



INVESTOR RELATIONS CONTACT:
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**MICROCHIP TECHNOLOGY ANNOUNCES FINANCIAL RESULTS
FOR FIRST QUARTER OF FISCAL YEAR 2021**

- Net sales of \$1.310 billion, down 1.3% sequentially and down 1.0% from the year ago quarter. Our updated guidance provided on June 2, 2020 was for net sales to be between flat and down 6% sequentially with a mid-point of down 3.0%.
- On a GAAP basis: gross margin of 61.0%; operating income of \$218.3 million; net income of \$123.6 million; and EPS of \$0.48 per diluted share. Our updated guidance provided on June 2, 2020 was for GAAP EPS of \$0.25 to \$0.39 per diluted share.
- On a Non-GAAP basis: gross margin of 61.7%; operating income of \$505.2 million and 38.6% of net sales; net income of \$401.9 million and EPS of \$1.56 per diluted share. Our updated guidance provided on June 2, 2020 was for Non-GAAP EPS of \$1.35 to \$1.53 per diluted share.
- Cash flow from operations of \$501.8 million.
- Paid down \$394.0 million of debt in the June 2020 quarter. Cumulatively paid down \$2.62 billion of debt over the last eight quarters.
- Record quarterly dividend declared of 36.80 cents per share.

CHANDLER, Arizona - August 4, 2020 - (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, 2020 as summarized in the following table:

	Three Months Ended June 30, 2020 ⁽¹⁾			
	GAAP	%	Non-GAAP ⁽²⁾	%
Net sales	\$1,309.7			
Gross margin	\$798.3	61.0%	\$807.5	61.7%
Operating income	\$218.3	16.7%	\$505.2	38.6%
Other expense	\$(128.8)		\$(77.6)	
Income tax (benefit) provision	\$(34.1)		\$25.7	
Net income	\$123.6	9.4%	\$401.9	30.7%
Net income per diluted share	\$0.48		\$1.56	

⁽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.

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GAAP net sales for the first quarter of fiscal 2021 were \$1.310 billion, down 1.0% from net sales of \$1.323 billion in the prior year's first fiscal quarter.

GAAP net income for the first quarter of fiscal 2021 was \$123.6 million, or \$0.48 per diluted share, up from GAAP net income of \$50.7 million, or \$0.20 per diluted share, in the prior year's first fiscal quarter. For the first quarters of fiscal 2021 and fiscal 2020, GAAP net income was significantly adversely impacted by purchase accounting adjustments associated with our acquisitions.

Non-GAAP net income for the first quarter of fiscal 2021 was \$401.9 million, or \$1.56 per diluted share, up from non-GAAP net income of \$357.6 million, or \$1.41 per diluted share, in the prior year's first fiscal quarter. For the first quarters of fiscal 2021 and fiscal 2020, our non-GAAP results exclude the effect of share-based compensation, COVID-19 shelter-in-place restrictions on manufacturing activities, 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, IT security remediation costs, non-cash interest expense on our convertible debentures, losses on the settlement of debt, and gains related to available-for-sale investments. For the first quarters of fiscal 2021 and fiscal 2020, 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. A reconciliation of our non-GAAP and GAAP results is included in this press release.

Microchip announced today that its Board of Directors has declared a record quarterly cash dividend on its common stock of 36.80 cents per share. The quarterly dividend is payable on September 4, 2020 to stockholders of record on August 21, 2020.

"The June quarter demonstrated what the best of the Microchip culture and its employees represent," said Steve Sanghi, Chief Executive Officer. "Our global team all came together in the middle of a global pandemic, while working on a pay cut, and delivered superb performance during the quarter. I am proud of how rapidly the Microchip team adapted to the new constraints we faced so that our employees would be safe, our customers could be well served and our supply chain partners engaged to achieve mutual success despite the challenges we faced."

Mr. Sanghi added, "Despite the COVID-19 pandemic, we delivered \$1.31 billion of net sales which was down 1.3% on a sequential basis compared to our early June updated guidance which was for net sales to be about flat to down 6%. We also delivered outstanding non-GAAP gross margin of 61.7% and operating margin of 38.6%, while reducing our days of inventory from 122 days to 117 days. We believe our inventory is well-positioned to serve the needs of our customers and is within our publicly-stated inventory target of 115 to 120 days."

