

**SYNAPTICS – FOURTH QUARTER, FISCAL 2025 CONFERENCE CALL  
Prepared Comments**

**MUNJAL: SAFE HARBOR**

Good afternoon and thank you for joining us today on Synaptics' fourth quarter and fiscal 2025 conference call. My name is Munjal Shah, and I am the Head 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](https://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. Please refer to our earnings press release for a reconciliation of the most directly comparable GAAP financial measures to the non-GAAP financial measures presented.

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, they 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 or the date specified on the call. 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 and Q4 2025 earnings call.

I am excited to speak with you today. I will start with a brief introduction, outline my initial observations, and discuss strategic updates for the company. I will then cover highlights from our fourth quarter and turn the call over to Ken for financial results and guidance.

I have spent three decades driving growth in the semiconductor industry, including more than 20 years in senior leadership roles at Qualcomm and Broadcom. At Qualcomm, I led the IoT business, scaling it from under one billion dollars to multi-billion dollars. This success was built on delivering highly differentiated products and compelling technology roadmaps, strategically positioning the business for sustained growth, market leadership, and enduring customer relationships.

I am energized by the opportunity to scale Synaptics into a much larger and differentiated Core IoT and Edge AI semiconductor solutions player.

In the past two months, I have engaged closely with customers, partners, suppliers, and our employees to better understand our strengths and opportunities. Synaptics has a strong foundation in analog mixed-signal, multi-core processors, and wireless connectivity intellectual property. I believe that the combination of these three capabilities uniquely positions the company in Core IoT to deliver long-term value for our stakeholders. Our engineering talent, technology portfolio, roadmap of differentiated products and solutions, and customer intimacy, position us well for leadership and growth.

We are leveraging our strong foundation to accelerate growth in Core IoT—investing strategically in engineering, sharpening our go-to-market execution, and delivering innovative, scalable platforms that align with our customers’ needs for performance, integration, and flexibility.

From industrial automation to smart home applications, Synaptics is uniquely positioned to capitalize on a vast emerging opportunity. With unmatched capabilities in Sensing, Processing, and Connectivity, we are driving differentiated solutions in Core IoT and Edge AI.

From my vantage point, our priorities are clear. We plan to actively pursue opportunities to expand our share in our existing markets and explore new ones with the goal of accelerating growth in our Core IoT business. We will continue evaluating our product portfolio and shape our products and solutions roadmap that we believe will position us for sustained success over the medium and long term. We expect to maintain a disciplined execution strategy that prioritizes investments in areas that offer the highest potential for sustained and profitable growth.

We look forward to providing more details at Synaptics’ Analyst Day in 2026.

Moving to our results and business update. We just completed our fiscal year 2025 with revenue increasing by 12 percent to \$1.074 billion. This growth was driven by the strong performance of our Core IoT products, which grew 53% year over year, and accounted for approximately one-quarter of total company sales. As we enter fiscal year 2026, we continue to focus on driving top-line growth and increasing earnings, while also continuing to invest in our growth initiatives.

For our fiscal fourth quarter, which ended in June 2025, revenue was \$282.8 million, slightly above the midpoint of our guidance range, and up 14% year-over-year. Non-GAAP gross margin was 53.5%, in line with the mid-point of our guidance, and non-GAAP EPS of \$1.01, increased 58% year-over-year, and was also in line with the midpoint of our guidance.

Our Core IoT product sales increased 55% year over year in fiscal Q4 to \$84 million, fueled by a strong contribution from our wireless portfolio. As we look to the future, our new Synaptics Wi-Fi 7 solutions, introduced last quarter, are gaining meaningful traction, offering a range of products from high performance to low power capabilities. We see design opportunities across a wide range of customers for IoT, Enterprise, and Automotive applications. These designs are expected to ramp throughout 2026 and beyond, as customers launch their next generation of products. We have confidence that Synaptics is well-positioned to gain market share during the Wi-Fi 7 technology transition.

Moving on to our portfolio of Processors, the team has done an excellent job taping out our latest Edge AI-native Astra processors. This new portfolio integrates a neural processor, co-developed with Google Research, which supports transformer-based architecture. This enables native execution of Generative AI applications at the Edge to support text, video, vision, audio, and predictive maintenance workloads. It supports both current AI use cases and emerging AI models across a broad range of IoT applications and delivers high performance and low power consumption at a truly disruptive price point. We believe the tight integration with our market-leading wireless connectivity solutions enables our customers to implement differentiated and affordable end-applications. We are making great progress with lead customers and

engineering samples are expected this quarter. We expect initial revenue contributions to start in the second half of calendar 2026.

While we are seeing strong momentum in product development, design-wins, and pipeline expansion for our new platforms, our existing processor products are also gaining traction, benefiting from demand recovery and normalized inventories. We continue to see our design-wins ramping into various deployments at key customers in 2026. We have secured a marquee win with a leading Audio OEM. They chose us because of our ability to provide Edge AI-ready silicon, comprehensive software, robust connectivity, broad IoT ecosystem support, and hardware security.

Overall, our Core IoT pipeline continues to grow and gain momentum.

Turning to Enterprise & Automotive, we continue to see modest recovery across our enterprise portfolio. While order trends are improving, we are not seeing a broad-based PC refresh cycle just yet. In Automotive, demand remains soft, in-line with the market segment. While we do not anticipate a material near-term recovery, we remain confident in the long-term potential driven by our innovative video display bridge solutions and adoption of OLED screens.

