
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

**August 3, 2021
Date of Report (Date of earliest event reported)**

SYNAPTICS INCORPORATED
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

000-49602
(Commission
File Number)

77-0118518
(IRS Employer
Identification No.)

**1251 McKay Drive
San Jose, California 95131**
(Address of Principal Executive Offices) (Zip Code)

(408) 904-1100
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading Symbol</u> | <u>Name of each exchange on which registered</u> |
|---|---------------------------|--|
| Common Stock, par value \$.001 per share | SYNA | The Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

Synaptics Incorporated (the “Company”) is furnishing this Current Report on Form 8-K in connection with the disclosure of information, in the form of a press release issued on August 5, 2021 and attached hereto as Exhibit 99.1. The Company also posted supplemental earnings materials on the investor section of the Company’s website at www.synaptics.com and attached hereto as Exhibit 99.2.

The information in this Current Report on Form 8-K (including Exhibit 99.1 and Exhibit 99.2) is furnished pursuant to Item 2.02 and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any registration document or other document filed by the Company.

The Company does not have, and expressly disclaims, any obligation to release publicly any updates or any changes in the Company’s expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The text included with this Current Report on Form 8-K is available on the Company’s website located at www.synaptics.com, although the Company reserves the right to discontinue that availability at any time.

Item 3.02. Unregistered Sales of Equity Securities

In April 2021, the Company received conversion notices from the holders of \$19.4 million aggregate principal amount of its 0.50% Convertible Senior Notes due 2022 (the “Notes”). The Company issued the following number of shares of common stock to holders of Notes at a conversion rate of 13.6947 for a combination of \$19.4 million cash and 118,092 shares of common stock issued from treasury stock. On June 15, 2021, the Company issued 44,170 shares of common stock in exchange for \$7.3 million aggregate principal amount of Notes. On June 16, 2021, the Company issued 18,197 shares of common stock in exchange for \$3.0 million aggregate principal amount of Notes. On June 21, 2021, the Company issued 30,491 shares of common stock in exchange for \$5.0 million aggregate principal amount of Notes. On June 22, 2021, the Company issued 6 shares of common stock in exchange for \$1 thousand aggregate principal amount of Notes. On June 24, 2021, the Company issued 25,228 shares of common stock in exchange for \$4.1 million aggregate principal amount of Notes.

In addition, as previously announced, the Company issued a notice of redemption on June 1, 2021, to the holders of the Notes pursuant to which it would redeem the outstanding Notes at a cash redemption price of 100.0% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date of August 4, 2021 (the “Redemption”). In connection with the Redemption and prior to 5:00 p.m. Eastern Time on August 3, 2021, holders of the Notes were entitled to convert the Notes into shares of the Company’s common stock at a conversion rate of 13.7267 shares per \$1,000 principal amount of Notes, payable in a combination of cash and shares, with cash paid in lieu of fractional shares. Between June 1, 2021, and August 3, 2021, the Company received conversion notices from the holders of \$503.5 million aggregate principal amount of Notes (the “Conversions”). The Conversions were settled on August 4, 2021, for a combination of \$503.5 million cash and 3,506,482 shares of common stock issued from treasury stock. As of August 4, 2021, no Notes remained outstanding.

The Company relied upon the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended, and upon similar exemptions under applicable state laws, in connection with the conversions.

Item 8.01. Other Events

On August 3, 2021, the Board of Directors of the Company (i) increased its stock repurchase program by \$400 million for a total available authorization of \$577.4 million and a cumulative aggregate repurchase authorization of \$1.8 billion, and (ii) extended the Company’s stock repurchase program until July 2025. The stock repurchase program authorizes the Company to purchase up to an additional \$577.4 million of its common stock in the open market or in privately negotiated transactions, depending upon market conditions and other factors, through July 2025. The number of shares purchased and the timing of purchases is based on the level of the Company’s cash balances, general business and market conditions, and other factors, including alternative investment opportunities, and does not obligate the Company to repurchase any specific number of shares and may be suspended or terminated at any time without prior notice.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Business Acquired.*

Not applicable.

(b) *Pro Forma Financial Information.*

Not applicable.

(c) *Shell Company Transactions.*

Not applicable.

(d) *Exhibits.*

| <u>Exhibit Number</u> | <u>Exhibit</u> |
|-----------------------|--|
| 99.1 | Press release from Synaptics Incorporated, dated August 5, 2021, titled “Synaptics Reports Fourth Quarter Fiscal 2021 Results” |
| 99.2 | Synaptics Fourth Quarter Fiscal 2021 Earnings Supplement |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SYNAPTICS INCORPORATED

Date: August 5, 2021

By: /s/ Dean Butler

Dean Butler

Senior Vice President and Chief Financial Officer



Synaptics Reports Fourth Quarter Fiscal 2021 Results

Q4'21 Financial Results and Recent Business Highlights

- Revenue of \$327.8 million
- Record GAAP gross margin of 52.1 percent
- Record non-GAAP gross margin of 57.5 percent
- GAAP diluted earnings per share of \$0.48
- Non-GAAP diluted earnings per share of \$2.18
- GAAP operating margin of 15.5 percent
- Record non-GAAP operating margin of 31.2 percent
- Record cash flow from operations for full-year FY2021

SAN JOSE, Calif., – August 5, 2021 – Synaptics Incorporated (Nasdaq: SYNA), today reported financial results for its fourth fiscal quarter and fiscal year 2021 ended June 26, 2021.

Net revenue for the fourth quarter of fiscal 2021 was \$327.8 million. GAAP net income for the fourth quarter of fiscal 2021 was \$19.0 million, or \$0.48 per diluted share. Non-GAAP net income for the fourth quarter of fiscal 2021 was \$86.6 million, or \$2.18 per diluted share.

For the full year fiscal 2021, net revenue of \$1.34 billion was flat to the prior year of \$1.33 billion. Gross margin for the Company's products continued to expand with GAAP gross margin for the fiscal year 2021 of 45.6 percent compared to 40.7 percent in the prior year; and non-GAAP gross margin of 53.6 percent compared to 43.7 percent in the prior year. GAAP net income for the recently completed fiscal year was \$79.6 million or \$2.08 per diluted share compared to the prior year of \$118.8 million or \$3.41 per diluted share. Non-GAAP net income for the recently complete fiscal year was \$316.4 million or \$8.26 per diluted share compared to the prior year of \$207.2 million or \$5.95 per diluted share.