"In the June quarter, our Data Center and Computing end markets continued to show strength from the shift to a work from home environment," said Ganesh Moorthy, President and Chief Operating Officer. "Medical devices necessary to treat COVID-19 patients in addition to a host of other hospital equipment needed to support increased patient loads were also strong in the quarter. Our Automotive business was very weak, particularly in April and May due to the widespread factory shutdowns, but we are starting to see some improvement in this portion of our business."

Mr. Moorthy added, "Our manufacturing operations worked through varying constraints in the June quarter and were able to ramp up as the quarter progressed and the shelter in place restrictions eased in certain of the higher impacted locations. Our customers and supply chain partners also faced constraints with their factories and logistics, primarily during April and May. As we progressed through May and June, we experienced many short lead time orders from customers due to a variety of factors. We are working with our customers to improve the visibility of their backlog so that we can serve them better."

Eric Bjornholt, Microchip's Chief Financial Officer, said, "We continued to aggressively pay down our debt with another \$394.0 million of payments during the June quarter, reflecting a cumulative debt pay down of \$2.62 billion over the past eight quarters, as we have actively managed the working capital requirements for the business. In the June quarter, we also issued \$2.2 billion of senior notes which was used to repay our senior secured bridge loan facility, repurchased a portion of our convertible debt, and paid down a portion of the borrowings under our revolving credit facility. We believe that the convertible repurchases will significantly reduce share count dilution to the extent our stock price appreciates over time."

Mr. Sanghi concluded, "Our June quarter bookings were soft compared to the March quarter as our customers and distributors did not have the visibility to place long-term orders. Our backlog entering the September quarter was significantly below our backlog entering the June quarter, although bookings have strengthened through the month of July. However, the pace of economic recovery appears to be a bit uncertain due to the resurgence of COVID-19 positive cases in many countries around the world. Taking all of these factors into consideration, we expect our net sales in the September quarter to be flat to down 8% sequentially. The broad guidance range is to help account for the uncertainty from the evolving COVID-19 pandemic."

Microchip's Highlights for the Quarter Ended June 30, 2020:

- Expanded its market-leading maXTouch® portfolio with the new **MXT288UD touch controller family**, the industry's smallest automotive grade packaged touch screen controllers.
- Unveiled the **Adapttec® SmartRAID 3100E** RAID adapters designed to provide reliable hardware RAID protection for customer data in cost-sensitive end applications. The SmartRAID 3100E provides over 60 percent performance acceleration over its prior-generation Adapttec Series 8E products at 40 percent power savings.
- Announced the VectorBlox Accelerator Software Development Kit (SDK) to help developers take advantage of Microchip's PolarFire® FPGAs for creating low-power, flexible overlay-based neural network applications without learning an FPGA tool flow.
- Introduced the next-generation **AVR® DA family of microcontrollers** (MCUs), its first Functional Safety Ready AVR MCU family with Peripheral Touch Controller, building on a legacy of high performance and high code efficiency devices.
- Announced the release to production of the **Switchtec™ PAX Advanced Fabric Gen 4 PCIe** switch family, enabling complex fabric topologies with greater scalability, lower latency, and higher performance than traditional Peripheral Component Interconnect Express (PCIe) switches.
- Introduced its newly-expanded portfolio of Transient Voltage Suppressor vertical arrays - the **MDA3KP Transient Voltage Suppressor**, a 3 kW diode family of more than 25 products with different screening levels, polarities and qualification standards.
- Announced the release of software version 2.1 for its TimeProvider® 4100, a 1588 grandmaster including support for the latest ITU-T G.8275.1 and G.8275.2 1588 phase profiles, and complemented by extensive port fan-out for PTP, Network Time Protocol, SyncE, and E1/T1.
- Unveiled a major software update for its BlueSky™ GNSS Firewall product, providing a higher level of resiliency against GPS vulnerabilities for systems dependent on GPS signal reception.

- Announced with KIOXIA America, Inc. the successful completion of the industry’s first 24G SAS End-to-End Storage interoperability testing. This interoperability testing demonstrates that its suite of 24G SAS products and KIOXIA 24G SAS Solid-State Drives can be utilized together as part of next-generation storage solutions.
- Announced availability of the 53100A Phase Noise Analyzer designed for engineers and scientists who rely on precise and accurate measurement of frequency signals.

Second Quarter Fiscal Year 2021 Outlook:

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. We are not able to predict whether inventory at our distributors will increase or decrease during the quarter and are therefore providing a range of GAAP net sales guidance. In recent years, we have seen net inventory at our distributors increase or decrease by a significant amount in a single quarter.

