

SYNAPTICS – SECOND QUARTER, FISCAL 2026 CONFERENCE CALL Prepared Comments

MUNJAL: SAFE HARBOR

Good afternoon and thank you for joining us today on Synaptics' second 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 Report 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 second quarter 2026 earnings call.

We delivered another solid quarter, with strong results and continued momentum across our business. Total company revenue increased 13% year-over-year, marking our fifth consecutive quarter of double-digit year-over-year growth. This performance was driven by 53% year-over-year growth in our Core IoT products. Disciplined execution helped deliver strong earnings growth, with non-GAAP earnings per share increasing 32 percent year-over-year to \$1.21.

The Consumer Electronics Show in January was a successful event for Synaptics. We saw meaningful engagement with customers and partners as we showcased the breadth of our latest technologies and solutions. We demonstrated several use-cases across our portfolio including Google's Gemma 3 model running natively on our multimodal processors, highlighted our differentiated Wi-Fi sensing and Bluetooth channel sounding capabilities, and one of our partners Grinn demonstrated a robotic hand built using Synaptics processors, connectivity, and sensing products. We want to thank the analysts and investors who visited our booth.

A defining theme at CES and across the industry is the accelerating shift toward physical and edge AI, as intelligence moves closer to the device. This evolution aligns directly with Synaptics' strategic focus and core product strengths. Our portfolio is purpose-built to deliver power-efficient, intelligent systems at the edge, and we believe this transition toward physical AI positions Synaptics for sustained long-term growth.

We are seeing early, but meaningful, traction in robotics, where Synaptics brings differentiated capabilities across processing, connectivity, and sensing. One example is humanoids. Synaptics is actively engaged and sampling products with an industry leader that is building a lineup of advanced humanoids. These humanoids incorporate multiple Synaptics touch controllers designed to enable tactile sensing, as well as our interface bridge product to support high-bandwidth data transport. Touch sensing is critical for humanoids to perform physical tasks, including sensing force, proximity, and surface characteristics. Our touch controllers integrate ML/AI algorithms that enable this level of dexterity, allowing a humanoid to modulate grip force ranging from delicate glassware to solid metal objects, while distinguishing subtle pressure variations between plastic and paper cups. As we expand into new markets, we see growing applications for our intelligent sensing portfolio at the deep sensor edge.

More broadly in robotics, we are engaging with a growing set of new customers and entering new markets. These engagements span multiple applications that stand to benefit from physical AI and leverage our portfolio of sensing, video interface, processors and connectivity technologies.

Our recently introduced Astra multimodal microprocessors are seeing strong interest from both customers and partners. They are choosing Synaptics Astra over competing platforms because of its open-source architecture, developer-ready software, power efficiency, and differentiated AI capabilities enabled by Synaptics' Torq neural processing architecture developed in collaboration with Google.

We are engaging with customers across a wide range of industries. For example, a leading security and controls company is evaluating our Astra processors along with our connectivity technology as a complete solution, citing our differentiation in AI and power efficiency. Smart home appliance manufacturers are also showing strong interest in Astra for its low-power, AI-native design. As physical AI continues to gain momentum, we expect customers to embed increasing levels of intelligence across their devices.

Our partner ecosystem for processors continues to expand across industrial markets. We are collaborating with Toradex, a leader in single-board compute solutions serving industrial automation, healthcare, transportation, agriculture, smart city, and aerospace markets. This quarter, we also added another European partner focused on industrial applications.

In addition to our Linux-based Astra microprocessors, we are gaining meaningful traction with our high-performance, AI-native Astra microcontroller portfolio. During the quarter, we secured a design with a Tier-1 consumer electronics OEM that selected Astra for its differentiated vision capabilities, enabling gesture-based system control in smart televisions. While this is one example, the Astra MCU supports a broad range of vision modalities, including presence, object detection, and security. Customer engagements are continuing to broaden across multiple end markets, and we expect to share additional design wins in the coming quarters.

As our current Astra products continue to gain traction, we are executing with discipline and advancing our roadmap. This quarter, we are further expanding our Edge AI portfolio by sampling two new products.

First, our Astra MCU with connectivity that combines our low-power microcontroller, neural processing technology, and latest connectivity into a single monolithic system on a chip. Importantly, it is the only solution in its class to support Wi-Fi 7, Bluetooth 6.0, and Thread, while competing solutions remain anchored to Wi-Fi 6. This device also uniquely integrates front-end touch and voice interfaces, delivering a true system-level solution and enabling meaningful bill-of-materials savings for customers.

