August 3, 2023

Microchip Technology Announces Record Financial Results For First Quarter of Fiscal Year 2024

- **Record net sales of $2.289 billion, up 2.5% sequentially and up 16.6% from the year ago quarter. The midpoint of our guidance provided on May 4, 2023 was net sales of $2.289 billion.**
- **On a GAAP basis: record gross profit of 68.1%; record operating income of $903.1 million and a record 39.5% of net sales; record net income of $666.4 million; and record EPS of $1.21 per diluted share. Our guidance provided on May 4, 2023 was for GAAP EPS of $1.15 to $1.16 per diluted share.**
- **On a Non-GAAP basis: record gross profit of 68.4%; record operating income of $1.100 billion and a record 48.1% of net sales; net income of $905.3 million and record EPS of $1.64 per diluted share. Our guidance provided on May 4, 2023 was for Non-GAAP EPS of $1.63 to $1.65 per diluted share.**
- **Paid down $413.0 million of debt in the June 2023 quarter. Cumulatively paid down $6.8 billion of debt over the last 20 quarters. Reduced net leverage to 1.29x.**
- **Returned approximately $349.2 million to shareholders in the June quarter through dividends of $208.9 million and the repurchase of approximately $140.3 million, or 1.8 million shares of our common stock, at an average price of $77.51 per share under our previously announced $4.0 billion stock buyback program. Cumulatively repurchased approximately $1.512 billion, or 20.3 million shares, over the last seven quarters.**
- **Record quarterly dividend declared today for the September quarter of 41.0 cents per share, an increase of 36.2% from the year ago quarter.**

CHANDLER, Ariz., Aug. 03, 2023 (GLOBE NEWSWIRE) -- **(NASDAQ: MCHP)** - Microchip Technology Incorporated, a leading provider of smart, connected, and secure embedded control solutions, today reported results for the three months ended June 30, 2023, as summarized in the table below.

	Three Months Ended June 30, 2023[1]			
Net sales	$2,288.6			
	GAAP	**%**	**Non-GAAP[2]**	**%**
Gross profit	$1,558.4	68.1%	$1,565.2	68.4%
Operating income	$903.1	39.5%	$1,100.4	48.1%
Other expense	$(54.8)		$(45.7)	
Income tax provision	$181.9		$149.4	
Net income	$666.4	29.1%	$905.3	39.6%
Net income per diluted share	$1.21		$1.64	

(1) In millions, except per share amounts and percentages of net sales.
(2) See the "Use of Non-GAAP Financial Measures" section of this release.

Net sales for the first quarter of fiscal 2024 were a record $2.289 billion, up 16.6% from net sales of $1.964 billion in the prior year's first fiscal quarter.

GAAP net income for the first quarter of fiscal 2024 was $666.4 million, or $1.21 per diluted share, up from GAAP net income of $507.2 million, or $0.90 per diluted share, in the prior year's first fiscal quarter. For the first quarters of fiscal 2024 and fiscal 2023, GAAP net income was adversely impacted by amortization of acquired intangible assets associated with our previous acquisitions.

Non-GAAP net income for the first quarter of fiscal 2024 was a record at $905.3 million, or $1.64 per diluted share, up from non-GAAP net income of $767.2 million, or $1.37 per diluted share, in the prior year's first fiscal quarter. For the first quarters of fiscal 2024 and fiscal 2023, our non-GAAP results exclude the effect of share-based compensation, expenses related to our acquisition activities (including intangible asset amortization, severance, and other restructuring costs, and legal and other general and administrative expenses associated with acquisitions including legal fees and expenses for litigation and investigations related to our Microsemi acquisition), professional services associated with certain legal matters, and losses on the settlement of debt. For the first quarters of fiscal 2024 and fiscal 2023, our non-GAAP income tax expense is presented based on projected cash taxes for the applicable fiscal year, excluding transition tax payments under the Tax Cuts and Jobs Act. A reconciliation of our non-GAAP and GAAP results is included in this press release.