Finally, Mobile Touch performed better than our initial expectations and delivered solid sequential growth. Our portfolio is primarily targeted at the high-end Android smartphone market, where we saw healthy demand across multiple customers. We are seeing strong traction for our latest touch architecture designed for foldable phones and other large-screen applications. We are optimistic about the opportunity as the

share of foldable phones continues to grow. We continue to collaborate with multiple OEMs for their current and next-gen designs.

Overall, business continues to improve as orders are steadily increasing, the backlog is growing, and channel inventories remain lean. Our pipeline of opportunities continues to expand, and we remain confident in our ability to maintain our position in Enterprise & Automotive, Mobile Touch and drive long-term growth in Core IoT. With disciplined execution, we expect to deliver sustainable growth across our portfolio and create long-term shareholder value. In my time here so far, I have focused on deepening connections with our employees, customers, suppliers, and partners. I am now looking forward to building strong partnerships with our analysts and investors. We plan to be on the road in the coming weeks, and I hope to meet several of you in person.

I will turn the call over to Ken to review our fourth quarter, full fiscal year 2025 financial results and our fiscal 2026 first quarter outlook.

## 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.

Let me start with our full year fiscal 2025 results. We had strong growth in fiscal year 2025 with revenue increasing 12% to \$1.074 billion and earnings per share increasing by 61% to \$3.62. Our growth was mainly driven by our Core IoT products, which increased 53% for the year. We also saw a recovery in our Enterprise & Automotive products, which increased by 7%. During fiscal 2025, our revenue trends continued to improve, and channel inventories were reduced to normalized levels.

Non-GAAP gross margin for fiscal 2025 came in at 53.6%.

Non-GAAP net income for fiscal year 2025 was \$143.9 million or \$3.62 per diluted share.

We continued to generate strong cash flow with fiscal year 2025 cash from operations of \$142.0 million. During the year, we reduced total gross debt by approximately \$134M or 14%, repurchased shares of our common stock totaling \$128 million, and invested approximately \$200 million to acquire certain assets from Broadcom in January, enhancing the capabilities in our Core IoT portfolio.

Now let me turn to our Q4 results.

Revenue for fiscal Q4 was \$282.8 million, above the midpoint of our guidance. Q4 revenues were up 14 percent on a year-over-year basis and 6 percent sequentially.

The revenue mix in the fourth quarter was as follows: 30 percent Core IoT, 53 percent Enterprise and Automotive and 17 percent Mobile Touch Products.

- Core IoT product revenues increased 55 percent year over year and 25 percent sequentially, driven primarily by increased demand for our wireless products.
- Enterprise & Automotive product revenues improved 4 percent year over year but were down 3 percent sequentially mainly due to continued softness in Automotive.
- Mobile Touch product revenues were higher than expected, increasing 8 percent sequentially and were roughly flat year-over-year.

Fourth quarter non-GAAP gross margin was 53.5%, in line with the midpoint of our guidance.

Fourth quarter non-GAAP operating expense was \$104.5 million, slightly above the midpoint of our guidance range mainly due to the foreign exchange impact from a weakening US dollar. We estimate this impacted our fourth quarter expense by approximately \$2 million.

Our non-GAAP operating margin was 16.5%, up approximately 208 basis points on a year-over-year basis and 95 basis points sequentially.

Non-GAAP net income in Q4 was \$39.5 million.

Non-GAAP EPS per diluted share came in above the midpoint of our guidance at \$1.01 per share, an increase of 58 percent on a year-over-year basis.

Now, let me turn to the balance sheet.

We ended the fiscal fourth quarter with approximately \$452.5 million in cash, cash equivalents and short-term investments, up approximately \$31.1 million from the prior quarter. Cash flow from operations was \$57 million in fiscal fourth quarter. We repurchased \$16 million of our shares during Q4.

Our existing share repurchase authorization expired in July of 2025. On August 5, 2025, our Board of Directors authorized a new repurchase program for up to \$150.0 million of our common stock. This new authorization underscores the Board's confidence in our long-term strategy and reflects our continued commitment to delivering shareholder value. We remain disciplined in our capital allocation approach, balancing strategic investments in growth with opportunistic share repurchases.

Capital expenditure was \$6.6 million and depreciation for the quarter was \$7.1 million. For the fiscal year 2025, total capital expenditure was \$25.8 million and total depreciation was \$28.9 million.

Receivables at the end of June were \$130.3 million and the days of sales outstanding were 41 days, down from 45 days last quarter. Our ending inventory balance was \$139.5 million, which increased by \$6.6 million from the previous quarter. The calculated days of inventory on our balance sheet were 95 days, essentially flat with last quarter.

Now, turning to our first quarter of 2026 guidance, I want to first note that our guidance is subject to the fluid macroeconomic global trade and tariff environment, which remains uncertain at this time. Please refer to our Safe Harbor Statement in the earnings release and our supplemental materials.

For Q1, we expect revenues to be approximately \$290 million at the midpoint, plus or minus \$10 million. Our guidance for the first quarter reflects an expected revenue mix from Core IoT, Enterprise & Automotive, and Mobile Touch products of approximately 32%, 53%, and 15%, 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 September 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 in the range of \$1 to \$2 million in the first quarter and our non-GAAP tax rate to be in the range of 13-15% for the first quarter and fiscal 2026.

Non-GAAP net income per diluted share is anticipated to be \$1.05 per share at the mid-point plus or minus \$0.15, on an estimated 39.5 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 conclude, I would like to reiterate that I am confident in our path forward as Synaptics stands at the forefront of Core IoT and Edge AI innovation. I want to express my sincere gratitude to our employees for their unwavering dedication, and to our customers, partners, and shareholders for their continued support and trust in us. Thank you.