3, 4, 6, 9, 10, 11, or 12 may cause irreparable damage to the Company and that in the event of such breach the Company may have, in addition to any and all remedies at law, the right to an injunction, specific performance or other equitable relief to prevent the violation of your obligations hereunder.

f) Waiver. A waiver by either party hereto of a breach of any term or provision of the Agreement shall not be construed as a waiver of any subsequent breach.

g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

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h) Taxes. You acknowledge and agree that the amounts described in Section 3 and 9 of this Agreement are subject to applicable taxes and withholdings, and that the Company has not provided you with any advice or counsel with respect to the tax consequences of such amounts. You further acknowledge and agree that you are solely responsible and shall indemnify and hold the Releasees harmless for any and all taxes (excluding the employer portion of social security and Medicare taxes), including any penalty or excise taxes, that may result from your receipt of all amounts payable and benefits to be provided to you under this Agreement, and neither the Company nor any of its parents or affiliates makes or has made any representation, warranty or guarantee of any federal, state, or local tax consequences to you of your receipt of any payment or benefit hereunder, including, but not limited to, under section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). For purposes of Section 409A, each payment hereunder shall be treated as a separate payment, and the right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. You acknowledge and agree that you shall not make any claim against the Releasees based on how the Company reports to the tax authorities amounts paid under this Agreement. In, addition, if the period for executing and not revoking the Agreement spans two tax years, payment will be made in the second tax year.

i) Effective Date. This Agreement shall become immediately effective upon the expiration of the seven-day revocation period described above, provided you have not exercised your right to revoke.

If the above accurately states our agreement, including the separation and release, kindly sign below and return this Agreement to me via email (jvalente@allegromicro.com) by no later than January 31, 2022. We will sign the Agreement and return a copy to you.

Sincerely,

Allegro MicroSystems, Inc.

DocuSigned by:

By: C441D52A63F1445...

Joanne Valente

Vice President/CHRO

Date: 1/27/2022

UNDERSTOOD, AGREED TO

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AND ACCEPTED WITH THE
INTENTION TO BE LEGALLY BOUND:

DocuSigned by:

Paul V Walsh Jr

By: ______________________________ Paul Walsh

Date: 1/27/2022

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Exhibit 31.1

CERTIFICATION

I, Ravi Vig, 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)) 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) [Omitted];

   (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 2, 2022 By: /s/ Ravi Vig

Ravi Vig
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)) 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) [Omitted];

(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 2, 2022	By:	/s/ Derek P. D’Antilio
		Derek P. D’Antilio Chief Financial Officer (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 24, 2021 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 2, 2022	By:	/s/ Ravi Vig
		Ravi Vig 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 24, 2021 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 2, 2022	By:	/s/ Derek P. D’Antilio
		Derek P. D’Antilio Chief Financial Officer (principal financial officer)