"Synaptics completed fiscal year 2021 with terrific results, including several financial records for the company, most significant of which were record GAAP and non-GAAP gross margins in the June quarter. In addition, we made progress throughout the year tilting our portfolio toward our IoT products which now represent more than 50% of our overall revenue," said Michael Hurlston, Synaptics' President and CEO.

Business Outlook

Dean Butler, Chief Financial Officer of Synaptics, added, "Entering our first quarter of the new fiscal year, we expect to maintain our gross margin strength as ramping design wins fuel our continued IoT growth trajectory. Our backlog remains strong with our customer demand continuing to outpace supply availability; we have once again factored in the current semiconductor supply chain constraints into our September quarter guidance."



For the first quarter of fiscal 2022, the company expects:

| | GAAP | Non-GAAP Adjustment | Non-GAAP |
|---------------------|------------------------------|------------------------|------------------------------|
| Revenue | \$355M to \$385M | N/A | N/A |
| Gross Margin* | 52.0 percent to 53.5 percent | \$17.9M | 57.0 percent to 58.0 percent |
| Operating Expense** | \$123M to \$128M | \$36M to \$38M | \$87M to \$90M |

* Projected Non-GAAP gross margin excludes \$16.9 million of intangible asset amortization, and \$1.0 million of share-based compensation.

** Projected Non-GAAP operating expense excludes \$23 million to \$24 million of share-based compensation, \$2.0 million to \$3.0 million of restructuring costs, \$2.5 million of prepaid development amortization, and \$8.5 million of intangible asset amortization.

Earnings Call and Supplementary Materials

The Synaptics fourth quarter and fiscal 2021 teleconference and webcast is scheduled to begin at 2:00 p.m. PT (5:00 p.m. ET), on Thursday, August 5, 2021, during which the company will provide forward-looking information.

Speakers:

- Michael Hurlston, President and Chief Executive Officer
- Dean Butler, Chief Financial Officer

To participate on the live call, analysts and investors should dial 833-614-1539 (conference ID: 9299775). Supplementary slides, a copy of the prepared remarks, and a live and archived webcast of the conference call will be accessible from the “Investor Relations” section of the company’s Website at <https://investor.synaptics.com/>.

About Synaptics Incorporated:

Synaptics (Nasdaq: [SYNA](#)) is changing the way humans engage with connected devices and data, engineering exceptional experiences throughout the home, at work, in the car and on the go. Synaptics is the partner of choice for the world’s most innovative intelligent system providers who are integrating



multiple experiential technologies into platforms that make our digital lives more productive, insightful, secure and enjoyable. These customers are combining Synaptics' differentiated technologies in touch, display and biometrics with a new generation of advanced connectivity and AI-enhanced video, vision, audio, speech and security processing. Follow Synaptics on [LinkedIn](#), [Twitter](#) and [Facebook](#), or visit [synaptics.com](#).

Use of Non-GAAP Financial Information

In evaluating its business, Synaptics considers and uses Non-GAAP Net Income, which we define as net income excluding share-based compensation, acquisition related costs, and certain other non-cash or recurring and non-recurring items the company does not believe are indicative of its core operating performance as a supplemental measure of operating performance. Non-GAAP Net Income is not a measurement of the company's financial performance under GAAP and should not be considered as an alternative to GAAP net income. The company presents Non-GAAP Net Income because it considers it an important supplemental measure of its performance since it facilitates operating performance comparisons from period to period by eliminating potential differences in net income caused by the existence and timing of share-based compensation charges, acquisition related costs, and certain other non-cash or recurring and non-recurring items. Non-GAAP Net Income has limitations as an analytical tool and should not be considered in isolation or as a substitute for the company's GAAP net income. The principal limitations of this measure are that it does not reflect the company's actual expenses and may thus have the effect of inflating its net income and net income per share as compared to its operating results reported under GAAP. In addition, the company presents components of Non-GAAP Net Income, such as Non-GAAP Gross Margin and Non-GAAP operating expenses, and Non-GAAP operating margin, for similar reasons.

As presented in the "Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures" tables that follow, Non-GAAP Net Income and each of the other Non-GAAP financial measures excludes one or more of the following items:

Acquisition/divestiture related costs

Acquisition/divestiture related costs primarily consist of:

- amortization of purchased intangibles, which includes acquired intangibles such as developed technology, customer relationships, trademarks, backlog, licensed technology, patents, and in-process technology when post-acquisition development is determined to be substantively complete,
- inventory adjustments affecting the carrying value of inventory acquired in an acquisition,
- transitory post-acquisition incentive programs negotiated in connection with an acquired business or designed to encourage post-acquisition retention of key employees, and
- legal and consulting costs associated with acquisitions or divestitures, including non-recurring post-acquisition costs and services.



These acquisition/divestiture related costs are not factored into the company's evaluation of its ongoing business operating performance or potential acquisitions, as they are not considered as part of the company's principal operations. Further, the amount of these costs can vary significantly from period to period based on the terms of an earn-out arrangement, revisions to assumptions that went into developing the estimate of the contingent consideration associated with an earn-out arrangement, the size and timing of an acquisition/divestiture, the lives assigned to the acquired intangible assets, and the maturity of the business acquired. Excluding acquisition/divestiture related costs from Non-GAAP measures provides investors with a basis to compare Synaptics against the performance of other companies without the variability and potential earnings volatility associated with purchase accounting and acquisition/divestiture related items.

Share-based compensation

Share-based compensation expense relates to employee equity award programs and the vesting of the underlying awards, which includes stock options, deferred stock units, market stock units, performance stock units, phantom stock units and the employee stock purchase plan. Share-based compensation settled with stock, which includes stock options, deferred stock units, market stock units, performance stock units and the employee stock purchase plan, is a non-cash expense, while share-based compensation settled with cash, which includes phantom stock units, is a cash expense. Settlement of all employee equity award programs whether settled with cash or stock varies in amount from period to period and is dependent on market forces that are often beyond the company's control. As a result, the company excludes share-based compensation from its internal operating forecasts and models. The company believes that Non-GAAP measures reflecting adjustments for share-based compensation provide investors with a basis to compare the company's principal operating performance against the performance of peer companies without the variability created by share-based compensation resulting from the variety of equity-linked compensatory awards used by other companies and the varying methodologies and assumptions used.

Amortization of prepaid development costs

Amortization of prepaid development costs represents the amortization of the estimated cost to develop certain future roadmap devices designed in advance process nodes in connection with an acquisition. The amortization of prepaid development costs represents a non-cash charge. As a result, the company excludes amortization of prepaid development costs from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for amortization of prepaid development costs provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by the amortization of prepaid development costs.

