# Investor Day Agenda

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<td>Jason Tsai</td>
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<td>Company Overview and Strategy</td>
<td>Michael Hurlston</td>
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<td>PC Division</td>
<td>Michael Hurlston</td>
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<td>Mobile Division</td>
<td>Janice Mori</td>
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<td>Saleel Awsare</td>
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<td>Financial</td>
<td>Dean Butler</td>
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<td>Management Q&amp;A</td>
<td>All Speakers</td>
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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 (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). 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 fourth quarter fiscal 2020 business outlook; our dependence on its human interface solutions for the mobile product applications market and the PC product applications market for a substantial portion of its revenue; risks related to the volatility of our net revenue from its human interface solutions for mobile product applications; our dependence on one or more large customers; our exposure to industry downturns and cyclicality in its target markets; our ability to maintain and build relationships with its customers; our dependence on third parties to maintain satisfactory manufacturing yields and deliverable schedules; and 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 Annual Report on Form 10-K for the fiscal year ended June 29, 2019 (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 presentation.
Non-GAAP Results

• In evaluating our business, we consider and use 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 we do not believe are indicative of our core operating performance as a supplemental measure of operating performance.

• Non-GAAP net income is not a measurement of our financial performance under GAAP and should not be considered as an alternative to GAAP net income. We present non-GAAP net income because we consider it an important supplemental measure of our 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 our GAAP net income. The principal limitations of this measure are that it does not reflect our actual expenses and may thus have the effect of inflating our net income and net income per share as compared to our operating results reported under GAAP.

• Please see our third quarter fiscal 2020 press release for additional discussion of our use of non-GAAP financial measures, and the tables attached to the end of this presentation for a complete reconciliation of GAAP to non-GAAP financial measures used in this presentation.
Company Overview and Strategy
Michael Hurlston, President and CEO
Introduction

New Management  Opportunities  Challenges

My Philosophy  The New Synaptics
Experienced Management Team

Michael Hurlston
President & CEO

Dean Butler
SVP & CFO

Janice Mori
SVP & GM, Mobile Division

Saleel Awsare
SVP & GM, IoT Division

Satish Ganesan
SVP & CSO

Phil Kumin
SVP, WW Sales

Steve Schultis
VP & GM, PC Division

Divyesh Shah
SVP, Operations

Sunil Thomas
VP & GM, Automotive

Patrick Worfolk
SVP & CTO
What We Do

- Capacitive Sensing
- Display Driver & Integrated Sensing
- Far-field Voice & Speech Capture
- Acoustics & Audio Processing
- Video & Image Processing
- Optical Imaging
- AI & Neural Network

ESTABLISHED 1986
LISTED SYNA Listed 2002 Nasdaq
MARKET CAP ~$2.5B As of June 5, 2020
GLOBAL FOOTPRINT 18 Sites Worldwide 1400+ Employees
PATENTS 1800+

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Synaptics Products are Everywhere

CONSUMER IOT
- Audio processor
- Touch/Display
- Voice processor
- Video processor
- AI Computer Vision
- Neural Network Accelerators

AUTOMOTIVE
- Touch controller
- Display driver
- Integrated touch & display controller (TDDI)

MOBILE
- Display driver
- Touch controller

PC
- Video Interface
- Pointing device
- Fingerprint sensor
- Touchpad

Synaptics Products are Everywhere
- AI Computer Vision
- Neural Network Accelerators
- Touch Intelligent Video AI
Market Opportunity

$11B TAM

$5B SAM

Focused to Grow

- SAM expected growth of 7% CAGR through 2023
- Investments in differentiated, high-margin products
- Technology leadership in each core area
- Expanding addressable markets
- Balanced portfolio
- Diversified tier-one customer base

Source: IHS, IDC, Futuresource, Yole, and Synaptics analysis; SAM and TAM for 2019
Driving Operational Excellence

- Improve COGS and procurement
- Drive best-in-class operations
- Unified sales to drive additional opportunities with customers
Strategic Repositioning

Building a Stronger Synaptics

- Smarter Investments
- Balance Portfolio
- Improve Profitability
- Streamline Operations
- Exit Non-differentiated Products
- Augment with M&A
Winning Track Record with Innovation

TOUCH
- TouchPad
- ForcePad
- SecurePad
- TouchStyk

VIDEO INTERFACE
- Docks
- Dongles
- Adapters

FINGERPRINT
- Side Touch
- Power Button
- C Deck
The Opportunity

- Over 50% share of PC OEM market for TouchPads; leader in commercial PCs
- Virtually all commercial PCs with fingerprint sensor use Synaptics
- Industrial design and manufacturing leadership
- Reliable and convenient high-security biometrics
- Touchpad leader for emerging accessory keyboard market