	Microchip Consolidated Guidance		
Net Sales	\$1.205 to \$1.310 billion		
	GAAP	Non-GAAP Adjustments	Non-GAAP ⁽¹⁾
Gross Margin	60.5% to 61.5%	\$8.3 to \$9.3 million	61.2% to 62.2%
Operating Expenses ⁽²⁾	45.3% to 47.9%	\$285.7 to \$289.7 million	23.2% to 24.2%
Operating Income	12.6% to 16.2%	\$294.0 to \$299.0 million	37.0% to 39.0%
Other Expense, net	\$96.4 to \$98.4 million	\$19.4 million	\$77 to \$79 million
Income Tax Provision	\$9.3 to \$13.5 million ⁽³⁾	\$10.3 to \$14.7 million	\$23.7 to \$24.0 million ⁽⁴⁾
Net Income	\$46.2 to \$100.0 million	\$298.7 to \$308.0 million	\$344.9 to \$408.0 million
Diluted Common Shares Outstanding	Approximately 264.6 to 268.6 million shares		Approximately 264.6 to 268.6 million shares
Earnings per Diluted Share	\$0.17 to \$0.37	\$1.13 to \$1.15	\$1.30 to \$1.52

⁽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, 2020. 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, 2020.

⁽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 expected cash tax rate for fiscal 2021 excluding any transition tax payments associated with the Tax Cuts and Jobs Act.

- Microchip's inventory days in the September 2020 quarter are expected to be in the range of 118 to 130 days, compared to 117 days at June 30, 2020. Our actual inventory level will depend on the inventory that our distributors decide to hold to support their customers, overall demand for our products and our production levels.
- Capital expenditures for the quarter ending September 30, 2020 are expected to be about \$15 million. Capital expenditures for all of fiscal 2021 are expected to be between \$50 million and \$70 million. We are continuing to invest in the equipment needed to support the growth of our production capabilities for fast-growing new products and technologies and to bring in-house more of the assembly and test operations that are currently outsourced.

Under the new 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. Therefore, the elements of our internal performance and executive and employee compensation metrics that are based on sales and operating results are measured using the value of the end-market demand for our products. We use end-market demand for these purposes because we do not believe that the underlying value of our business benefits from increases in the value of inventory that is held in the supply chain. As many of our products are designed into customer applications with relatively long lives, such value is only realized when the end-market demand is created and the supply chain sells the inventory to the end customer. We define end-market demand as the net dollar amount of our products, licensing revenue and other services delivered to our direct (non-distributor) customers and by our distributors to their customers. We are able to calculate end-market demand based on information that our distributors provide us about their product shipments to their customers and inventory holdings. The value of end-market demand from our distributors is calculated as the net transaction value of these shipments. We believe that our end-market demand metric reflects true end-market demand based on when product is sold to direct customers or by our distributors to an end customer. We believe the use of end-market demand is also important to investors and users of our financial statements as it reflects the final outcome of our sales activities whereas our GAAP net sales are based on estimates made earlier in (or before the end of) the process of creating and fulfilling demand is complete. 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. Management uses end-market demand to manage and assess the profitability of our business and when developing and monitoring our budgets and spending. Many of our investors have requested that we disclose end-market demand metric because they believe it is useful in understanding our performance as it provides better information regarding end-market

demand for our products. Therefore, we believe that it is useful to investors for us to disclose end-market demand. Our determination of end-market demand metric might not be the same as similarly titled measures used by other companies.

Use of Non-GAAP Financial Measures: Our non-GAAP adjustments, where applicable, include the effect of share-based compensation, COVID-19 shelter-in-place restrictions on manufacturing activities, 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, IT security remediation costs, non-cash interest expense on our convertible debentures, losses on the settlement of debt, and gains related to available-for-sale investments. For the first quarters of fiscal 2021 and fiscal 2020, 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 these 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 margin 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 2020 quarter between \$100 and \$110 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)