Restructuring costs

Restructuring costs consist primarily of employee severance and office closure costs, including the reversal of such costs. These costs are cash-based and designed to address cost structure inefficiencies. As a result, the company excludes restructuring costs from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for restructuring costs provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by restructuring costs designed to address cost structure inefficiencies in its business.

Retention program costs

Retention program costs consist of employee retention arrangement costs designed to ensure operational continuity and support through employee retention. These costs are cash-based and designed to ensure retention of certain key engineering and management employees as we transition the company through senior level management and product focus changes. As a result, the company excludes retention program costs from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for retention program costs provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by retention program costs designed to ensure operational continuity and support through employee retention during a transition of senior level management and product focus changes.

In-process research and development

In-process research and development represent research and development that is not yet complete. In the context of a business combination, in-process research and development costs will be capitalized and subsequently amortized over an estimated life or impaired. In the context of an asset acquisition, in-process research and development costs will be expensed immediately unless there is an alternative future use. From time to time, we may acquire in-process research and development assets as part of an asset acquisition. If determined to have no alternative future use, these in-process research and development assets will be expensed in the period acquired. As a result, the company excludes in-process research and development costs from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for in-process research and development costs provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by in-process research and development costs.

Gain on sale of audio technology assets

Gain on sale of audio technology assets, includes the sale of certain intangible assets related to our audio products. From time to time, we may enter into a transaction to sell certain intangible assets from our intangible asset portfolio that we believe can be monetized in a manner that does not impact our product roadmap. Excluding the gain on sale of audio technology assets from our Non-GAAP measures provides



investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by infrequent transactions that are not considered to be part of our core business.

Other non-cash items

Other non-cash items include non-cash amortization of debt discount and issuance costs. These items are excluded from Non-GAAP results as they are non-cash. Excluding other non-cash items from Non-GAAP measures provides investors with a basis to compare Synaptics against the performance of other companies without the variability associated with other non-cash items.

Equity investment loss

Equity investment loss represents an adjustment in the book value of an equity investment in a minority owned company. The equity investment loss is a non-cash item. As a result, the company excludes equity investment loss from its internal operating forecasts and models when evaluating its ongoing business performance. The company believes that Non-GAAP measures reflecting adjustments for equity investment loss provide investors with a basis to compare the company's principal operating performance against the performance of other companies without the variability created by non-cash items.

Non-GAAP tax adjustments

The company forecasts its long-term Non-GAAP tax rate in order to provide investors with improved long-term modeling accuracy and consistency across financial reporting periods by eliminating the effects of certain items in our Non-GAAP net income and Non-GAAP net income per share, including the type and amount of share-based compensation, the taxation of post-acquisition intercompany intellectual property cross-licensing or transfer transactions, and the impact of other acquisition items that may or may not be tax deductible. The company intends to evaluate its long-term Non-GAAP tax rate annually for significant events, including material tax law changes in the major tax jurisdictions in which the company operates, corporate organizational changes related to acquisitions or tax planning opportunities, and substantive changes in our geographic earnings mix.

Forward-Looking Statements

This press release contains forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business, including our expectations regarding the potential impacts on our business of the COVID-19 pandemic, and can be identified by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements may include words such as "expect," "anticipate," "intend," "believe," "estimate," "plan," "target," "strategy," "continue," "may," "will," "should," variations of such words, or other words and terms of



similar meaning. All forward-looking statements reflect our best judgment and are based on several factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Such factors include, but are not limited to, the risk that our business, results of operations and financial condition and prospects may be materially and adversely affected by the COVID-19 pandemic and that significant uncertainties remain related to the impact of COVID-19 on our business operations and future results, including our first quarter fiscal 2022 business outlook; global supply chain disruptions and component shortages that are currently affecting the semiconductor industry as a whole; the risks as identified in the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” sections of our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q (including that the impact of the COVID-19 pandemic may also exacerbate the risks discussed therein); and other risks as identified from time to time in our Securities and Exchange Commission reports. Forward-looking statements are based on information available to us on the date hereof, and we do not have, and expressly disclaim, any obligation to publicly release any updates or any changes in our expectations, or any change in events, conditions, or circumstances on which any forward-looking statement is based. Our actual results and the timing of certain events could differ materially from the forward-looking statements. These forward-looking statements do not reflect the potential impact of any mergers, acquisitions, or other business combinations that had not been completed as of the date of this release.

For more information contact:

Synaptics Investor Relations

IR@synaptics.com

SYNAPTICS INCORPORATED
CONSOLIDATED BALANCE SHEETS
(In millions except share data)
(Unaudited)

| | June 30, 2021 | June 30, 2020 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 836.3 | \$ 763.4 |
| Accounts receivables, net of allowances of \$5.8 at June 30, 2021 and 2020 | 228.3 | 195.3 |
| Inventories | 82.0 | 102.0 |
| Prepaid expenses and other current assets | 33.1 | 16.9 |
| Total current assets | 1,179.7 | 1,077.6 |
| Property and equipment at cost, net | 91.2 | 84.3 |
| Goodwill | 570.0 | 360.8 |
| Purchased intangibles, net | 301.5 | 93.4 |
| Non-current other assets | 84.4 | 77.7 |
| Total assets | \$ 2,226.8 | \$ 1,693.8 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 97.6 | \$ 60.6 |
| Accrued compensation | 76.4 | 59.5 |
| Income taxes payable | 29.4 | 33.0 |
| Other accrued liabilities | 96.2 | 91.0 |
| Current portion of debt | 487.1 | — |
| Total current liabilities | 786.7 | 244.1 |
| Long-term debt | 394.4 | 586.6 |
| Other long-term liabilities | 78.5 | 44.0 |
| Total liabilities | 1,259.6 | 874.7 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock; | | |
| \$.001 par value; 10,000,000 shares authorized; no shares issued and outstanding | — | — |
| Common stock; | | |
| \$.001 par value; 120,000,000 shares authorized; 66,963,006 and 65,871,648 shares issued, and 35,331,903 and 34,122,453 shares outstanding, respectively | 0.1 | 0.1 |
| Additional paid in capital | 1,391.5 | 1,340.2 |
| Less: 31,749,195 and 31,631,103 treasury shares, at cost | (1,205.4) | (1,222.6) |
| Retained earnings | 781.0 | 701.4 |
| Total stockholders' equity | 967.2 | 819.1 |
| Total liabilities and stockholders' equity | \$ 2,226.8 | \$ 1,693.8 |

