

SYNAPTICS – THIRD QUARTER, FISCAL 2026 CONFERENCE CALL Prepared Comments

MUNJAL: SAFE HARBOR

Good afternoon and thank you for joining us today on Synaptics' third quarter fiscal 2026 conference call. My name is Munjal Shah, and I am the Vice President of Investor Relations. With me on today's call are Rahul Patel, our President and CEO, and Ken Rizvi, our CFO. This call is being broadcast live over the web and can be accessed from the investor relations section of the Company's website at synaptics.com.

In addition to a copy of our earnings press release detailing our quarterly results, a supplemental slide presentation, and a copy of these prepared remarks, have been posted on our investor relations website.

Today's discussion of financial results is presented on a GAAP financial basis along with supplementary results on a non-GAAP basis, which excludes share-based compensation, acquisition-related costs, and certain other non-cash or recurring or non-recurring items. All non-GAAP financial metrics discussed are reconciled to the most directly comparable GAAP financial measures in our earnings press release and supplemental materials available on our investor relations website.

As a reminder, the matters we are discussing today in our prepared remarks, in our supplemental materials and in response to your questions may contain forward-looking statements. These forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance, and business. Although Synaptics believes the estimates and assumptions underlying these forward-looking statements to be reasonable, the statements are subject to a number of risks and uncertainties beyond our control. Synaptics cautions that actual results may differ materially from any future performance suggested in the Company's forward-looking statements. Therefore, we refer you to the Company's earnings release issued today, and our current and periodic reports filed with the SEC, including our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, for important risk factors that could cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements speak only as of the date hereof. Except as required by law, Synaptics expressly disclaims any obligation to update this forward-looking information.

I will now turn the call over to Rahul.

BUSINESS OVERVIEW

Thank you, Munjal. Good afternoon, everyone, and thank you for joining our fiscal third quarter 2026 earnings call.

Fiscal third quarter marked our sixth consecutive quarter of double-digit year-over-year revenue growth, driven by a 31 percent year-over-year increase in our Core IoT products. We are seeing improving momentum and delivering consistent performance across the business. Our non-GAAP gross margin was above the mid-point of our guidance range and non-GAAP earnings per share of \$1.09 was at the high-end of guidance and increased 21 percent year-over-year.

Let me start by highlighting the accelerating adoption we are seeing in Physical AI and Edge AI, with customer engagements continuing to expand. Last quarter, we announced our first humanoid design with a leading OEM for our touch controller and interface solutions. Since then, we have sampled silicon to three additional OEMs, and our robotics pipeline has grown to more than 35 customers globally, including a leading generative AI OEM.

Customers are adopting our AI-enabled touch controllers for tactile sensing. Our capacitive sensing technology measures subtle changes in a compressible layer to detect force, slip, and proximity, enabling robots to handle objects, maintain grip, and respond in real time. This capability extends beyond the hand to other contact surfaces, including the feet.

These tactile controllers can pair with our Astra processors to aggregate sensor inputs and run AI locally, enabling real-time decision-making, improving response time, and reducing the load on the robot's central compute. In addition, our wireless portfolio, including Wi-Fi, Bluetooth, and GPS/GNSS, supports reliable connectivity as robots move and coordinate with one another and the network. Further, our interface technology enables high-bandwidth transport within a robotic system. For example, one of our customers is using it to interconnect multiple displays in a humanoid.

Our content opportunity in robotics is substantially higher than in our other markets. Synaptics' broad and differentiated portfolio across processing, connectivity, sensing and interface solutions uniquely positions us to address this opportunity. New use cases continue to emerge and our engagements are expanding with a growing set of customers. While still early, I am excited about this promising growth vector for Synaptics.

This quarter, we also made solid progress in our partnership with Google, which continues to be a key driver of our Edge AI strategy. We launched the next-generation Coralboard, powered by our Astra SL2610 processor and featuring the industry's first implementation of Google's Coral NPU integrated with Synaptics' Torq NPU architecture. The Coralboard provides developers with a turnkey platform to move quickly from prototyping to production and bring generative AI directly onto the device.

In the coming weeks, we and our partner will showcase Astra processor technology powering Google Gemma and other leading AI models at a high-profile industry event. At this event, we will also make the platform available to developers, system architects, and OEMs looking to build real-world, Edge AI applications.

Next, let me update you on the next-generation of our Astra SR-Series microcontrollers, a semi-custom, AI-native platform targeting emerging wearables applications. We successfully taped out the SoC last month and expect to begin sampling in the fall. The platform includes Synaptics' PMIC and a microcontroller that integrates advanced power management, Google's Coral NPU, our Torq NPU, and a flexible memory architecture to deliver high-performance, low-power Edge AI processing. For the initial wearable application, our solution delivers up to two times battery life and reduces bill-of-materials by roughly 50%. Beyond this initial design, the SR-series represents a new class of AI-native microcontrollers that can extend across wearable platforms and into a broad range of Edge AI applications.

Turning to design traction, we are securing Astra processor wins across multiple applications in various end markets. Notably, our processors are designed into a new class of medical devices that bring diagnostic imaging to a patient's home, extending access to healthcare in rural and underserved regions. This customer selected Astra for its price-performance, design flexibility, ease of software and hardware integration, and for the ability to run AI models locally on the device. We

also secured a win in industrial with a leading North American fleet management OEM, where our ultra-low power vision platform provides intelligent asset monitoring.