Microchip announced today that its Board of Directors declared a record quarterly cash dividend on its common stock of 41.0 cents per share, up 36.2% from the year ago quarter. The quarterly dividend is payable on September 5, 2023 to stockholders of record on August 22, 2023.

"Our June quarter results were in-line with the midpoint of our guidance as revenue grew 2.5% sequentially and 16.6% year over year, amid a weakening macro backdrop and increased business uncertainty," said Ganesh Moorthy, President and Chief Executive Officer. "We delivered record revenue of $2.29 billion during our first fiscal quarter, marking the 11th consecutive quarter of revenue growth. Our team's disciplined execution, in combination with resilient end markets and a diverse customer base, helped to drive record non-GAAP gross and operating margins of 68.4% and 48.1%, respectively."

Mr. Moorthy added, "We continue to navigate a challenging market environment and are trending toward supply chain normalization as we continue to improve lead times for many of our products. In the June quarter, we further assisted customers in de-risking their inventory positions by pushing out non-reschedulable backlog to future quarters. China was our weakest region again, as macro softness drove weaker sell-through activity and inventory build at Chinese distributors. Even as our broad base of customers experience demand uncertainty, we expect our operating metrics to demonstrate resiliency through this business cycle."

Eric Bjornholt, Microchip's Chief Financial Officer, said, "We continued to pay down our debt with another $413.0 million of payments during the June quarter, reflecting a cumulative debt pay down of over $6.8 billion over the past 20 quarters, as we have enhanced our operating performance while actively managing the working capital requirements for the business. We

ended the June 2023 quarter with our net debt to adjusted EBITDA ratio at 1.29x compared to 2.05x at the end of the June 2022 quarter. Our operating model has been, and remains, a strong cash generator and continues to demonstrate consistently high non-GAAP operating margins as we execute our Microchip 3.0 strategy."

Steve Sanghi, Microchip's Executive Chair, said, "Microchip's board of directors approved a record dividend of 41 cents per share, which represents a 36.2% year-over-year increase. Given our cash flow generation during the June quarter, we are targeting to return $562.6 million to our shareholders in the September quarter through dividends and share repurchases. Our board remains committed to increasing cash returns to shareholders with the goal of returning 100% of our adjusted free cash flow to shareholders by the March 2025 quarter."

Mr. Moorthy concluded, "Considering the macro environment we face of slowing economic activity and increasing business uncertainty, combined with the active steps we are taking to help customers with inventory positions to push out some of their backlog, we expect net sales in the September quarter to be up 1% to down 3% sequentially. At the mid-point of our guidance for the September quarter, net sales would be 9.3% higher than the year-ago quarter. Notwithstanding any near-term macro weakness, we are confident that semiconductors remain the engine of innovation for the applications and markets we serve. Our focus on Total System Solutions and key market megatrends is fueling strong design-win momentum that we expect will drive above-market long-term growth."

Microchip's Highlights for the Quarter Ended June 30, 2023:

- Published annual Sustainability Report, highlighting key sustainability goals, the strategies used to implement them, and progress made to further sustainable business practices.

- Announced the promotion of Rich Simoncic to executive vice president. Rich will continue to manage all of Microchip’s analog business units while playing a larger role assisting the CEO with corporate initiatives such as strategic planning, total system solutions, market megatrends and investor relations.

- Released updated, next-generation MPLAB® ICD 5 and MPLAB PICkit™ 5 in-circuit debuggers/programmers with advanced connectivity and power options for developers of designs based on PIC®, AVR® and SAM devices and dsPIC® Digital Signal Controllers (DSCs). The new tools offer fast, affordable and convenient solutions that feature remote programming capabilities for an enhanced user experience.

- Introduced a Silicon Carbide (SiC) E-Fuse demonstrator that provides a faster, more reliable method for protecting power electronics in electric vehicle applications. The E-Fuse demonstrator is available in six variants for 400–800V battery systems.