SYNAPTICS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions except per share data)
(Unaudited)

| | Three Months Ended June 30, | | Twelve Months Ended June 30, | |
|--|--------------------------------|----------------|---------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net revenue | \$ 327.8 | \$ 277.6 | \$ 1,339.6 | \$ 1,333.9 |
| Acquisition related costs (1) | 16.9 | 8.1 | 103.4 | 39.7 |
| Cost of revenue | 140.1 | 147.5 | 625.0 | 751.1 |
| Gross margin | 170.8 | 122.0 | 611.2 | 543.1 |
| Operating expenses | | | | |
| Research and development | 77.7 | 65.0 | 313.4 | 300.1 |
| Selling, general, and administrative | 33.3 | 36.4 | 144.9 | 127.0 |
| Acquisition related costs (2) | 8.6 | 2.9 | 32.7 | 11.7 |
| Restructuring costs (3) | 0.3 | 6.8 | 7.4 | 33.0 |
| Gain on sale of audio technology assets | — | — | (34.2) | — |
| In-process research and development charge | — | (1.3) | — | 2.4 |
| Total operating expenses | 119.9 | 109.8 | 464.2 | 474.2 |
| Operating income | 50.9 | 12.2 | 147.0 | 68.9 |
| Interest and other income, net | (9.2) | (5.5) | (26.9) | (14.6) |
| Gain on sale of product line | — | 105.1 | — | 105.1 |
| Income before income taxes | 41.7 | 111.8 | 120.1 | 159.4 |
| Provision for income taxes | 15.0 | 21.3 | 31.4 | 38.6 |
| Equity investment loss | (7.7) | (0.5) | (9.1) | (2.0) |
| Net income | <u>\$ 19.0</u> | <u>\$ 90.0</u> | <u>\$ 79.6</u> | <u>\$ 118.8</u> |
| Net income per share: | | | | |
| Basic | <u>\$ 0.54</u> | <u>\$ 2.64</u> | <u>\$ 2.29</u> | <u>\$ 3.54</u> |
| Diluted | <u>\$ 0.48</u> | <u>\$ 2.55</u> | <u>\$ 2.08</u> | <u>\$ 3.41</u> |
| Shares used in computing net income per share: | | | | |
| Basic | <u>35.2</u> | <u>34.1</u> | <u>34.8</u> | <u>33.6</u> |
| Diluted | <u>39.8</u> | <u>35.3</u> | <u>38.3</u> | <u>34.8</u> |

- (1) These acquisition related costs consist primarily of amortization of acquired intangible assets and inventory fair value adjustments associated with acquisitions.
- (2) These acquisition related costs, net consist primarily of amortization associated with certain acquired intangible assets.
- (3) Restructuring costs primarily include severance costs and facility consolidation costs associated with operational restructurings and acquisitions.

SYNAPTICS INCORPORATED
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
(In millions except per share data)
(Unaudited)

| | Three Months Ended June 30, | | Twelve Months Ended June 30, | |
|---|--------------------------------|-----------------|---------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| GAAP gross margin | \$ 170.8 | \$ 122.0 | \$ 611.2 | \$ 543.1 |
| Acquisition related costs | 16.9 | 8.1 | 103.4 | 39.7 |
| Recovery on supply commitment | — | — | (0.6) | (3.0) |
| Share-based compensation | 0.8 | — | 3.4 | 2.1 |
| Retention costs | — | 0.1 | — | 0.5 |
| Non-GAAP gross margin | <u>\$ 188.5</u> | <u>\$ 130.2</u> | <u>\$ 717.4</u> | <u>\$ 582.4</u> |
| GAAP gross margin - percentage of revenue | 52.1% | 43.9% | 45.6% | 40.7% |
| Acquisition related costs - percentage of revenue | 5.2% | 2.9% | 7.7% | 3.0% |
| Recovery on supply commitment | — | — | 0.0% | -0.2% |
| Share-based compensation - percentage of revenue | 0.2% | 0.0% | 0.3% | 0.2% |
| Retention costs | — | 0.0% | — | 0.0% |
| Non-GAAP gross margin - percentage of revenue | <u>57.5%</u> | <u>46.9%</u> | <u>53.6%</u> | <u>43.7%</u> |
| GAAP research and development expense | \$ 77.7 | \$ 65.0 | \$ 313.4 | \$ 300.1 |
| Share-based compensation | (12.0) | (7.7) | (45.4) | (32.3) |
| Retention costs | — | (1.8) | (4.0) | (8.4) |
| Amortization prepaid development costs | (2.5) | — | (9.2) | — |
| Integration related costs | — | — | (0.9) | — |
| Non-GAAP research and development expense | <u>\$ 63.2</u> | <u>\$ 55.5</u> | <u>\$ 253.9</u> | <u>\$ 259.4</u> |
| GAAP selling, general, and administrative expense | \$ 33.3 | \$ 36.4 | \$ 144.9 | \$ 127.0 |
| Share-based compensation | (10.3) | (8.5) | (44.3) | (26.0) |
| Acquisition/divestiture related costs | — | (2.5) | (2.4) | (4.2) |
| Retention costs | — | (1.1) | (1.1) | (5.0) |
| Non-GAAP selling, general, and administrative expense | <u>\$ 23.0</u> | <u>\$ 24.3</u> | <u>\$ 97.1</u> | <u>\$ 91.8</u> |
| GAAP operating income | \$ 50.9 | \$ 12.2 | \$ 147.0 | \$ 68.9 |
| Recovery on supply commitment | — | — | (0.6) | (3.0) |
| Acquisition & integration related costs | 25.5 | 13.5 | 139.4 | 55.6 |
| Share-based compensation | 23.1 | 16.2 | 93.1 | 60.4 |
| Restructuring costs | 0.3 | 6.8 | 7.4 | 33.0 |
| Retention costs | — | 3.0 | 5.1 | 13.9 |
| Amortization prepaid development costs | 2.5 | — | 9.2 | — |
| Gain on sale of audio technology assets | — | — | (34.2) | — |
| In-process research and development charge | — | (1.3) | — | 2.4 |
| Non-GAAP operating income | <u>\$ 102.3</u> | <u>\$ 50.4</u> | <u>\$ 366.4</u> | <u>\$ 231.2</u> |
| GAAP net income | \$ 19.0 | \$ 90.0 | \$ 79.6 | \$ 118.8 |
| Recovery on supply commitment | — | — | (0.6) | (3.0) |
| Acquisition & integration related costs | 25.5 | 13.5 | 139.4 | 55.6 |
| Share-based compensation | 23.1 | 16.2 | 93.1 | 60.4 |
| Restructuring costs | 0.3 | 6.8 | 7.4 | 33.0 |
| Retention program costs | — | 3.0 | 5.1 | 13.9 |
| Amortization prepaid development costs | 2.5 | — | 9.2 | — |
| Gain on sale of audio technology assets | — | — | (34.2) | — |
| In-process research and development charge | — | (1.3) | — | 2.4 |
| Other non-cash items | 5.1 | 4.8 | 19.8 | 18.8 |
| Gain on sale of assets | — | (105.1) | — | (105.1) |
| Loss on extinguishment of debt | 0.3 | — | 0.3 | — |
| Equity investment loss | 7.7 | 0.5 | 9.1 | 2.0 |
| Non-GAAP tax adjustments | 3.1 | 15.4 | (11.8) | 10.4 |
| Non-GAAP net income | <u>\$ 86.6</u> | <u>\$ 43.8</u> | <u>\$ 316.4</u> | <u>\$ 207.2</u> |
| GAAP net income per share - diluted | \$ 0.48 | \$ 2.55 | \$ 2.08 | \$ 3.41 |
| Recovery on supply commitment | — | — | (0.01) | (0.09) |
| Acquisition/divestiture & integration related costs | 0.64 | 0.38 | 3.64 | 1.60 |
| Share-based compensation | 0.58 | 0.46 | 2.43 | 1.73 |
| Restructuring costs | 0.01 | 0.19 | 0.19 | 0.95 |
| Retention program costs | — | 0.09 | 0.13 | 0.40 |
| Amortization prepaid development costs | 0.06 | — | 0.24 | — |
| Gain on sale of audio technology assets | — | — | (0.89) | — |
| In-process research and development charge | — | (0.04) | — | 0.07 |
| Other non-cash items | 0.13 | 0.14 | 0.52 | 0.54 |
| Gain on sale of assets | — | (2.98) | — | (3.02) |
| Equity investment loss | 0.20 | 0.01 | 0.24 | 0.06 |
| Non-GAAP tax adjustments | 0.08 | 0.44 | (0.31) | 0.30 |
| Non-GAAP net income per share - diluted | <u>\$ 2.18</u> | <u>\$ 1.24</u> | <u>\$ 8.26</u> | <u>\$ 5.95</u> |

