



Allegro MicroSystems Announces Sale of Thailand Manufacturing Facility

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Sale Demonstrates Continued Execution on Gross Margin Expansion Plan

MANCHESTER, N.H., March 04, 2021 (GLOBE NEWSWIRE) -- Allegro MicroSystems, Inc. ("Allegro"), a global leader in sensing and power semiconductor technology, today announced that it has entered into a definitive agreement to sell its manufacturing facility in Thailand ("AMTC") to an undisclosed third party. The AMTC purchase price is approximately \$30 million before fees and expenses. This sale is an important milestone in the execution of Allegro's manufacturing transformation to streamline back-end operations and enhance gross margin.

Allegro had previously announced its plans for back-end facility consolidation as part of a multi-year strategic transformation to optimize the company's manufacturing footprint and reduce fixed costs. Last quarter, the company shared that it had successfully transferred production from AMTC into its Manila, Philippines facility ("AMPI"), one quarter earlier than initially planned. The AMTC facility closure and sale will complete the company's transition to a fables, asset-lite manufacturing model.

"This transaction demonstrates our strong commitment to and timely execution of our manufacturing transformation initiatives – giving us conviction in our gross margin expansion over time, in line with our long-term financial model," said Ravi Vig, President and Chief Executive Officer. "I would like to thank the employees for their contributions to transferring production to AMPI ahead of schedule and for their commitment to making this transition successful. The sale of the AMTC facility is an important step in optimizing our manufacturing footprint and will further improve our production flow, reduce our cycle times, and enhance our profitability."

Allegro expects to close the transaction within the calendar year, subject to governmental approvals in Thailand and customary closing conditions. As a result of the execution of the definitive agreement, Allegro will incur a one-time GAAP non-cash impairment charge to the book value of the facility in the range of \$7 million to \$9 million in the current quarter. This one-time GAAP impairment charge will be excluded from the non-GAAP financial measures Allegro will report for the year and quarter ending March 26, 2021.

About Allegro MicroSystems

Allegro MicroSystems is a leading global designer, developer, fables manufacturer and marketer of sensor integrated circuits ("ICs") and application-specific analog power ICs enabling emerging technologies in the automotive and industrial markets. Allegro's diverse product portfolio provides efficient and reliable solutions for the electrification of vehicles, automotive ADAS safety features, automation for Industry 4.0 and power saving technologies for data centers and green energy applications.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "expect," "should," "plan," "intend," "estimate," "target," "mission," "may," "will," "would," "should," "could," "target," "potential," "project," "predict," "contemplate," "potential," or the negative thereof and similar words and expressions.

Forward-looking statements are based on management's current expectations, beliefs and assumptions and on information currently available to us. Such 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 important factors, including, but 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, and other important factors discussed under the caption "Risk Factors" in our final prospectus on Form 424(b) filed with the U.S. Securities and Exchange Commission ("SEC") on February 8, 2021, as any such

factors may be updated from time to time in our other filings with the SEC, which are accessible on the SEC's website at www.sec.gov and the Investors & Media page of our website at investors.allegromicro.com.

All forward-looking statements speak only as of the date of this press release and, except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

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