- Revealed new long-reaching USB 3.2 compatible reclocker/redriver devices for automotive and industrial applications. The EQCO510 and EQCO5X31 devices offer a solid two-channel solution to send high-speed data signals up to 15 meters in both directions.

- Expanded our radiation-tolerant family of gigabit ethernet physical layers (PHY). The new VSC8574RT PHY supports both copper and fiber interfaces for added flexibility in

space applications.

- Launched a new cesium atomic clock that provides autonomous precise time of 100 ns holdover for months. The 5071B is a compact commercial timing product offering ease of deployment across multiple industries.

- Announced an industrial edge stack, more core library IP and conversion tools for the industry's most power-efficient mid-range FPGA. The new tools are designed to help customers slash time to innovation by making it easier to than ever to switch to PolarFire® FPGAs and System-on-Chip (SoC) FPGAs.

Second Quarter Fiscal Year 2024 Outlook:

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially.

	Microchip Consolidated Guidance		
Net Sales	$2.220 to $2.312 billion		
	GAAP	Non-GAAP Adjustments	Non-GAAP[(1)]
Gross Profit	68.0% to 68.2%	$6.8 to $7.8 million	68.3% to 68.5%
Operating Expenses[(2)]	28.8% to 29.4%	$197.7 to $201.7 million	20.1% to 20.5%
Operating Income	38.6% to 39.3%	$204.5 to $209.5 million	47.8% to 48.4%
Other Expense, net	$48.8 to $50.2 million	($0.2) to $0.2 million	$49.0 to $50.0 million
Income Tax Provision	$157.5 to $193.3 million[(3)]	$23.9 to $30.8 million	$133.6 to $162.5 million[(4)]
Net Income	$650.3 to $665.8 million	$228.2 to $240.5 million	$878.5 to $906.3 million
Diluted Common Shares Outstanding	Approximately 550.6 to 551.0 million shares		Approximately 550.6 to 551.0 million shares
Earnings per Diluted Share	$1.18 to $1.21	$0.42 to $0.43	$1.60 to $1.64

(1) See the "Use of Non-GAAP Financial Measures" section of this release for information regarding our non-GAAP guidance.
(2) We are not able to estimate the amount of certain Special Charges and Other, net that may be incurred during the quarter ending September 30, 2023. Therefore, our estimate of GAAP operating expenses excludes certain amounts that may be recognized as Special Charges and Other, net in the quarter ending September 30, 2023.
(3) The forecast for GAAP tax expense excludes any unexpected tax events that may occur during the quarter, as these amounts cannot be forecasted.
(4) Represents the expected cash tax rate for fiscal 2024, excluding any transition tax payments associated with the Tax Cuts and Jobs Act.

- Capital expenditures for the quarter ending September 30, 2023 are expected to be between $90 million and $100 million. Capital expenditures for all of fiscal 2024 are expected to be between $300 million and $400 million. We continue to add capital equipment to maintain, grow and operate our internal manufacturing capabilities to support the expected growth of our business.

Under the GAAP revenue recognition standard, which we adopted on April 1, 2018, we are required to recognize revenue when control of the product changes from us to a customer or distributor. We focus our sales and marketing efforts on creating demand for our products in the end markets we serve and not on moving inventory into our distribution network. We also manage our manufacturing and supply chain operations, including our distributor relationships, towards the goal of having our products available at the time and location the end customer desires.

Use of Non-GAAP Financial Measures: Our non-GAAP adjustments, where applicable, include the effect of share-based compensation, expenses related to our acquisition activities (including intangible asset amortization, severance, and other restructuring costs, and legal and other general and administrative expenses associated with acquisitions including legal fees and expenses for litigation and investigations related to our Microsemi acquisition), professional services associated with certain legal matters, and losses on the settlement of debt. For the first quarters of fiscal 2024 and fiscal 2023, our non-GAAP income tax expense is presented based on projected cash taxes for the fiscal year, excluding transition tax payments under the Tax Cuts and Jobs Act.

