March 21, 2025

Microchip Technology Announces Pricing of Offering of Depositary Shares Representing Interests in Series A Mandatory Convertible Preferred Stock

CHANDLER, Ariz., March 21, 2025 (GLOBE NEWSWIRE) -- (NASDAQ: MCHP) Microchip Technology Incorporated (“Microchip” or the “Company”), a leading provider of smart, connected, and secure embedded control solutions, today announced the pricing of its previously announced underwritten public offering of $1.35 billion of depositary shares (“depositary shares”), each representing a 1/20th interest in a share of newly issued 7.50% Series A Mandatory Convertible Preferred Stock, par value $0.001 per share (“preferred stock”) at a public offering price of $50.00 per depositary share (the “offering”). Microchip granted the underwriters in the offering a 13-day option to purchase up to an additional $135 million of depositary shares, solely to cover over-allotments, if any, at the public offering price less the underwriting discount. The offering is expected to close on March 25, 2025, subject to customary closing conditions.

The net proceeds from the offering will be approximately $1.32 billion (assuming the underwriters do not exercise the over-allotment option to purchase additional depositary shares), after deducting the applicable underwriting discount and estimated offering expenses payable by Microchip. Microchip intends to use approximately $50.1 million of the net proceeds from the offering to pay the cost of the capped call transactions described below. If the underwriters exercise their option to purchase additional depositary shares, Microchip expects to use a portion of the net proceeds from the sale of such additional depositary shares to enter into additional capped call transactions. Microchip intends to use the remaining net proceeds to repay existing debt, including notes outstanding under its commercial paper program.

J.P. Morgan, BofA Securities and BNP Paribas are acting as lead joint bookrunning managers for the offering. J. Wood Capital Advisors is acting as Microchip’s financial advisor for the offering.

Holders of the depositary shares will be entitled to a proportional fractional interest in the rights and preferences of the preferred stock, including conversion, dividend, liquidation and voting rights, subject to the provisions of a deposit agreement. The preferred stock will accumulate dividends (which may be paid in cash or, subject to certain limitations, in shares of the Company’s common stock, par value $0.001 per share (the “common stock”) or in any combination of cash and common stock) at a rate per annum equal to 7.50% on the liquidation preference thereof, which is $1,000 per share of preferred stock, payable when, as and if declared by Microchip’s board of directors (or an authorized committee thereof), on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2025 and ending on, and including, March 15, 2028. Unless earlier converted, each outstanding share of preferred stock will automatically convert, for settlement on or about

March 15, 2028, into between 16.0060 and 19.6080 shares of common stock (and, correspondingly, each depositary share will automatically convert into between 0.8003 and 0.9804 shares of common stock), subject to customary anti-dilution adjustments, determined based on the volume-weighted average price of the common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day prior to March 15, 2028. Other than during a fundamental change conversion period (as defined in the prospectus supplement relating to the offering), at any time prior to the mandatory conversion settlement date, a holder of 20 depositary shares may cause the bank depositary to convert one share of preferred stock, on such holder's behalf, into a number of shares of common stock equal to the minimum conversion rate of 16.0060, subject to certain anti-dilution and other adjustments. Currently, there is no public market for the depositary shares or the preferred stock. Microchip has applied to list the depositary shares on The Nasdaq Global Select Market under the symbol "MCHPP."

In connection with the pricing of the depositary shares, Microchip entered into privately negotiated capped call transactions with certain financial institutions (the "option counterparties"). The capped call transactions cover, subject to customary anti-dilution adjustments, the number of shares of common stock underlying the preferred stock sold in the offering, based on the minimum conversion rate of the preferred stock. The capped call transactions are generally expected to reduce or offset potential dilution to the common stock upon conversion of the preferred stock, with such reduction subject to a cap. The cap price of the capped call transactions will initially represent a premium of 40% over the last reported sale price of the common stock of $51.00 per share on The Nasdaq Global Select Market on March 20, 2025, and is subject to certain adjustments under the terms of the capped call transactions.

Microchip has been advised that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates expect to enter into various derivative transactions with respect to the common stock concurrently with or shortly after the pricing of the depositary shares. These activities could increase (or reduce the size of any decrease in) the market price of the common stock or the depositary shares at that time. In addition, Microchip has been advised that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to the common stock and/or purchasing or selling the common stock or other securities of Microchip in secondary market transactions from time to time prior to the mandatory conversion date of the preferred stock (and are likely to do so during the final averaging period relating to the mandatory conversion of the preferred stock and, to the extent Microchip unwinds a corresponding portion of the capped call transactions, following any early conversion of the preferred stock or repurchase of the depositary shares). This activity could also cause or avoid an increase or a decrease in the market price of the common stock or the depositary shares and could affect the value of the shares of common stock that holders will receive upon conversion of the preferred stock and, to the extent the activity occurs during the final averaging period relating to the mandatory conversion of the preferred stock, it could also affect the number of shares of common stock that holders will receive upon conversion.

A registration statement on Form S-3 relating to these securities has been filed with the Securities and Exchange Commission (the "SEC") and has become effective. The offering may be made only by means of a prospectus supplement and accompanying prospectus. When available, copies of the final prospectus supplement and accompanying prospectus can be obtained by visiting the SEC's website at http://www.sec.gov or by contacting J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue,

Edgewood, NY 11717 or by email at prospectus-eq_fi@jpmchase.com and postsalemanualrequests@broadridge.com, BofA Securities, Inc, NC1-022-02-25, 201 North Tryon Street, Charlotte, NC 28255-0001, Attention: Prospectus Department, by email at: dg.prospectus_requests@bofa.com, or by telephone at 1-800-294-1322, or BNP Paribas Securities Corp., 787 7th Avenue, New York, New York 10019 or by calling toll-free at 1-800-854-5674.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

The Microchip logo and name are registered trademarks of Microchip Technology Incorporated.

Cautionary Statement:

The statements contained in this press release relating to the proposed offering including the expected terms of the offering, use of proceeds, listing of the depositary shares and the capped call transactions 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 actual results to differ materially, including, but not limited to: uncertainties related to equity and debt market conditions; our balance of cash and investments and the level of cash flow from our business; our available borrowings under our credit agreement; our debt leverage ratios; our ability to successfully execute on our business recovery plan; the costs and outcome of any current or future litigation, audit or investigation 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 recent filings on Form 10-K and Form 10-Q. You can obtain copies of our Form 10-Ks, Form 10-Qs 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. You 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 the date of this press release, or to reflect the occurrence of unanticipated events.

INVESTOR RELATIONS CONTACTS:

Eric Bjornholt – CFO … (480) 792-7804
Sajid Daudi -- Head of Investor Relations … (480) 792-7385

Source: Microchip Technology Inc.