	Three Months Ended	
	June 30,	
	2020	2019
Net sales	\$ 1,309.7	\$ 1,322.6
Cost of sales	511.4	507.4
Gross profit	798.3	815.2
Research and development	198.0	219.1
Selling, general and administrative	146.3	167.9
Amortization of acquired intangible assets	235.4	248.5
Special charges and other, net	0.3	8.1
Operating expenses	580.0	643.6
Operating income	218.3	171.6
Other expense, net	(128.8)	(131.1)
Income before income taxes	89.5	40.5
Income tax benefit	(34.1)	(10.2)
Net income	\$ 123.6	\$ 50.7
Basic net income per common share	\$ 0.50	\$ 0.21
Diluted net income per common share	\$ 0.48	\$ 0.20
Basic common shares outstanding	247.7	237.8
Diluted common shares outstanding	257.8	253.9

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)

ASSETS

	June 30, 2020	March 31, 2020
	(Unaudited)	
Cash and short-term investments	\$ 380.2	\$ 403.0
Accounts receivable, net	894.3	934.0
Inventories	657.2	685.7
Other current assets	203.3	194.5
Total current assets	2,135.0	2,217.2
Property, plant and equipment, net	844.0	876.1
Other assets	14,049.1	14,332.8
Total assets	\$ 17,028.1	\$ 17,426.1

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued liabilities	\$ 989.5	\$ 1,028.6
Current portion of long-term debt	1,596.3	608.8
Total current liabilities	2,585.8	1,637.4
Long-term debt	7,730.0	8,873.4
Long-term income tax payable	681.1	668.4
Long-term deferred tax liability	112.3	318.5
Other long-term liabilities	417.6	342.9
Stockholders' equity	5,501.3	5,585.5
Total liabilities and stockholders' equity	\$ 17,028.1	\$ 17,426.1

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,	
	2020	2019
Gross profit, as reported	\$ 798.3	\$ 815.2
Share-based compensation expense	6.4	4.9
COVID-19 shelter-in-place restrictions on manufacturing activities	2.8	—
Non-GAAP gross profit	\$ 807.5	\$ 820.1
Non-GAAP gross profit percentage	61.7%	62.0%

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

	Three Months Ended June 30,	
	2020	2019
Research and development expenses, as reported	\$ 198.0	\$ 219.1
Share-based compensation expense	(20.5)	(19.5)
Acquisition-related costs	—	(0.1)
Non-GAAP research and development expenses	\$ 177.5	\$ 199.5
Non-GAAP research and development expenses as a percentage of net sales	13.6%	15.1%

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

	Three Months Ended June 30,	
	2020	2019
Selling, general and administrative expenses, as reported	\$ 146.3	\$ 167.9
Share-based compensation expense	(15.5)	(16.3)
Acquisition-related costs	(1.5)	(6.5)
Professional services associated with certain legal matters	(3.5)	—
IT security remediation	(1.0)	(3.0)
Non-GAAP selling, general and administrative expenses	\$ 124.8	\$ 142.1
Non-GAAP selling, general and administrative expenses as a percentage of net sales	9.5%	10.7%

RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP OPERATING EXPENSES

	Three Months Ended	
	June 30,	
	2020	2019
Operating expenses, as reported	\$ 580.0	\$ 643.6
Share-based compensation expense	(36.0)	(35.8)
Acquisition-related costs	(1.5)	(6.6)
Professional services associated with certain legal matters	(3.5)	—
IT security remediation	(1.0)	(3.0)
Amortization of acquired intangible assets	(235.4)	(248.5)
Special charges and other, net	(0.3)	(8.1)
Non-GAAP operating expenses	\$ 302.3	\$ 341.6
Non-GAAP operating expenses as a percentage of net sales	23.1%	25.8%

RECONCILIATION OF GAAP OPERATING INCOME TO NON-GAAP OPERATING INCOME

	Three Months Ended	
	June 30,	
	2020	2019
Operating income, as reported	\$ 218.3	\$ 171.6
Share-based compensation expense	42.4	40.7
COVID-19 shelter-in-place restrictions on manufacturing activities	2.8	—
Acquisition-related costs	1.5	6.6
Professional services associated with certain legal matters	3.5	—
IT security remediation	1.0	3.0
Amortization of acquired intangible assets	235.4	248.5
Special charges and other, net	0.3	8.1
Non-GAAP operating income	\$ 505.2	\$ 478.5
Non-GAAP operating income as a percentage of net sales	38.6%	36.2%