We are required to estimate the cost of certain forms of share-based compensation, including employee stock options, restricted stock units, and our employee stock purchase plan, and to record a commensurate expense in our income statement. Share-based compensation expense is a non-cash expense that varies in amount from period to period and is affected by the price of our stock at the date of grant. The price of our stock is affected by market forces that are difficult to predict and are not within the control of management. Our other non-GAAP adjustments are either non-cash expenses, unusual or infrequent items, or other expenses related to transactions. Management excludes all of these items from its internal operating forecasts and models.

We are using non-GAAP operating expenses in dollars, including non-GAAP research and development expenses and non-GAAP selling, general and administrative expenses, non-GAAP other expense, net, and non-GAAP income tax rate, which exclude the items noted above, as applicable, to permit additional analysis of our performance.

Management believes these non-GAAP measures are useful to investors because they enhance the understanding of our historical financial performance and comparability between periods. Many of our investors have requested that we disclose this non-GAAP information because they believe it is useful in understanding our performance as it excludes non-cash and other charges that many investors feel may obscure our underlying operating results. Management uses non-GAAP measures to manage and assess the profitability of our business and for compensation purposes. We also use our non-GAAP results when developing and monitoring our budgets and spending. Our determination of these non-GAAP measures might

not be the same as similarly titled measures used by other companies, and it should not be construed as a substitute for amounts determined in accordance with GAAP. There are limitations associated with using these non-GAAP measures, including that they exclude financial information that some may consider important in evaluating our performance. Management compensates for this by presenting information on both a GAAP and non-GAAP basis for investors and providing reconciliations of the GAAP and non-GAAP results.

Generally, gross profit fluctuates over time, driven primarily by the mix of products sold and licensing revenue; variances in manufacturing yields; fixed cost absorption; wafer fab loading levels; costs of wafers from foundries; inventory reserves; pricing pressures in our non-proprietary product lines; and competitive and economic conditions. Operating expenses fluctuate over time, primarily due to net sales and profit levels.

Diluted Common Shares Outstanding can vary for, among other things, the trading price of our common stock, the exercise of options or vesting of restricted stock units, the potential for incremental dilutive shares from our convertible debentures (additional information regarding our share count is available in the investor relations section of our website under

the heading "Supplemental Financial Information"), and repurchases or issuances of shares of our common stock. The diluted common shares outstanding presented in the guidance table above assumes an average Microchip stock price in the September 2023 quarter between $85 and $95 per share (however, we make no prediction as to what our actual share price will be for such period or any other period and we cannot estimate what our stock option exercise activity will be during the quarter).

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts; unaudited)

	Three Months Ended June 30,	
	2023	2022
Net sales	$ 2,288.6	$ 1,963.6
Cost of sales	730.2	653.7
Gross profit	1,558.4	1,309.9
Research and development	298.5	269.0
Selling, general and administrative	203.6	188.9
Amortization of acquired intangible assets	151.5	167.6
Special charges (income) and other, net	1.7	(16.9)
Operating expenses	655.3	608.6
Operating income	903.1	701.3
Other expense, net	(54.8)	(54.7)
Income before income taxes	848.3	646.6
Income tax provision	181.9	139.4
Net income	$ 666.4	$ 507.2
Basic net income per common share	$ 1.22	$ 0.92
Diluted net income per common share	$ 1.21	$ 0.90
Basic common shares outstanding	545.1	553.8
Diluted common shares outstanding	551.4	561.5

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions; unaudited)

ASSETS

	June 30, 2023	March 31, 2023
Cash and short-term investments	$ 271.2	$ 234.0
Accounts receivable, net	1,465.0	1,305.3
Inventories	1,336.4	1,324.9
Other current assets	197.0	205.1
Total current assets	3,269.6	3,069.3
Property, plant and equipment, net	1,185.7	1,177.9
Other assets	12,039.3	12,123.1
Total assets	$ 16,494.6	$ 16,370.3