SYNAPTICS INCORPORATED
CONDENSED CONSOLIDATED CASH FLOWS
(In millions)
(Unaudited)

| | Twelve Months Ended June 30, | |
|--|---------------------------------|-----------------|
| | 2021 | 2020 |
| Net income | \$ 79.6 | \$ 118.8 |
| Non-cash operating items | 194.0 | 51.2 |
| Changes in working capital | 45.6 | 51.8 |
| Provided by operations | <u>319.2</u> | <u>221.8</u> |
| Acquisitions & investments | (626.5) | (2.5) |
| Proceeds from sale of assets | — | 138.7 |
| Gain on sale of audio technology assets | 34.2 | — |
| Fixed asset & intangible asset purchases | (26.1) | (16.3) |
| Proceeds from maturities of short-term investments | 95.8 | — |
| Provided by/(used in) investing | <u>(522.6)</u> | <u>119.9</u> |
| Proceeds from debt, net of costs | 393.9 | — |
| Payment on credit line borrowings | (100.0) | — |
| Payment for redemption of convertible debt | (19.4) | — |
| Treasury shares purchased | — | (30.2) |
| Equity compensation, net | (0.4) | 24.1 |
| Proceeds from line of credit | — | 100.0 |
| Provided by financing | <u>274.1</u> | <u>93.9</u> |
| Effect of exchange rate changes on cash and cash equivalents | 2.2 | — |
| Net change in cash and cash equivalents | <u>72.9</u> | <u>435.6</u> |
| Cash and cash equivalents at beginning of period | 763.4 | 327.8 |
| Cash and cash equivalents at end of period | <u>\$ 836.3</u> | <u>\$ 763.4</u> |
| Cash paid for taxes | <u>\$ 39.7</u> | <u>\$ 18.9</u> |
| Cash refund on taxes | <u>\$ 0.3</u> | <u>\$ 1.3</u> |

Fourth Quarter Fiscal 2021 Earnings

SUPPLEMENTAL SLIDES
AUGUST 5, 2021



Safe Harbor Statement

This presentation contains forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business, including our expectations regarding the potential impacts on our business of the COVID-19 pandemic, and can be identified by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements may include words such as “expect,” “anticipate,” “intend,” “believe,” “estimate,” “plan,” “target,” “strategy,” “continue,” “may,” “will,” “should,” variations of such words, or other words and terms of similar meaning. All forward-looking statements reflect our best judgment and are based on several factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Such factors include, but are not limited to, the risk that our business, results of operations and financial condition and prospects may be materially and adversely affected by the COVID-19 pandemic and that significant uncertainties remain related to the impact of COVID-19 on our business operations and future results, including our first quarter fiscal 2022 business outlook; global supply chain disruptions and component shortages that are currently affecting the semiconductor industry as a whole; the risks as identified in the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” sections of our most recent Annual Report on Form 10-K and our most recent Quarterly Report on Form 10-Q (including that the impact of the COVID-19 pandemic may also exacerbate the risks discussed therein); and other risks as identified from time to time in our Securities and Exchange Commission reports. Forward-looking statements are based on information available to us on the date hereof, and we do not have, and expressly disclaim, any obligation to publicly release any updates or any changes in our expectations, or any change in events, conditions, or circumstances on which any forward-looking statement is based. Our actual results and the timing of certain events could differ materially from the forward-looking statements. These forward-looking statements do not reflect the potential impact of any mergers, acquisitions, or other business combinations that had not been completed as of the date of this release.

Fiscal Year 2021 Highlights

Financial Highlights for FY2021

- Record GAAP and Non-GAAP gross margins
- Record Non-GAAP Net Income and EPS
- Record cash flow from operations of \$319 million, cash of \$836 million on the balance sheet
- Non-GAAP Net Income up +53%; \$316 million compared to \$207 million in the prior year

Business Highlights during FY2021

- Strengthened our IoT portfolio with the acquisitions of DisplayLink and Wireless IoT
- IoT products became the largest revenue contributor with the fastest growth rate
- Introduced and first design wins with new PC products targeting Chromebook applications
- Three design wins with large Korean mobile phone OEM

Product applications FY2021 actual compared to FY2020 actual:

- IoT **up +83%**; \$581 million compared to \$317 million in the prior year
- PC up +12%; \$355 million compared to \$318 million in the prior year
- Mobile down -42%; \$404 million compared to \$698 million in the prior year