~$800M SAM
~1% CAGR

Source: IDC, Synaptics; SAM for 2019; 2019 – 2023 CAGR
Why Synaptics Wins

• Foundation of Synaptics
• History of Technology and Market Leadership
• Innovating for Thin & Light
• Strong Profitability – Efficient and predictable cash flow generation

Key Customers

- HP
- Lenovo
- Dell
- Acer
Leading Mobile Technology

Winning performance with On-Cell Flexible OLED driving touch success

Premium display technologies moving from gaming towards mainstream for 5G teleconference, video streaming, and telehealth

Continuing our history of innovation with the world’s first 270Hz touch report rate and world’s first 144Hz display refresh rate
Mobile Opportunity

Market Trends

- Flexible **OLED CAGR 37%** through 2023 and quickly transitioning to On-Cell

- Innovation with new smartphone designs/form factors and better performance

- Flexible OLED leads to brighter displays and better industrial designs for better consumer experience

- Managing transition from LCD DDIC to OLED Touch and eventually OLED TDDI

Source: IHS, Synaptics; SAM for 2019; 2019 – 2023 CAGR

~$2.6B SAM

~7% CAGR
**Flexible On-Cell**
- 10%-20% brighter
- 50% thinner than LCD
- 10x higher background interference

**Synaptics Winning Edge**
- System-level knowledge
- Strong mixed signal team
- Best-in-class algorithms
- Deep relationships

**Touch innovation is integral to enabling thinner brighter displays and new industrial designs**
Mobile: Differentiation & Strengths

• Focused on high-margin Flexible OLED market
• Leadership in Flexible On-Cell touch performance
• Premium Display performance
• Significant IP portfolio and strong OEM and customer relationships

Long-term Strategy / Investment Areas

- Diversify Touch Customers
- Expand Display Applications
- Launch OLED TDDI
OLED TDDI

Touch leadership to expand position in the higher ASP display market

Significant performance benefits across the ecosystem and more beautiful and functional phones

Enables premium foldable touch experience to enable more differentiated form factors

Builds on our heritage of innovation, our touch and display performance, and history of creating new market categories
Uniquely Positioned to Lead OLED TDDI

- Market leader with long history in OLED Touch
- Winning in today’s challenging on-cell displays

- Premium Display features
- High Refresh Rate
- Low Power mode
- 12Bit DAC

- Created LCD TDDI Market
- ~200 million OLED touch and display products shipped
## OLED TDDI Competition

<table>
<thead>
<tr>
<th>Feature</th>
<th>Synaptics</th>
<th>BROADCOM</th>
<th>NOVATEK</th>
<th>ST</th>
<th>GOODiX</th>
</tr>
</thead>
<tbody>
<tr>
<td>OLED Display Performance</td>
<td>✔️</td>
<td>✗</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>On-Cell Flexible Touch</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
</tr>
<tr>
<td>Flexible OLED Experience</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>LCD TDDI Production</td>
<td>✔️</td>
<td>✗</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>IP Portfolio</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>
Why Synaptics Wins

• Continuing leadership in Flexible On-Cell discrete touch solutions

• Driving innovation and further differentiation with OLED TDDI

• Significant IP portfolio and strong OEM and customer relationships
IoT Division
Saleel Awsare, Senior VP and GM
IoT – Areas of Investment

**Solution**
- Industry leading SoC with Voice/Video/Vision AI
- Innovative Video ICs for notebooks, tablets & phones
- Single chip Touch & Display (TDDI) for Integrated panels

**Opportunity**
- Smart Home & Industrial Vision applications
- Driving video/audio for dongles, docks & adapters
- Leading transition from Discrete Touch to Integrated

$1.6B SAM Today Growing at 11% CAGR Though 2023

Source: IHS, IDC, Futuresource, Yole, Synaptics; Total Synaptics IoT portfolio 2019 SAM
Edge SoC
Edge SoC – The Opportunity

Market Trends

- Voice interface proliferating beyond smart speakers to STBs; evolving to single SoC for voice/video/vision
- Surge in consumer video and camera vision usage
- Rapid expansion in industrial automation / security
- Privacy and security remain paramount
- US-based supplier viewed positively by Western service providers due to low risk of supply disruption

Source: Futuresource, Yole, IHS, Synaptics; SAM for 2019; 2019 – 2023 CAGR

~$1.0B SAM

~12% CAGR
What is Edge AI?