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued liabilities	$ 1,820.9	$ 1,720.4
Current portion of long-term debt	1,398.7	1,398.2
Total current liabilities	3,219.6	3,118.6
Long-term debt	4,632.2	5,041.7
Long-term income tax payable	718.9	705.7
Long-term deferred tax liability	42.3	42.7
Other long-term liabilities	1,050.3	948.0
Stockholders' equity	6,831.3	6,513.6
Total liabilities and stockholders' equity	$ 16,494.6	$ 16,370.3

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
(in millions, except per share amounts and percentages; unaudited)

RECONCILIATION OF GAAP GROSS PROFIT TO NON-GAAP GROSS PROFIT

	Three Months Ended June 30,	
	2023	2022
Gross profit, as reported	$ 1,558.4	$ 1,309.9
Share-based compensation expense	6.8	7.7
Non-GAAP gross profit	$ 1,565.2	$ 1,317.6
GAAP gross profit percentage	68.1%	66.7%
Non-GAAP gross profit percentage	68.4%	67.1%

RECONCILIATION OF GAAP RESEARCH AND DEVELOPMENT EXPENSES TO NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES

	Three Months Ended June 30,	
	2023	2022
Research and development expenses, as reported	$ 298.5	$ 269.0
Share-based compensation expense	(22.9)	(20.1)
Other adjustments	(0.2)	(0.2)
Non-GAAP research and development expenses	$ 275.4	$ 248.7
GAAP research and development expenses as a percentage of net sales	13.0%	13.7%
Non-GAAP research and development expenses as a percentage of net sales	12.0%	12.7%

RECONCILIATION OF GAAP SELLING, GENERAL AND ADMINISTRATIVE EXPENSES TO NON-GAAP SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended June 30,	
	2023	2022
Selling, general and administrative expenses, as reported	$ 203.6	$ 188.9
Share-based compensation expense	(14.8)	(13.4)
Other adjustments	1.1	(0.6)
Professional services associated with certain legal matters	(0.5)	(0.9)
Non-GAAP selling, general and administrative expenses	$ 189.4	$ 174.0
GAAP selling, general and administrative expenses as a percentage of net sales	8.9%	9.6%
Non-GAAP selling, general and administrative expenses as a percentage of net sales	8.3%	8.9%

RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

	Three Months Ended June 30,	
	2023	2022
Operating expenses, as reported	$ 655.3	$ 608.6
Share-based compensation expense	(37.7)	(33.5)
Other adjustments	0.9	(0.8)
Professional services associated with certain legal matters	(0.5)	(0.9)
Amortization of acquired intangible assets	(151.5)	(167.6)
Special charges (income) and other, net	(1.7)	16.9
Non-GAAP operating expenses	$ 464.8	$ 422.7
GAAP operating expenses as a percentage of net sales	28.6%	31.0%
Non-GAAP operating expenses as a percentage of net sales	20.3%	21.5%

RECONCILIATION OF GAAP OPERATING INCOME TO NON-GAAP OPERATING INCOME

	Three Months Ended June 30,	
	2023	2022
Operating income, as reported	$ 903.1	$ 701.3
Share-based compensation expense	44.5	41.2
Other adjustments	(0.9)	0.8
Professional services associated with certain legal matters	0.5	0.9
Amortization of acquired intangible assets	151.5	167.6
Special charges (income) and other, net	1.7	(16.9)
Non-GAAP operating income	$ 1,100.4	$ 894.9
GAAP operating income as a percentage of net sales	39.5%	35.7%
Non-GAAP operating income as a percentage of net sales	48.1%	45.6%

RECONCILIATION OF GAAP OTHER EXPENSE, NET TO NON-GAAP OTHER EXPENSE, NET

	Three Months Ended June 30,	
	2023	2022
Other expense, net, as reported	$ (54.8)	$ (54.7)
Loss on settlement of debt	9.1	6.2
Non-cash other expense, net	—	0.1
Non-GAAP other expense, net	$ (45.7)	$ (48.4)
GAAP other expense, net, as a percentage of net sales	(2.4)%	(2.8)%
Non-GAAP other expense, net, as a percentage of net sales	(2.0)%	(2.5)%