See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

Q4'FY21 Highlights

Financial Highlights for Q4'FY21

- Revenue above midpoint of guidance range
- Record GAAP and non-GAAP gross margin
 - Non-GAAP gross margin at the high-end of guidance range; eight sequential quarters of improvement
- Non-GAAP net income and EPS above the high-end of guidance range
- Cash flow from operations of \$105 million, cash of \$836 million on the balance sheet
- On June 1st, announced the redemption of all outstanding convertible notes (\$525 million in principal value)

Recent Business Highlights

- IoT products continue to grow rapidly; up +143% year-over-year
- Introduced industry's lowest power fully integrated HDMI 2.1 protocol converter, certified by Intel for notebooks
- Automotive design wins now with 20 car maker OEMs, including many of the newest EV models
- Audio processor design wins enabling Microsoft Teams and Zoom collaboration platforms
- Third design win with a large Korean handset maker

See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

Q4'FY21 Financial Results

| Year over Year \$M (except EPS) | Q4'20 Actual | Q4'21 Actual | Delta \$ | Delta % |
|------------------------------------|-----------------|-----------------|----------|---------|
| Revenue | \$277.6 | \$327.8 | \$50.2 | 18% |
| GAAP Net Income | \$90.0 | \$19.0 | (\$71.0) | (79%) |
| GAAP EPS Diluted | \$2.55 | \$0.48 | (\$2.07) | (81%) |
| Non-GAAP Net Income | \$43.8 | \$86.6 | \$42.8 | 98% |
| Non-GAAP EPS Diluted | \$1.24 | \$2.18 | \$0.94 | 76% |

| Quarter over Quarter \$M (except EPS) | Q3'21 Actual | Q4'21 Actual | Delta \$ | Delta % |
|--|-----------------|-----------------|----------|---------|
| Revenue | \$325.8 | \$327.8 | \$2.0 | 1% |
| GAAP Net Income | \$13.8 | \$19.0 | \$5.2 | 38% |
| GAAP EPS Diluted | \$0.35 | \$0.48 | \$0.13 | 37% |
| Non-GAAP Net Income | \$79.3 | \$86.6 | \$7.3 | 9% |
| Non-GAAP EPS Diluted | \$2.03 | \$2.18 | \$0.15 | 7% |

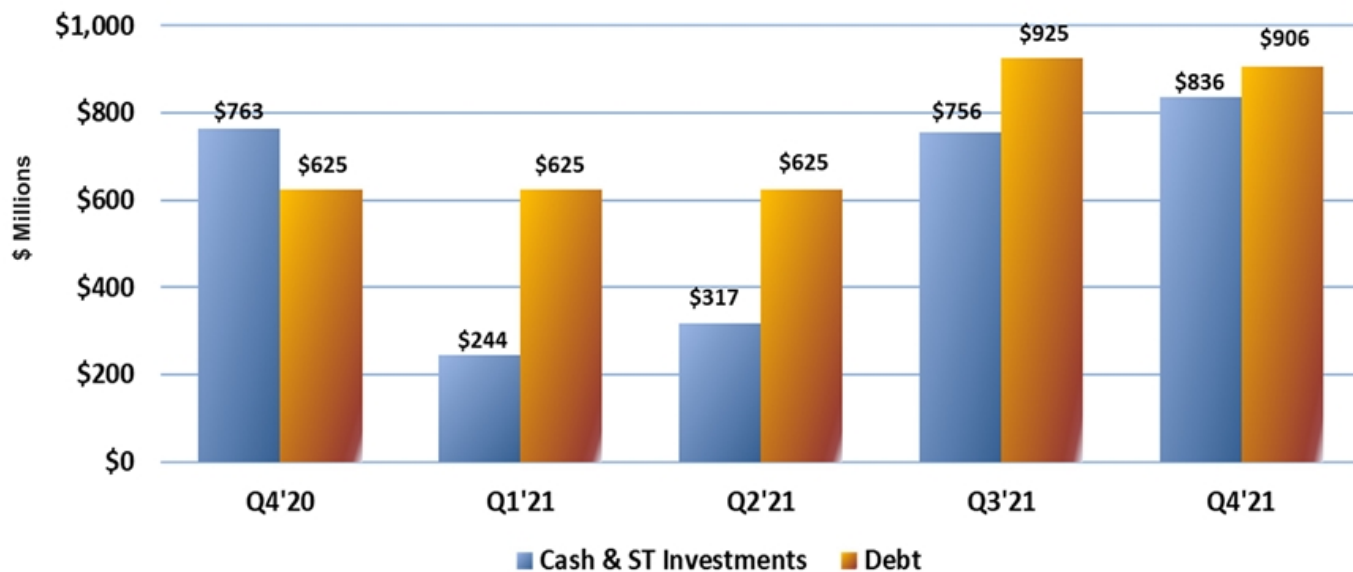
See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

Q4'FY20 and Q4'FY21 Results vs Q4'FY21 Guidance

| <i>\$M (except EPS)</i> | Q4'20 Actual | Q4'21 Actual | Q4'21 Guidance |
|--------------------------------|-------------------------|-------------------------|---------------------------|
| Revenue | \$277.6 | \$327.8 | \$310M - \$340M |
| GAAP Gross Margin % | 43.9% | 52.1% | 50.0% - 52.0% |
| GAAP Op Expenses | \$109.8 | \$119.9 | \$121M - \$125M |
| GAAP EPS | \$2.55 | \$0.48 | \$0.45 - \$0.75 |
| Non-GAAP Gross Margin % | 46.9% | 57.5% | 55.5% - 57.5% |
| Non-GAAP Op Expenses | \$79.8 | \$86.2 | \$86M - \$89M |
| Non-GAAP EPS | \$1.24 | \$2.18 | \$1.85 - \$2.15 |
| IoT | 43% | 50% | 49% |
| PC | 32% | 26% | 27% |
| Mobile | 25% | 24% | 24% |

See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

Q4'FY21 Cash & Debt



- Debt amounts presented above are as of the end of each quarter presented and represent the balances due to third parties and exclude discount & debt issuance cost adjustments as presented on our balance sheet.