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

	Three Months Ended	
	June 30,	
	2020	2019
Other expense, net, as reported	\$ (128.8)	\$ (131.1)
Loss on settlement of debt	26.8	1.9
Non-cash other expense, net	24.6	29.9
Gains on available-for-sale investments	(0.2)	(0.8)
Non-GAAP other expense, net	\$ (77.6)	\$ (100.1)
Non-GAAP other expense, net, as a percentage of net sales	(5.9)%	(7.6)%

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

	Three Months Ended	
	June 30,	
	2020	2019
Income tax benefit, as reported	\$ (34.1)	\$ (10.2)
Income tax rate, as reported	(38.1)%	(25.2)%
Other non-GAAP tax adjustment	59.8	31.0
Non-GAAP income tax provision	\$ 25.7	\$ 20.8
Non-GAAP income tax rate	6.0 %	5.5 %

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,	
	2020	2019
Net income, as reported	\$ 123.6	\$ 50.7
Share-based compensation expense	42.4	40.7
COVID-19 shelter-in-place restrictions on manufacturing activities	2.8	—
Acquisition-related costs	1.5	6.6
Professional services associated with certain legal matters	3.5	—
IT security remediation	1.0	3.0
Amortization of acquired intangible assets	235.4	248.5
Special charges and other, net	0.3	8.1
Loss on settlement of debt	26.8	1.9
Non-cash other expense, net	24.6	29.9
Gains on available-for-sale investments	(0.2)	(0.8)
Other non-GAAP tax adjustment	(59.8)	(31.0)
Non-GAAP net income	\$ 401.9	\$ 357.6
Non-GAAP net income as a percentage of net sales	30.7 %	27.0 %
GAAP net income as a percentage of net sales	9.4 %	3.8 %
Diluted net income per common share, as reported	\$ 0.48	\$ 0.20
Non-GAAP diluted net income per common share	\$ 1.56	\$ 1.41
Diluted common shares outstanding, as reported	257.8	253.9
Diluted common shares outstanding non-GAAP	257.8	253.9

Microchip will host a conference call today, August 4, 2020 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 18, 2020.

A telephonic replay of the conference call will be available at approximately 8:00 p.m. (Eastern Time) on August 4, 2020 and will remain available until 5:00 p.m. (Eastern Time) on August 18, 2020. Interested parties may listen to the replay by dialing 719-457-0820 and entering access code 5367865.

Cautionary Statement:

The statements in this release relating to our belief that our inventory is well-positioned to serve the needs of our customers, that we are starting to see some improvement in the automotive portion of our business, that we are working with customers to improve the visibility of their backlog so that we can serve them better, actively managing the working capital requirements for the business, that our convertible debt repurchase will significantly reduce share count dilution to the extent our stock price appreciates over time, that the pace of economic recovery appears to be a bit uncertain due to the resurgence of COVID-19 positive cases in many countries around the world, that we expect our net sales in the September 2020 quarter to be flat to down 8% sequentially, that the broad guidance range is to help account for the uncertainty from the evolving COVID-19 pandemic, our second quarter fiscal 2021 guidance for net sales and GAAP and non-GAAP gross margin, operating expenses, operating income, other expense, net, income tax provision (benefit), net income, diluted common shares outstanding, earnings per diluted share, expected inventory days in the September 2020 quarter, capital expenditures for the September 2020 quarter and for all of fiscal 2021, continuing to invest in the equipment needed to support the growth of our production capabilities for fast-growing new products and technologies and to bring in-house more of the assembly and test operations that are currently outsourced, our belief that our end-market demand metric reflects true end-market demand based on when product is sold to direct customers or by our distributors to an end customer and our assumed average stock price in the September 2020 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 economic uncertainty due to the impact of the COVID-19 pandemic, monetary policy, political, geopolitical, trade

or other issues in the U.S. or internationally, any further unexpected fluctuations or weakness in the U.S. and global economies (including China), changes in demand or market acceptance of our products and the products of our customers; 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 current and future changes in U.S. corporate tax laws (including the Tax Cuts and Jobs Act of 2017), foreign currency effects on our business; the mix of inventory we hold and our ability to satisfy short-term orders from our inventory; changes in utilization of our manufacturing capacity and our ability to effectively manage and expand our production levels; competitive developments including pricing pressures; the level of orders that are received and can be shipped in a quarter; changes or fluctuations in customer order patterns and seasonality; the impact of any future significant acquisitions that we may make; our ability to obtain a sufficient supply of wafers from third party wafer foundries and the cost of such wafers, 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 4, 2020 press release, or to reflect the occurrence of unanticipated events.

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