Second, Synaptics Connectivity SoC is our latest device that supports Wi-Fi 7, Bluetooth, BLE, and Thread. It is a standalone connectivity solution that can be easily integrated into systems using non-Astra compute platforms, furthering our participation in the broader edge IoT market.

We are seeing strong interest for these products from home appliance manufacturers, security camera customers, drones, robotics, and broad-based IoT module makers, and we expect revenue contribution beginning in calendar year 2027.

Turning to Enterprise and Mobile Touch, we continue to focus on the premium tier of the market. In Enterprise, we have seen steady improvement as customers gradually upgrade their infrastructure to support return-to-office initiatives and replace an aging installed base. In Mobile Touch, we secured another foldable design with a leading OEM in China, reinforcing the technology leadership we bring to this market with our next-generation touch architecture, and building on the momentum established by last quarter's win with a leading Korean OEM. As we have noted previously, our content is more than two times higher in foldables. We are actively engaged with additional smartphone OEMs

and remain confident in being able to scale this technology to other large display applications.

As we continue to focus the company on Edge AI solutions, I am combining our processors and connectivity teams into a single organization. This better aligns our resources and accelerates our roadmap to more efficiently deliver world class, integrated processor and wireless system solutions.

To summarize, we are seeing continued improvement in our financial performance with double-digit year-over-year revenue growth and operating profit growing at nearly twice the rate of revenue. We are accelerating our innovation and product roadmap to capitalize on the growing physical and edge AI opportunity. With a differentiated platform, expanding pipeline, and growing customer engagement, we believe Synaptics is well-positioned for sustained long-term growth.

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

Revenue for fiscal Q2 was \$302.5 million, above the midpoint of our guidance and up 13 percent on a year-over-year basis driven by strength in our Core IoT products.

The revenue mix in the second quarter was in line with our expectations: 31 percent Core IoT, 53 percent Enterprise and Automotive and 16 percent Mobile Touch products.

- Core IoT product revenues increased 53 percent year-over-year, driven primarily by continued strength in our wireless connectivity products.
- Enterprise & Automotive product revenues were up modestly year-over-year and slightly ahead of our expectations.
- Mobile Touch product revenues increased 3% year-over-year. While supply constraints are improving, we still see challenges in certain areas.

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

Second quarter non-GAAP operating expenses were \$104.2 million, better than the midpoint of our guidance.

Our non-GAAP operating margin was 19.2%, up approximately 160 basis points sequentially and 190 basis points year-over-year.

Non-GAAP net income in Q2 was \$48.4 million.

Non-GAAP EPS per diluted share came in above the midpoint of our guidance at \$1.21 per share, an increase of 32 percent on a year-over-year basis.

Now let me turn to the balance sheet,

We ended the fiscal second quarter with approximately \$437.4 million in cash and cash equivalents, down \$22.5 million from the prior quarter as we repurchased \$36.4 million of our shares in Q2. Through fiscal Q2, we have bought a total of \$43.6 million of our shares.

Cash flow from operations was \$30.0 million in the second fiscal quarter. Capital expenditures for the second quarter were \$11.6 million. Depreciation for the quarter was \$7.6 million.

Receivables at the end of December were \$132.7 million and the days of sales outstanding were 39 days, up slightly from 37 days last quarter. Our ending inventory balance was \$158 million, which increased by \$15 million from the previous quarter. Days of inventory were 101 days, compared to 94 days at the end of the last quarter. This increase reflects our strategic decision to purchase inventory slightly ahead of demand.

Now, turning to our third quarter of 2026 guidance. Our guidance is subject to ongoing macroeconomic and global trade and tariff-related uncertainty.

Please refer to our Safe Harbor Statement in the earnings release and in our supplemental materials.

For Q3, we expect revenues to be approximately \$290 million at the mid-point, plus or minus \$10 million.

Our guidance for the third quarter reflects an expected revenue mix from Core IoT, Enterprise & Automotive, and Mobile Touch products of approximately 32%, 54%, and 14%, respectively.

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

Non-GAAP operating expenses in the March quarter are expected to be \$106 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 third quarter.

Non-GAAP net income per diluted share is anticipated to be \$1.00 per share at the mid-point plus or minus \$0.15, on an estimated 40.6 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:**

In closing, I want to emphasize that the Synaptics team is executing with focus as we advance our strategy. We are expanding our portfolio with new products that strengthen our leadership in Edge AI. Our financial results highlight our ability to grow the company with disciplined execution. I want to thank our global team for their hard work and dedication, and our shareholders for their continued support. Have a great rest of the day.