**Edge AI**

- **Environment**
- **Device**
- **Internet**
- **Cloud**

**Benefits**

- **Private / Secure**
- **Faster Response**
- **Energy Efficient**

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What is Synaptics Edge AI?

Industry Leading Performance
Open AI Development Tools
Compatible with Industry Standards
Secure Processing of Voice/Video/Vision AI

Industry Leader in Secure, Voice/Video/Vision Edge AI SoCs
Expanding into Video and Vision AI

Relative market sizing for illustrative purposes only
## Edge AI – Competitive Landscape

<table>
<thead>
<tr>
<th>Feature</th>
<th>Synaptics</th>
<th>Amlogic</th>
<th>Broadcom</th>
<th>MediaTek</th>
<th>AI Co-processors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open AI Programming Tools</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Integrated Voice / Video / Vision SoC</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✗</td>
</tr>
<tr>
<td>Complete SoC Software</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✗</td>
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<tr>
<td>Content Security</td>
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<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
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Why Synaptics Wins

• Expanding market for feature-rich devices employing AI

• Capturing the market with differentiated Voice/Video/Vision AI solutions

• Scalable platform approach addresses multiple market segments

• Significant software/firmware customization and optimization for OEMs
High-Speed Video Interface
High Speed Video Interface – The Opportunity

Market Trends

• Market converging to single cable USB-C dock for video, data & audio

• Increase in Type-C adoption by PCs, tablets and smartphones driving the growth of docking stations and dongles

• Thunderbolt 3/USB 4 emerging as the advanced and versatile technologies for docks

• Increasing adoption of larger, high-definition 4K and 8K monitors are expanding demand for higher bandwidth interfaces

Source: IDC, IHS, Synaptics; SAM for 2019; 2019 – 2023 CAGR

~$200M SAM

~10% CAGR

Source: IDC, IHS, Synaptics; SAM for 2019; 2019 – 2023 CAGR
Momentum in Docks / Dongles / Adapters

Relative market sizing for illustrative purposes only
Ahead of the Pack in High-Speed Video Interface

Customer Applications

Fully Integrated High-Speed Video Interface IC Platform

Connectivity

USB-C

20 - 40 Gbps

Pioneering High-Speed Technology

Ultra-low Power for All Form Factors

Exceptional Video/Audio Quality

Industry Innovators with First-to-Market Interface Solutions
## High-Speed Video Interface – Competitive Landscape

<table>
<thead>
<tr>
<th>Protocol Converter</th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HDMI 2.1 (8K)</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Universal Docks</td>
<td>2-ports</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Enterprise Docks</td>
<td>3-ports</td>
<td>✔️</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Dongles</td>
<td>10G USB 3</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
</tr>
</tbody>
</table>

- **DisplayLink**: HDMI 2.0 (4K)
- **kinetic technologies**: HDMI 2.0 (4K)
- **Parade**: HDMI 2.0 (4K)
- **REALTEK**: HDMI 2.0 (4K)
Why Synaptics Wins

• Synaptics Interface ICs used on almost all Thunderbolt 3 enterprise docks

• Leading the market in USB solutions combining audio, video & data

• Lowest power per bandwidth – driving products of all form factors
Automotive
Automotive – The Opportunity

Market Trends

• #1 in Automotive TDDI enabling larger and better performing displays

• Winning more than 70% of designs for TDDI over the past 24 months

• Eight automotive display mfg. with 35 platforms under development using Synaptics TDDI

• LTDI (Large Touch & Display Integration) under development enables Pillar-to-Pillar

Source: IHS, Synaptics; SAM for 2019; 2019 – 2027 CAGR

$200M SAM

10% CAGR
Momentum in Automotive TDDI & LTDI

Relative market sizing for illustrative purposes only
Under the Hood – TDDI vs. LTDI

**TDDI**
- Up to 3 TDDIs
  - 17” & 4K
- **DESERIALIZER**

**LTDI**
- Up to 12 Front-Ends for One Touch & Display Controller
  - Up to 55” & 8K
- **Tcon/Touch**

- Enables transition from Discrete Touch to Integrated
- Ideal for up to 17” display sizes

- Expands instrument cluster and infotainment display on a single panel
- Scalable platform ideal for 20” – 55”
- ISO26262 compliant