Q4'FY21 Balance Sheet

| In Millions | Q2'21 Actual | Q3'21 Actual | Q4'21 Actual | Q4'21 vs Q3'21 |
|---------------------------------------|------------------|------------------|------------------|-------------------|
| Cash & ST Investments | \$316.9 | \$756.2 | \$836.3 | \$80.1 |
| AR | \$249.3 | \$233.7 | \$228.3 | (\$5.4) |
| Inventory | \$73.1 | \$69.3 | \$82.0 | \$12.7 |
| PP&E | \$93.6 | \$95.3 | \$91.2 | (\$4.1) |
| Other | \$1,059.3 | \$1,026.5 | \$989.0 | (\$37.5) |
| Total Assets | \$1,792.2 | \$2,181.0 | \$2,226.8 | \$45.8 |
| Current Liabilities (excluding debt) | \$225.5 | \$276.1 | \$299.6 | \$23.5 |
| Debt, net | \$596.1 | \$895.3 | \$881.5 | (\$13.8) |
| Other Liabilities | \$82.6 | \$77.0 | \$78.5 | \$1.5 |
| Shareholder's Equity | \$888.0 | \$932.6 | \$967.2 | \$34.6 |
| Total Liabilities & Equity | \$1,792.2 | \$2,181.0 | \$2,226.8 | \$45.8 |

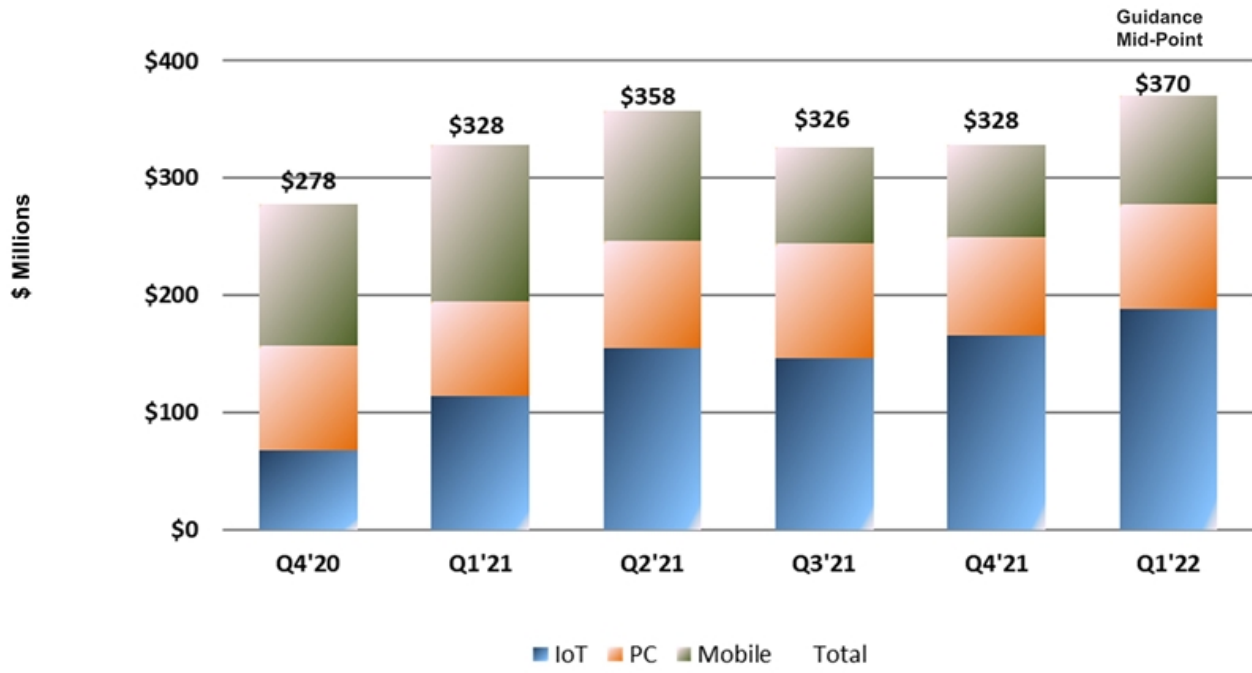
- Balances are as of the end of each quarter presented
- Debt, net balance reflects debt net of discount and debt issuance costs

Q1'FY22 Guidance

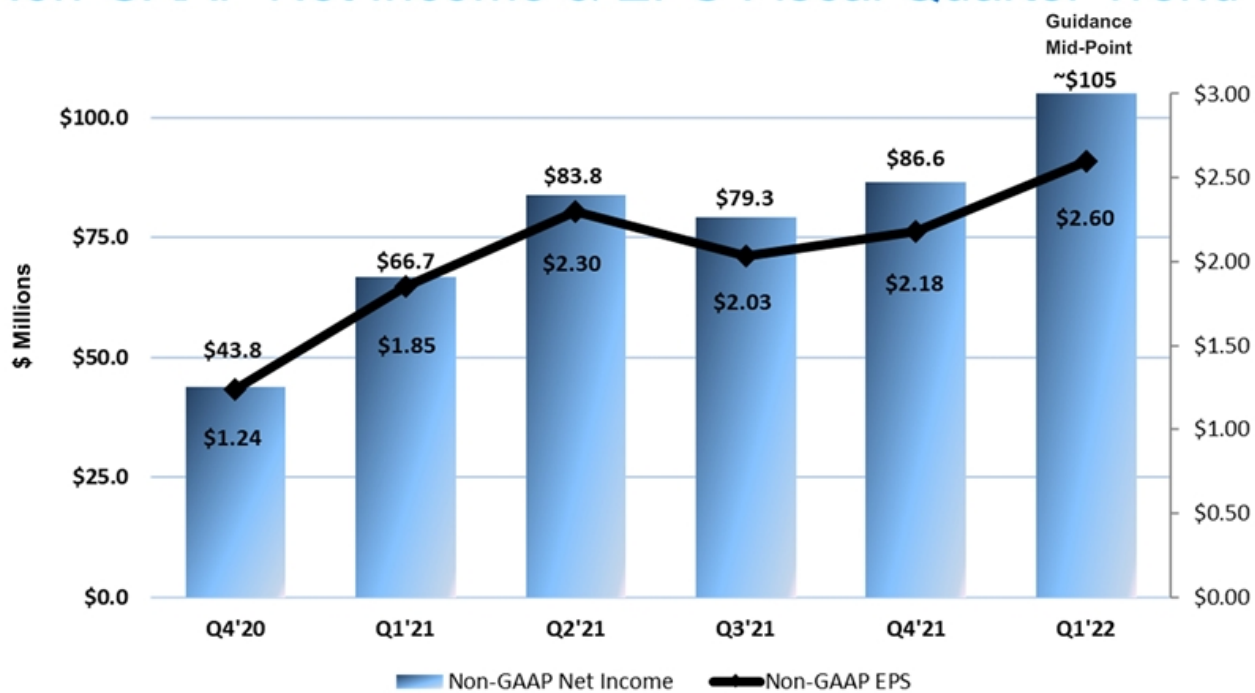
| <i>SM(except EPS)</i> | Q1'21 Actual | Q4'21 Actual | Q1'22 Guidance |
|--------------------------------|---------------------|---------------------|-----------------------|
| Revenue | \$328.4 | \$327.8 | \$355M - \$385M |
| GAAP Gross Margin % | 41.0% | 52.1% | 52.0% - 53.5% |
| GAAP Op Expenses | \$128.5 | \$119.9 | \$123M - \$128M |
| GAAP EPS | (\$0.08) | \$0.48 | \$0.85 - \$1.15 |
| Non-GAAP Gross Margin % | 49.7% | 57.5% | 57.0% - 58.0% |
| Non-GAAP Op Expenses | \$87.5 | \$86.2 | \$87M - \$90M |
| Non-GAAP EPS | \$1.85 | \$2.18 | \$2.45 - \$2.75 |
| IoT | 35% | 50% | 51% |
| PC | 25% | 26% | 24% |
| Mobile | 40% | 24% | 25% |

