Allegro MicroSystems, Inc. Enters Its Next Phase as a Public Company with Repurchase of 39 Million Shares Held by Sanken Electric

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MANCHESTER, N.H., July 29, 2024 (GLOBE NEWSWIRE) -- Allegro MicroSystems, Inc. (Nasdaq: ALGM) (“Allegro”), a global leader in power and sensing solutions for motion control and energy-efficient systems, announced today that it has completed the closing of the first of two repurchases for a total of 39 million shares of common stock from Allegro’s largest shareholder, Sanken Electric Co., Ltd. (“Sanken”), all of which will be retired.

The closing of the first repurchase was financed by issuing approximately 29 million shares of common stock for $666 million of net proceeds to repurchase approximately 29 million shares from Sanken. The second closing of the repurchase of approximately 10 million shares is expected to be financed through a combination of proceeds from an incremental term loan under Allegro’s existing credit agreement and cash on hand.

“This share buyback and retirement represent another important milestone in Allegro’s journey as a public company. We believe that broader ownership, increased liquidity and improved governance will act as a catalyst for further value creation,” said Vineet Nargolwala, President and CEO.

Pursuant to the terms of the Share Repurchase Agreement entered into on July 23, 2024, Allegro has agreed to repurchase from Sanken, in a privately negotiated transaction, a total of 39 million shares of common stock at $23.16 per share, which is the public offering price of the primary offering closed on July 26, 2024 minus the discount to the underwriters but before transaction expenses and fees payable by Sanken. After giving effect for the repurchase of the full 39 million shares from Sanken, Sanken’s ownership in Allegro will decrease from approximately 50.8% to 32.5%.

Pursuant to the Share Repurchase Agreement, Sanken has agreed to a 14-month lock-up. Additionally, Allegro and Sanken entered into an Amended and Restated Stockholders Agreement on July 23, 2024 (the “Amendment”). The Amendment provides that Sanken is entitled to nominate two directors to the board of directors as long as Sanken and its affiliates beneficially own, directly or indirectly, at least 20% of outstanding shares of common stock and one director to the board of directors as long as Sanken and its affiliates beneficially own, directly or indirectly, at least 10% of outstanding shares of common stock. In each case, Sanken is also entitled to designate one Sanken observer to the board of directors to attend meetings of the board of directors in a non-voting, observer capacity, subject to certain exceptions. If at any point Sanken and its affiliates beneficially own, directly or indirectly, less than 10% of outstanding shares of common stock, Sanken will not be entitled to nominate a director to the board of directors, nor will Sanken be entitled to designate a Sanken observer to the board of directors.

PJT Partners is acting as financial advisor to Allegro in connection with these transactions.

About Allegro MicroSystems, Inc.

Allegro MicroSystems is a leading global designer, developer, fabless 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 clean energy applications.

About Sanken Electric Co., Ltd.

Sanken’s mission as a company is to provide optimal solutions in the broad and expansive field of electricity and electronics with semiconductors, its core business, power electronics and peripheral fields. Sanken provides products globally for the increasingly electrified automotive industry, as well as for white goods and industrial equipment, which are becoming more energy efficient as demand for electricity increases. Sanken works to constantly innovate its technological capabilities and provides products of assured quality to help solve global environmental and social issues and further develop industry, the economy and culture.

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, including statements regarding amendments to Allegro’s existing credit agreement and use of proceeds from loans thereunder, the Amendment, the Share Repurchase Agreement, and the repurchase of shares from Sanken, each as described above. These forward-looking statements are based on management’s current expectations. These statements are neither promises nor guarantees, but 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, including, but not limited to, the factors discussed under the caption “Risk Factors” in the prospectus supplement related to this offering and our other filings with the U.S. Securities and Exchange Commission, any of which could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management’s estimates as of the date of this press release. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

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