**Industry Leader in Automotive TDDI**
Automotive – TDDI Competitive Landscape

<table>
<thead>
<tr>
<th></th>
<th>Synaptics</th>
<th>FocalTech</th>
<th>Himax</th>
<th>Infineon</th>
<th>Microchip</th>
<th>Silicon Works</th>
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<tbody>
<tr>
<td>4K Support</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Integrated Touch</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
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<tr>
<td>EMC Compliant</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Global Technical Support</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
</tr>
</tbody>
</table>
Why Synaptics Wins

- Leading industry transition to Integrated displays (TDDI) with majority share
- TDDI solution enables significant cost savings per display
- Driving industry to Pillar-to-Pillar display industrial design with LTDI
- Largest portfolio for Integrated Touch display solutions
Financial

Dean Butler, Senior VP and CFO
Right Size the Business to Expand Cash Flow Generation
A Year of Significant Progress

**REVENUE**

- **Q4’19:** $295M
- **Q4’20:** $275M

TDDI Divest

**GROSS MARGIN**

- **Q4’19:** 39%
- **Q4’20:** 46%

**OPERATING MARGIN**

- **Q4’19:** 5%
- **Q4’20:** 15%

Gross Margin and Operating Margin are Non-GAAP Results/Guidance
Q4’20 Guidance given May 7, 2020
Committed to Non-GAAP Gross Margin Expansion

What We’ve Done

- Exited lower margin businesses
- Focus on higher-margin mobile OLED Touch
- Improvements in operations and supply-chain

Achieving the New Target

- Growth in IOT and Automotive
- OLED Touch momentum
- Further supplier consolidation

Not to scale, for illustrative purposes only
Restructuring Update: $40M Plan Announced on Aug 8, 2019

Non-GAAP Operating Expenses

- FY19: $412M
- Announced Restructuring: $40M achieved within 6 months
- Incremental ~$35M savings delivered
- Over Achievement: $338M
- TDDI Divestment
- Q4'20 Annualized
- Potential

Not to scale, for illustrative purposes only
Q4'20 Annualized as May 7, 2020 mid-point guidance x 4
Market Growth Opportunity

- **Mobile**: -5% vs +5% market
- **PC**: +2%
- **IoT**: +15%

**SAM**

- **$5.0B SAM**
- **$6.7B SAM**

**CAGR**: 7%

**Touch**: Gaining share & grow with market

- **Opportunity**: OLED TDDI

**Display**: Foundation for OLED TDDI

**Opportunity**: Innovation in touchpad & industrial design

**Mobile**

- Gaining share & Grow faster than market
  - **Opportunity**: Expand addressable markets

**Source**: IHS, IDC, Futuresource, Yole, and Synaptics analysis
Driving End Market Diversification

Past: FY2019 Actual results
Present: Q4'20 mid-point guidance as provided on May 7, 2020
Future: Management's long-term model
Capital Allocation Priorities and Capital Structure

- **Organic Growth**
- **Acquisitions**
- **Debt Management**
- **Share Repurchases**

**Smarter Investments & Spend**
- **Accelerate Growth**
  - Flex up to 4.0x Leverage
- **Target Net Leverage 1.5-2.0x**
  - Manage Debt Maturities
- **Opportunistic**

*Net Leverage as principal value of outstanding debt less on-hand cash and short-term investments as a multiple of adjusted EBITDA.*
# Macro Environment Impact to Synaptics

## COVID-19

**Demand:**
- (+) Work from Home: PC & Video Docking
- (−) Retail Consumer: IoT & Automotive
- (~) Smartphones: Unclear

**Supply-Chain:** Minimal impact

**Workforce:** No significant change

## US / China Trade War

- Lowered exposure post-TDDI divestment
- Continuing to ship (non-EAR products)

**Huawei:** No direct impact, potential indirect
### New Long-Term Financial Model

<table>
<thead>
<tr>
<th></th>
<th>FY19 Actual</th>
<th>FY20 Consensus</th>
<th>Prior Model</th>
<th>New Long-Term Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$1,472M</td>
<td>$1,332M</td>
<td>--</td>
<td>+4-6%</td>
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<tr>
<td><strong>Non-GAAP Gross Margin</strong></td>
<td>39%</td>
<td>43%</td>
<td>36-41%</td>
<td>&gt;50%</td>
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<tr>
<td><strong>Non-GAAP R&amp;D</strong></td>
<td>21%</td>
<td>20%</td>
<td>18-20%</td>
<td>20-22%</td>
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<tr>
<td><strong>Non-GAAP SG&amp;A</strong></td>
<td>7%</td>
<td>7%</td>
<td>~6%</td>
<td>6-8%</td>
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<tr>
<td><strong>Non-GAAP Operating Margin</strong></td>
<td>11%</td>
<td>16%</td>
<td>12-15%</td>
<td>~20%</td>
</tr>
</tbody>
</table>