See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

Revenue Trend



Non-GAAP Net Income & EPS Fiscal Quarter Trend



See the tables at the end of this presentation for a reconciliation of GAAP results to non-GAAP financial measures

GAAP to Non-GAAP Reconciliation Tables

| | Q4'21 Actual | Q3'21 Actual | Q2'21 Actual | Q1'21 Actual | Q4'20 Actual |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP gross margin | \$ 170.8 | \$ 155.5 | \$ 150.4 | \$ 134.5 | \$ 122.0 |
| Acquisition related costs | 16.9 | 23.2 | 34.8 | 28.5 | 8.1 |
| Recovery on supply commitment | - | - | - | (0.6) | - |
| Share-based compensation | 0.8 | 0.8 | 1.0 | 0.8 | - |
| Retention program costs | - | - | - | - | 0.1 |
| Non-GAAP gross margin | \$ 188.5 | \$ 179.5 | \$ 186.2 | \$ 163.2 | \$ 130.2 |
| GAAP gross margin - percentage of revenue | 52.1% | 47.7% | 42.1% | 41.0% | 43.9% |
| Acquisition related costs - percentage of revenue | 5.2% | 7.1% | 9.7% | 8.7% | 2.9% |
| Recovery on supply commitment - percentage of revenue | - | - | - | -0.2% | - |
| Share-based compensation - percentage of revenue | 0.2% | 0.2% | 0.3% | 0.2% | - |
| Retention program costs - percentage of revenue | - | - | - | - | 0.1% |
| Non-GAAP gross margin - percentage of revenue | 57.5% | 55.1% | 52.1% | 49.7% | 46.9% |
| GAAP operating expense | \$ 119.9 | \$ 123.9 | \$ 91.9 | \$ 128.5 | \$ 109.8 |
| Share-based compensation | (22.3) | (24.3) | (22.4) | (20.7) | (16.2) |
| Acquisition/divestiture related costs | (8.6) | (8.7) | (9.6) | (9.1) | (5.4) |
| Restructuring costs | (0.3) | (0.9) | (0.6) | (5.6) | (6.8) |
| Retention program costs | - | (0.1) | (1.1) | (3.9) | (2.9) |
| Amortization of prepaid development costs | (2.5) | (2.5) | (2.5) | (1.7) | - |
| Gain on sale of audio technology assets | - | - | 34.2 | - | - |
| In-process research and development charge | - | - | - | - | 1.3 |
| Non-GAAP operating expense | \$ 86.2 | \$ 87.4 | \$ 89.9 | \$ 87.5 | \$ 79.8 |

GAAP to Non-GAAP Reconciliation Tables - continued

| | Q4'21 Actual | Q3'21 Actual | Q2'21 Actual | Q1'21 Actual | Q4'20 Actual |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP net income/(loss) | \$ 19.0 | \$ 13.8 | \$ 49.6 | \$ (2.8) | \$ 90.0 |
| Recovery on supply commitment | - | - | - | (0.6) | - |
| Acquisition/divestiture & integration related costs | 25.5 | 31.9 | 44.4 | 37.6 | 13.5 |
| Share-based compensation | 23.1 | 25.1 | 23.4 | 21.5 | 16.2 |
| Restructuring costs | 0.3 | 0.9 | 0.6 | 5.6 | 6.8 |
| Retention program costs | - | 0.1 | 1.1 | 3.9 | 3.0 |
| Amortization of prepaid development costs | 2.5 | 2.5 | 2.5 | 1.7 | - |
| Gain on sale of audio technology assets | - | - | (34.2) | - | - |
| In-process research and development charge | - | - | - | - | (1.3) |
| Gain on sale of product line | - | - | - | - | (105.1) |
| Other items, net | 5.4 | 5.0 | 4.9 | 4.8 | 4.8 |
| Equity investment loss/impairment | 7.7 | 0.4 | 0.5 | 0.5 | 0.5 |
| Non-GAAP tax adjustments | 3.1 | (0.4) | (9.0) | (5.5) | 15.4 |
| Non-GAAP net income | \$ 86.6 | \$ 79.3 | \$ 83.8 | \$ 66.7 | \$ 43.8 |
| GAAP net income/(loss) per share - diluted | \$ 0.48 | \$ 0.35 | \$ 1.36 | \$ (0.08) | \$ 2.55 |
| Recovery on supply commitment | - | - | - | (0.02) | - |
| Acquisition/divestiture & integration related costs | 0.64 | 0.82 | 1.22 | 1.10 | 0.38 |
| Share-based compensation | 0.58 | 0.64 | 0.64 | 0.63 | 0.46 |
| Restructuring costs | 0.01 | 0.02 | 0.02 | 0.16 | 0.19 |
| Retention program costs | - | - | 0.03 | 0.11 | 0.09 |
| Amortization of prepaid development costs | 0.06 | 0.07 | 0.07 | 0.05 | - |
| Gain on sale of audio technology assets | - | - | (0.94) | - | - |
| In-process research and development charge | - | - | - | - | (0.04) |
| Gain on sale of product line | - | - | - | - | (2.98) |
| Other items, net | 0.13 | 0.13 | 0.14 | 0.14 | 0.14 |
| Equity investment loss/impairment | 0.20 | 0.01 | 0.01 | 0.01 | 0.01 |
| Non-GAAP tax adjustment | 0.08 | (0.01) | (0.25) | (0.16) | 0.44 |
| Non-GAAP share adjustment | - | - | - | (0.09) | - |
| Non-GAAP net income per share - diluted | \$ 2.18 | \$ 2.03 | \$ 2.30 | \$ 1.85 | \$ 1.24 |

