

**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

Date of Report (Date of earliest event reported): November 9, 2023

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.)

1109 McKay Drive
San Jose, California
(Address of Principal Executive Offices)

95131
(Zip Code)

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

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:

- 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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.001 per share	SYNA	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company 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.

On November 9, 2023, the Company issued a press release announcing the Company's financial results for the fiscal quarter ended September 30, 2023, and posted supplemental earnings materials to the investor section of the Company's website at www.synaptics.com. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this Current Report on Form 8-K (including Exhibit 99.1) 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.

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 November 9, 2023, titled "Synaptics Reports First Quarter Fiscal 2024 Results"
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 registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYNAPTICS INCORPORATED

Date: November 9, 2023

By: /s/ Dean Butler

Dean Butler

Senior Vice President and Chief Financial Officer



Synaptics Reports First Quarter Fiscal 2024 Results

Q1'24 Financial Results and Recent Business Highlights

- Revenue of \$237.7 million
- GAAP gross margin of 45.1 percent
- Non-GAAP gross margin of 53.0 percent
- GAAP loss per share of \$1.43
- Non-GAAP diluted earnings per share of \$0.52

SAN JOSE, Calif., – November 9, 2023– Synaptics Incorporated (Nasdaq: [SYNA](#)), today reported financial results for its first quarter of fiscal 2024 ended September 30, 2023.

Net revenue for the first quarter of fiscal 2024 was \$237.7 million. GAAP net loss for the first quarter of fiscal 2024 was \$55.6 million, or a loss of \$1.43 per basic share. Non-GAAP net income for the first quarter of fiscal 2024 was \$20.3 million, or \$0.52 per diluted share.

“Synaptics delivered a solid first quarter of fiscal 2024 with revenue increasing on a sequential basis for the first time in over a year. We are starting to see stabilization in our business and expect recovery in calendar 2024 while we continue to work through excess customer inventories. We are making progress with our long-term initiative to drive growth from our Wireless and Processor products, which we highlighted at our Investor Day in September.” said Michael Hurlston, Synaptics’ President and CEO.

Business Outlook

Dean Butler, Chief Financial Officer of Synaptics, added, “As we enter the December quarter, our business is stabilizing and we expect to continue to work down customer and channel inventories. As such, we expect our second fiscal quarter revenue to be roughly at the same level quarter-over-quarter. The company’s balance sheet is in great shape and capable of weathering the recent macro-driven headwinds. Synaptics continues to generate positive cash flow enabling us to fuel the investments needed to execute on our stated strategy.”



For the second quarter of fiscal 2024, the company expects:

	GAAP	Non-GAAP Adjustment	Non-GAAP
Revenue	\$220M to \$250M	N/A	N/A
Gross Margin*	42.0 percent to 45.0 percent	\$18M to \$22M	51.0 percent to 54.0 percent
Operating Expense**	\$135M to \$140M	\$40M to \$41M	\$95M to \$99M

*Projected Non-GAAP gross margin excludes \$17.0 million to 20.0 million of intangible asset amortization and \$1.0 million to \$2.0 million of share-based compensation.

**Projected Non-GAAP operating expense excludes \$34.0 million to \$35.0 million of share-based compensation, \$2.0 million restructuring costs, and \$4.0 million of intangible asset amortization.

Earnings Call and Supplementary Materials

The Synaptics first quarter 2024 teleconference and webcast is scheduled to begin at 2:00 p.m. PT (5:00 p.m. ET), on Thursday, November 9, 2023, 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 pre-register at [Synaptics Q1 FY2024 Earnings Call Registration](https://register.vevent.com/register/B19a69f99058c0498bb2ecef043e15caf8). (<https://register.vevent.com/register/B19a69f99058c0498bb2ecef043e15caf8>). 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, 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 related costs

Acquisition 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, including non-recurring post-acquisition costs and services.

These acquisition 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, the lives assigned to the acquired intangible assets, and the maturity of the business acquired. Excluding acquisition 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 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 are costs incurred to address cost structure inefficiencies of acquired or existing business operations and consist primarily of employee termination and office closure costs, including the reversal of such costs. These costs are generally cash-based. 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 of acquired or existing business operations.

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.



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, 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 temporary reduction in demand for our products resulting from accumulated inventories held by our customers and channel partners; 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; 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:

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SYNAPTICS INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	September 2023	June 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 801.3	\$ 924.7
Short-term investments	23.1	9.6
Accounts receivable, net	111.2	163.9
Inventories, net	131.7	137.2
Prepaid expenses and other current assets	41.3	36.6
Total current assets	1,108.6	1,272.0
Property and equipment at cost, net	67.4	66.4
Goodwill	816.4	816.4
Purchased intangibles, net	288.7	298.5
Non-current other assets	267.6	158.1
	<u>\$ 2,548.7</u>	<u>\$ 2,611.4</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 63.9	\$ 45.8
Accrued compensation	23.5	45.9
Income taxes payable	49.1	54.0
Other accrued liabilities	103.0	108.4
Current portion of debt	6.0	6.0
Total current liabilities	245.5	260.1
Long-term debt	969.6	972.0
Other long-term liabilities	129.3	135.9
Total liabilities	1,344.4	1,368.0
Stockholders' Equity:		
Common stock and additional paid-in capital	1,025.7	1,009.3
Treasury stock	(878.0)	(878.0)
Accumulated other comprehensive income	0.1	—
Retained earnings	1,056.5	1,112.1
Total stockholders' equity	1,204.3	1,243.4
	<u>\$ 2,548.7</u>	<u>\$ 2,611.4</u>