Source: Factset, mean Analyst Consensus as of 5/30/2020
Prior Model: January 7th 2019 management presentation
See appendix for GAAP to Non-GAAP reconciliations
Investment Highlights

- A GLOBAL LEADER IN HUMAN TO MACHINE INTERFACE TECHNOLOGIES
- STRONG PORTFOLIO OF DIFFERENTIATED TECHNOLOGIES & INCREASING MIX OF HIGH-MARGIN PRODUCTS
- STRONG POSITION IN LARGE, GROWING MARKETS
- DEEP RELATIONSHIPS WITH DIVERSE BASE OF LEADING OEMS
- STRONG MANAGEMENT TEAM DRIVING SIGNIFICANT TRANSFORMATION
- SCALABLE, EFFICIENT OPERATING MODEL
Appendix
# GAAP to Non-GAAP Reconciliations

## Gross Profit

<table>
<thead>
<tr>
<th>($M)</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>Q3’19</th>
<th>Q4’19</th>
<th>Q1’20</th>
<th>Q2’20</th>
<th>Q3’20</th>
<th>LTM Q3’20</th>
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<tr>
<td><strong>Total revenue</strong></td>
<td>$1,718</td>
<td>$1,630</td>
<td>$1,472</td>
<td>$334</td>
<td>$295</td>
<td>$340</td>
<td>$388</td>
<td>$328</td>
<td>$1,351</td>
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<tr>
<td><strong>GAAP gross profit</strong></td>
<td>$524</td>
<td>$480</td>
<td>$497</td>
<td>$116</td>
<td>$90</td>
<td>$126</td>
<td>$159</td>
<td>$136</td>
<td>$512</td>
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<tr>
<td><strong>GAAP gross profit margin</strong></td>
<td>30.5%</td>
<td>29.4%</td>
<td>33.8%</td>
<td>34.7%</td>
<td>30.6%</td>
<td>37.1%</td>
<td>41.0%</td>
<td>41.3%</td>
<td>37.8%</td>
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<tr>
<td>Acquisition related costs</td>
<td>$48</td>
<td>$110</td>
<td>$63</td>
<td>$15</td>
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<td>$15</td>
<td>$8</td>
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<tr>
<td>Loss on supply commitment</td>
<td>-</td>
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<td>$9</td>
<td>-</td>
<td>$9</td>
<td>($1)</td>
<td>($2)</td>
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<td>Retention costs</td>
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<td>-</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>$2</td>
<td>$3</td>
<td>$3</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$3</td>
</tr>
<tr>
<td><strong>Non-GAAP gross profit</strong></td>
<td>$573</td>
<td>$593</td>
<td>$572</td>
<td>$132</td>
<td>$116</td>
<td>$141</td>
<td>$167</td>
<td>$145</td>
<td>$568</td>
</tr>
<tr>
<td><strong>Non-GAAP gross profit margin</strong></td>
<td>33.4%</td>
<td>36.4%</td>
<td>38.8%</td>
<td>39.5%</td>
<td>39.1%</td>
<td>41.5%</td>
<td>42.9%</td>
<td>44.1%</td>
<td>42.0%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliations (cont’d)