Our pipeline continues to expand across consumer and industrial markets, with increasing traction in IoT hubs, gesture-driven streaming devices, industrial gateways, UAV navigation and positioning, and smart home systems. Our key differentiation lies in tightly integrating compute and connectivity into a solution-oriented, software developer friendly platform, designed to reduce system complexity while enabling scalable and high-performance Edge AI deployments.

Finally, we had a successful launch of our Astra-enabled Connected MCU at Embedded World, where it received a Best in Show award in the microcontrollers, microprocessors & IP category. This device is the industry's first to integrate Wi-Fi 7 and Bluetooth 6.0 connectivity with Edge AI compute in a monolithic SoC, delivering a highly differentiated solution. Customers are particularly attracted to its ability to concurrently host Bluetooth and Wi-Fi stacks, as well as the host application, enabling greater integration and efficiency. In addition, the integrated NPU in this SoC allows customers to develop and deploy differentiated AI features. We are currently sampling the product with multiple customers across a range of applications, including industrial power, home appliances, and security cameras.

Turning to Enterprise and Mobile Touch, demand from our enterprise customers continues to improve steadily. We remain focused on the premium tier of the market and will continue to closely monitor demand trends. In Mobile Touch, while some customers are navigating near-term challenges related to memory supply, we believe that we remain well positioned with some leading OEMs that are gaining share. We are currently shipping into the majority of flagship phones at a leading Korean OEM. We are also encouraged by our design wins in foldable smartphones and expect customers to launch new products in the second half of the calendar year. While still early, broader adoption of foldable smartphones by major OEMs has the potential to drive overall market growth.

To summarize, we are gaining strong traction in Physical AI and expanding our presence across a broad set of Edge AI markets. We are executing on our product roadmap, delivering highly differentiated products and solutions, and deepening our engagement with customers and ecosystem partners. These efforts position Synaptics for long-term growth and value creation.

I will now turn the call over to Ken to review our third quarter financial results and outlook for our fiscal 2026 fourth quarter.

FINANCIAL RESULTS

Thank you, Rahul, and good afternoon, everyone. I will focus my remarks on our non-GAAP results which are reconciled to GAAP financial measures in the earnings release tables found in the investor relations section of our website.

Now let me turn to our financial results for the third quarter of fiscal 2026.

Revenue for fiscal Q3 was \$294.2 million, above the midpoint of our guidance and up 10 percent on a year-over-year basis driven by strength in our Core IoT products.

The revenue mix in the third quarter was: 30 percent Core IoT, 57 percent Enterprise and Automotive and 13 percent Mobile Touch products.

- Core IoT product revenues increased 31 percent year-over-year, driven primarily by continued strength in our wireless connectivity products.
- Enterprise & Automotive product revenues were up 9 percent year-over-year as we are seeing a recovery in our enterprise portfolio.
- Mobile Touch product revenues decreased 16 percent year-over-year.

Third quarter non-GAAP gross margin was 53.6%, slightly ahead of the mid-point of our guidance.

Third quarter non-GAAP operating expenses were \$104.6 million, better than the midpoint of our guidance.

Our non-GAAP operating margin was 18.1%, up approximately 260 basis points year-over-year.

Non-GAAP net income in Q3 was \$44.1 million.

Non-GAAP EPS per diluted share came in toward the higher-end of our guidance at \$1.09 per share, an increase of 21% on a year-over-year basis.

Now let me turn to the balance sheet,

We ended the fiscal third quarter with approximately \$404 million in cash and cash equivalents, reflecting \$39 million of share repurchases in Q3. Through April of 2026, we have completed \$93 million of share repurchases this fiscal year.

Cash flow from operations was \$21.8 million in the third fiscal quarter. Capital expenditures for the third quarter were \$11.9 million. Depreciation for the quarter was \$7.9 million.

Receivables at the end of March were \$162.5 million and the days of sales outstanding were 50 days, up from 39 days last quarter. Our ending inventory balance was \$161.3 million. Days of inventory were 106 days, compared to 101 days at the end of the last quarter.

Now, turning to our fiscal 2026 fourth quarter guidance.

For Q4, we expect revenues to be approximately \$305 million at the mid-point, plus or minus \$10 million.

Our guidance for the fourth quarter reflects an expected revenue mix from Core IoT, Enterprise & Automotive, and Mobile Touch products of approximately 33%, 54%, and 13%, respectively.

We expect our non-GAAP gross margin to be 53.5% at the mid-point, plus or minus 1%.

Non-GAAP operating expenses in the June quarter are expected to be \$105 million at the midpoint of our guidance, plus or minus \$2 million.

We expect non-GAAP net interest and other expenses to be approximately \$2 million and our non-GAAP tax rate to be in the range of 13-15% for the fourth quarter.

Non-GAAP net income per diluted share is anticipated to be \$1.20 per share at the mid-point plus or minus \$0.15, on an estimated 40.4 million fully diluted shares.

This wraps up our prepared remarks. I would like to turn the call over to the operator to start the Q&A session.

OPERATOR: Q&A**RAHUL PATEL:**

Before we close, I want to thank our global team for their continued focus and execution. Synaptics is making solid progress on strategic priorities and expanding its position in key growth areas. Thank you for joining us today, and we appreciate your continued support. Have a great rest of the day.