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

	Three Months Ended	
	September 2023	September 2022
Net revenue	\$ 237.7	\$ 448.1
Acquisition related costs (1)	17.8	23.5
Cost of revenue	112.8	168.9
Gross margin	107.1	255.7
Operating expenses:		
Research and development	86.5	89.5
Selling, general, and administrative	42.3	44.7
Acquired intangibles amortization (2)	5.5	9.5
Restructuring costs (3)	8.0	—
Total operating expenses	142.3	143.7
Operating income	(35.2)	112.0
Interest and other expense, net	(5.4)	(8.3)
(Loss) income before provision for income taxes	(40.6)	103.7
Provision for income taxes	15.0	39.1
Net (loss) income	\$ (55.6)	\$ 64.6
Net (loss) income per share:		
Basic	\$ (1.43)	\$ 1.62
Diluted	\$ (1.43)	\$ 1.59
Shares used in computing net (loss) income per share:		
Basic	38.8	39.8
Diluted	38.8	40.7

(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 consist primarily of amortization associated with certain acquired intangible assets.

(3) Restructuring costs primarily include severance related 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	
	September 2023	September 2022
GAAP gross margin	\$ 107.1	\$ 255.7
Acquisition related costs	17.8	23.5
Share-based compensation	1.1	1.1
Non-GAAP gross margin	<u>\$ 126.0</u>	<u>\$ 280.3</u>
GAAP gross margin - percentage of revenue	45.1%	57.1%
Acquisition related costs - percentage of revenue	7.5%	5.3%
Share-based compensation - percentage of revenue	0.4%	0.2%
Non-GAAP gross margin - percentage of revenue	<u>53.0%</u>	<u>62.6%</u>
GAAP research and development expense	\$ 86.5	\$ 89.5
Share-based compensation	(15.2)	(14.0)
Amortization prepaid development costs	—	(2.5)
Non-GAAP research and development expense	<u>\$ 71.3</u>	<u>\$ 73.0</u>
GAAP selling, general, and administrative expense	\$ 42.3	\$ 44.7
Share-based compensation	(16.9)	(17.5)
Non-GAAP selling, general, and administrative expense	<u>\$ 25.4</u>	<u>\$ 27.2</u>
GAAP operating (loss) income	\$ (35.2)	\$ 112.0
Acquisition and integration related costs	23.3	33.0
Share-based compensation	33.2	32.6
Restructuring costs	8.0	—
Amortization prepaid development costs	—	2.5
Non-GAAP operating income	<u>\$ 29.3</u>	<u>\$ 180.1</u>
GAAP net (loss) income	\$ (55.6)	\$ 64.6
Acquisition and integration related costs	23.3	33.0
Share-based compensation	33.2	32.6
Restructuring costs	8.0	—
Amortization prepaid development costs	—	2.5
Other non-cash items	0.6	0.6
Non-GAAP tax adjustments	10.8	9.8
Non-GAAP net income	<u>\$ 20.3</u>	<u>\$ 143.1</u>
GAAP net (loss) income per share - diluted	\$ (1.43)	\$ 1.59
Acquisition/divestiture and integration related costs	0.60	0.81
Share-based compensation	0.86	0.80
Restructuring costs	0.21	—
Amortization prepaid development costs	—	0.06
Other non-cash items	0.02	0.02
Non-GAAP tax adjustments	0.28	0.24
Share adjustment	(0.02)	—
Non-GAAP net income per share - diluted	<u>\$ 0.52</u>	<u>\$ 3.52</u>

SYNAPTICS INCORPORATED
CONDENSED CONSOLIDATED CASH FLOWS

(In millions)
(Unaudited)

	Three Months Ended	
	September 2023	September 2022
Net (loss) income	\$ (55.6)	\$ 64.6
Non-cash operating items	75.2	80.7
Changes in working capital	25.8	(66.8)
Provided by operating activities	45.4	78.5
Proceeds from maturities of short-term investments	3.2	7.7
Purchase of short-term investments	(16.6)	—
Purchase of intangible assets	(13.5)	—
Advance payment on intangible assets	(116.5)	—
Purchase of property and equipment and other	(6.7)	(6.2)
Other	—	0.8
(Used in) provided by investing activities	(150.1)	2.3
Proceeds from debt, net of issuance costs		
Repurchases of common stock	—	(13.4)
Equity compensation, net	(16.8)	(22.9)
Payment of debt obligations	(3.0)	(1.5)
Other	1.7	2.8
Used in financing activities	(18.1)	(35.0)
Effect of exchange rate changes on cash and cash equivalents	(0.6)	(2.0)
Net change in cash and cash equivalents	(123.4)	43.8
Cash and cash equivalents at beginning of period	924.7	824.0
Cash and cash equivalents at end of period	\$ 801.3	\$ 867.8