### Operating Income

<table>
<thead>
<tr>
<th>($M)</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>Q3’19</th>
<th>Q4’19</th>
<th>Q1’20</th>
<th>Q2’20</th>
<th>Q3’20</th>
<th>LTM Q3’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$1,718</td>
<td>$1,630</td>
<td>$1,472</td>
<td>$334</td>
<td>$295</td>
<td>$340</td>
<td>$388</td>
<td>$328</td>
<td>$1,351</td>
</tr>
<tr>
<td>GAAP operating income/(loss)</td>
<td>$65</td>
<td>($62)</td>
<td>($6)</td>
<td>($4)</td>
<td>($33)</td>
<td>$3</td>
<td>$35</td>
<td>$19</td>
<td>$23</td>
</tr>
<tr>
<td>GAAP operating income/(loss) margin</td>
<td>3.8%</td>
<td>(3.8%)</td>
<td>(0.4%)</td>
<td>(1.1%)</td>
<td>(11.3%)</td>
<td>0.9%</td>
<td>8.9%</td>
<td>5.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>$62</td>
<td>$71</td>
<td>$59</td>
<td>$16</td>
<td>$10</td>
<td>$11</td>
<td>$15</td>
<td>$18</td>
<td>$55</td>
</tr>
<tr>
<td>Acquisition/divestiture related costs</td>
<td>$61</td>
<td>$136</td>
<td>$77</td>
<td>$19</td>
<td>$19</td>
<td>$18</td>
<td>$13</td>
<td>$11</td>
<td>$61</td>
</tr>
<tr>
<td>Loss/(recovery) on supply commitment</td>
<td>-</td>
<td>-</td>
<td>$9</td>
<td>-</td>
<td>$9</td>
<td>($1)</td>
<td>($2)</td>
<td>-</td>
<td>$6</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>$7</td>
<td>$14</td>
<td>$18</td>
<td>-</td>
<td>$7</td>
<td>$7</td>
<td>$13</td>
<td>$6</td>
<td>$34</td>
</tr>
<tr>
<td>Retention costs</td>
<td>-</td>
<td>-</td>
<td>$3</td>
<td>-</td>
<td>$3</td>
<td>$4</td>
<td>$4</td>
<td>$3</td>
<td>$13</td>
</tr>
<tr>
<td>CEO severance</td>
<td>-</td>
<td>-</td>
<td>$2</td>
<td>$2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>In process research and development charge</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$4</td>
<td>-</td>
<td>-</td>
<td>$4</td>
</tr>
<tr>
<td>Arbitration or litigation settlement, net</td>
<td>$10</td>
<td>$3</td>
<td>($2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$0</td>
</tr>
<tr>
<td>Non-GAAP operating income</td>
<td>$204</td>
<td>$162</td>
<td>$160</td>
<td>$32.7</td>
<td>$14</td>
<td>$46</td>
<td>$77</td>
<td>$58</td>
<td>$195</td>
</tr>
<tr>
<td>Non-GAAP operating income margin</td>
<td>11.9%</td>
<td>9.9%</td>
<td>10.8%</td>
<td>9.8%</td>
<td>4.9%</td>
<td>13.4%</td>
<td>19.9%</td>
<td>17.6%</td>
<td>14.4%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliations (cont’d)

### Research & Development Expense

<table>
<thead>
<tr>
<th>($M)</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$1,472</td>
</tr>
<tr>
<td>GAAP research and development</td>
<td>$340</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>($34)</td>
</tr>
<tr>
<td>Acquisition and integration related costs</td>
<td>-</td>
</tr>
<tr>
<td>Non-GAAP research and development</td>
<td>$306</td>
</tr>
<tr>
<td>Non-GAAP research and development percentage of revenue</td>
<td>21%</td>
</tr>
</tbody>
</table>

### Selling, General, and Administrative Expense

<table>
<thead>
<tr>
<th>($M)</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$1,472</td>
</tr>
<tr>
<td>GAAP selling, general, and administrative expense</td>
<td>$130</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>($22)</td>
</tr>
<tr>
<td>CEO severance</td>
<td>($2)</td>
</tr>
<tr>
<td>Acquisition and integration related costs</td>
<td>($1)</td>
</tr>
<tr>
<td>Arbitration settlement, net</td>
<td>$2</td>
</tr>
<tr>
<td>Non-GAAP selling, general, and administrative expense</td>
<td>$106</td>
</tr>
<tr>
<td>Non-GAAP selling, general, and administrative percentage of revenue</td>
<td>7%</td>
</tr>
</tbody>
</table>
### 4Q FY2020 Company Guidance Provided May 7, 2020

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Non-GAAP Adjustment</th>
<th>Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$260M to $290M</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>-21 percent to -12 percent Q/Q</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>41.5 percent to 44.0 percent</td>
<td>Approximately $8.9M*</td>
<td>45 percent to 47 percent</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>$110M to $116M</td>
<td>Approximately $27M to $30M**</td>
<td>$83M to $86M</td>
</tr>
</tbody>
</table>

*Projected Non-GAAP gross margin excludes $8.0 million of intangible asset amortization, $0.8 million of stock-based compensation, and $0.1 million of retention program costs.

**Projected Non-GAAP operating expense excludes $17 million to $19 million of stock-based compensation, $4 million to $5 million of restructuring costs, $3 million of retention program costs, and $3 million of intangible asset amortization.