RECONCILIATION OF GAAP INCOME TAX PROVISION TO NON-GAAP INCOME TAX PROVISION

	Three Months Ended June 30,	
	2023	2022
Income tax provision as reported	$ 181.9	$ 139.4
Income tax rate, as reported	21.4%	21.6%
Other non-GAAP tax adjustment	(32.5)	(60.1)
Non-GAAP income tax provision	$ 149.4	$ 79.3
Non-GAAP income tax rate	14.2%	9.4%

RECONCILIATION OF GAAP NET INCOME AND GAAP DILUTED NET INCOME PER COMMON SHARE TO NON-GAAP NET INCOME AND NON-GAAP DILUTED NET INCOME PER COMMON SHARE

	Three Months Ended June 30,	
	2023	2022
Net income, as reported	$ 666.4	$ 507.2
Share-based compensation expense	44.5	41.2
Other adjustments	(0.9)	0.8
Professional services associated with certain legal matters	0.5	0.9
Amortization of acquired intangible assets	151.5	167.6
Special charges (income) and other, net	1.7	(16.9)
Loss on settlement of debt	9.1	6.2
Non-cash other expense, net	—	0.1
Other non-GAAP tax adjustment	32.5	60.1
Non-GAAP net income	$ 905.3	$ 767.2
GAAP net income as a percentage of net sales	29.1%	25.8%
Non-GAAP net income as a percentage of net sales	39.6%	39.1%
Diluted net income per common share, as reported	$ 1.21	$ 0.90
Non-GAAP diluted net income per common share	$ 1.64	$ 1.37
Diluted common shares outstanding, as reported	551.4	561.5
Diluted common shares outstanding non-GAAP	551.4	561.5

RECONCILIATION OF GAAP CASH FLOW FROM OPERATIONS TO FREE CASH FLOW

	Three Months Ended June 30,	
	2023	2022
GAAP cash flow from operations, as reported	$ 993.2	$ 840.4
Capital expenditures	(111.1)	(121.9)
Free cash flow	$ 882.1	$ 718.5
GAAP cash flow from operations as a percentage of net sales	43.4%	42.8%
Free cash flow as a percentage of net sales	38.5%	36.6%

Microchip will host a conference call today, August 3, 2023 at 5:00 p.m. (Eastern Time) to discuss this release. This call will be simulcast over the Internet at www.microchip.com. The webcast will be available for replay until August 17, 2023.

A telephonic replay of the conference call will be available at approximately 8:00 p.m. (Eastern Time) on August 3, 2023 and will remain available until 5:00 p.m. (Eastern Time) on August 17, 2023. Interested parties may listen to the replay by dialing 201-612-7415/877-660-6853 and entering access code 13740125.

Cautionary Statement:

The statements in this release relating to a weakening macro backdrop and increased business uncertainty, continuing to navigate a challenging market environment and trending toward supply chain normalization as we continue to improve lead times for many of our products, that even as our broad base of customers experience demand uncertainty, we

expect our operating metrics to demonstrate resiliency through this business cycle, enhancing our operating performance while actively managing the working capital requirements for the business, that our operating model has been, and remains, a strong cash generator and continues to demonstrate consistently high non-GAAP operating margins as we execute on our Microchip 3.0 strategy, targeting to return $562.6 million to our shareholders in the September quarter through dividends and share repurchases, that our board remains committed to increasing cash returns to shareholders with the goal of returning 100% of our adjusted free cash flow to shareholders by the March 2025 quarter, slowing economic activity and increasing business uncertainty, active steps we are taking to help customers with inventory positions to push out some of their backlog, expecting net sales in the September quarter to be up 1% to down 3% sequentially, that at the mid-point of our guidance for the September quarter, net sales would be 9.3% higher than the year-ago quarter, being confident that semiconductors remain the engine of innovation for the applications and markets we serve, that our focus on Total System Solutions and key market megatrends is fueling strong design-win momentum that we expect will drive above-market long-term growth, our second quarter fiscal 2024 guidance for net sales and GAAP and non-GAAP gross profit, operating expenses, operating income, other expense, net, income tax provision, net income, diluted common shares outstanding, earnings per diluted share, capital expenditures for the September 2023 quarter and for all of fiscal 2024, continuing to add capital equipment to maintain, grow and operate our internal manufacturing capabilities to support the expected growth of our business, our belief that non-GAAP measures are useful to investors and our assumed average stock price in the September 2023 quarter are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause our actual results to differ materially, including, but not limited to: any continued uncertainty, fluctuations or weakness in the U.S. and world economies (including China) due to rising interest rates, high inflation or the impact of the COVID-19 pandemic (including lock-downs in China), actions taken or which may be taken by the Biden administration or the U.S. Congress, monetary policy, political, geopolitical, trade or other issues in the U.S. or internationally (including the Ukraine-Russia military conflict), changes in demand or market acceptance of our products and the products of our customers and our ability to meet any continued increases in market demand or customer requests to reschedule or cancel orders; the mix of inventory we hold, our ability to satisfy short-term orders from our inventory and our ability to effectively manage our inventory levels; the impact that the CHIPS Act will have on increasing manufacturing capacity in our industry by providing incentives for us, our competitors and foundries to build new wafer manufacturing facilities or expand existing facilities; the amount and timing of any incentives we may receive under the CHIPS Act, the impact of current and future changes in U.S. corporate tax laws (including the Inflation Reduction Act of 2022 and the Tax Cuts and Jobs Act of 2017), foreign currency effects on our business; changes in utilization of our manufacturing capacity and our ability to effectively manage and expand our production levels to meet any continued increases in market demand or any customer requests to reschedule or cancel orders; the impact of inflation on our business; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; our ability to realize the expected benefits of our preferred supply program and our long-term supply assurance program; changes or fluctuations in customer order patterns and seasonality; our ability to obtain a sufficient supply of wafers from third party wafer foundries to meet our increasing needs and the cost of such wafers, our ability to obtain additional capacity from our suppliers to increase production to meet any continued increases in market demand; our ability to successfully integrate the operations and employees, retain key employees and customers and otherwise realize the expected synergies and benefits of our acquisitions; the impact of any future significant acquisitions or strategic transactions we may make; the costs

and outcome of any current or future litigation or other matters involving our Microsemi acquisition, the Microsemi business, intellectual property, customers, or other issues; the costs and outcome of any current or future tax audit or investigation regarding our business or the business of Microsemi, our actual average stock price in the September quarter and the impact such price will have on our share count; fluctuations in our stock price and trading volume which could impact the number of shares we acquire under our share repurchase program and the timing of such repurchases; disruptions in our business or the businesses of our customers or suppliers due to natural disasters (including any floods in Thailand), terrorist activity, armed conflict, war, worldwide oil prices and supply, public health concerns (including the COVID-19 pandemic) or disruptions in the transportation system; and general economic, industry or political conditions in the United States or internationally.

For a detailed discussion of these and other risk factors, please refer to Microchip's filings on Forms 10-K and 10-Q. You can obtain copies of Forms 10-K and 10-Q and other relevant documents for free at Microchip's website (www.microchip.com) or the SEC's website (www.sec.gov) or from commercial document retrieval services.

Stockholders of Microchip are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Microchip does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after this August 3, 2023 press release, or to reflect the occurrence of unanticipated events.

About Microchip:

Microchip Technology Incorporated is a leading provider of smart, connected and secure embedded control solutions. Its easy-to-use development tools and comprehensive product portfolio enable customers to create optimal designs, which reduce risk while lowering total system cost and time to market. Our solutions serve more than 125,000 customers across the industrial, automotive, consumer, aerospace and defense, communications and computing markets. Headquartered in Chandler, Arizona, Microchip offers outstanding technical support along with dependable delivery and quality. For more information, visit the Microchip website at www.microchip.com.

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