



## Synaptics Reports Second Quarter Financial Results

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Synaptics (Nasdaq: SYNA), a leader in touch pads and other human interface solutions for mobile computing and communications devices, today reported financial results for the second quarter ended December 31, 2002.

Net revenue for the second quarter of fiscal 2003 was \$24.2 million, compared to \$26.4 million for the second quarter of the prior fiscal year. Actual (GAAP) net income for the second quarter of fiscal 2003 was \$1.8 million, or \$0.08 per basic share and \$0.07 per diluted share. This compares with actual net income of \$2.8 million, or \$0.42 per basic share and \$0.14 per diluted share, for the second quarter of fiscal 2002.

Pro forma net income for the second quarter, excluding non-cash charges related to the amortization of intangibles and deferred stock-based compensation, was \$2.0 million, or \$0.08 per basic and diluted share. This compares to pro forma net income of \$3.0 million, or \$0.44 per basic share and \$0.15 per diluted share, for the second quarter of the prior fiscal year.

"We are pleased to announce solid second quarter results," stated Francis Lee, President and Chief Executive Officer of Synaptics. "The business environment showed signs of stabilization in customer order patterns and inventory levels, and sales of notebook computers met or exceeded most industry forecasts during the holiday season. Our product milestones for the current quarter remain on track, with several of our earlier design wins in both notebooks and new markets scheduled to move into production."

Russ Knittel, Synaptics' Chief Financial Officer, added, "Although our revenue and profitability are down from the prior year period, we are pleased to report sequential growth in revenue and profits, reflecting our strong execution in a challenging business environment. Looking forward, we expect to achieve sequential revenue growth of up to four percent in the seasonally slower March quarter, as well as another consecutive revenue increase in the June quarter. We expect to continue to be profitable and cash flow positive, further strengthening our balance sheet and providing us with a solid foundation to continue to make investments in the company's future."

### About Synaptics Incorporated

Synaptics develops advanced interface solutions for products as diverse as notebook and desktop computers, mobile computing and communications devices, automotive applications and security solutions. Synaptics' products include TouchPad (TM), the industry standard notebook pointing device; ClearPad(TM), a capacitive touch screen solution; TouchStyk(TM), a modular and capacitive pointing stick solution; Spiral(R), an inductive, proximity sensing pen input system; and QuickStroke(R), a proprietary Chinese handwriting recognition software. More information about Synaptics can be found on the World Wide Web at [www.synaptics.com](http://www.synaptics.com).

This press release contains "forward-looking" statements about Synaptics, as that term is defined under the federal securities laws. Synaptics intends such forward-looking statements to be subject to the safe-harbor created by those laws. Such forward-looking statements include, but are not limited to, statements regarding Synaptics' revenue expectations, earnings expectations, cash flow expectations, competitive position both in notebooks and its new market initiatives. Synaptics cautions that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by the forward-looking statements contained herein. Such factors include, but are not limited to: (a) market demand for Synaptics' products (b) market demand for OEM's products using Synaptics' products, and (c) the failure of Synaptics' products and OEM's products to deliver commercially acceptable performance, and other risks as identified from time to time in Synaptics' SEC reports, including Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and the Company's 10-K for the fiscal year ended June 30, 2002. All forward-looking statements are based on information available to Synaptics on the date hereof, and Synaptics assumes no obligation to update such statements.

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SYNAPTICS INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except share data)  
(unaudited)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2002	2001	2002	2001
Net revenue	\$24,199	\$26,402	\$46,376	\$49,971
Cost of revenue	13,917	15,376	26,360	29,983
Gross margin	10,282	11,026	20,016	19,988
Operating expenses				
Research and development	4,812	4,117	10,135	7,808
Selling, general, and administrative	2,638	2,426	5,242	5,100
Amortization of intangible assets	10	62	40	75
Amortization of deferred stock compensation	116	121	226	242
Total operating expenses	7,576	6,726	15,643	13,225
Operating income	2,706	4,300	4,373	6,763
Interest income	279	48	556	81
Interest expense	(47)	(49)	(86)	(113)
Income before income taxes	2,938	4,299	4,843	6,731
Provision for income taxes	1,093	1,497	1,798	2,342
Net income	\$1,845	\$2,802	\$3,045	\$4,389
Net income per share:				
Basic	\$0.08	\$0.42	\$0.13	\$0.66
Diluted	\$0.07	\$0.14	\$0.12	\$0.22
Shares used in computing net income per share:				
Basic	23,386,723	6,709,137	23,309,271	6,666,245
Diluted	25,083,296	20,376,274	24,957,002	20,369,185
Pro forma results (unaudited)				
Reported net income	\$1,845	\$2,802	\$3,045	\$4,389
Pro forma adjustments:				
Amortization of goodwill and other acquired intangible assets	10	62	40	75
Amortization of deferred stock compensation	116	121	226	242
Pro forma net income	\$1,971	\$2,985	\$3,311	\$4,706
Pro forma earnings per share				
Basic	\$0.08	\$0.44	\$0.14	\$0.71
Diluted	\$0.08	\$0.15	\$0.13	\$0.23

SYNAPTICS INCORPORATED  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share data)

	December 31, 2002	June 30, 2002
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$38,935	\$45,491
Short term investments	30,743	19,689
Accounts receivable, net of allowances of \$ 210 and \$200 at December 31, 2002 and June 30, 2002, respectively	13,452	13,242
Inventories	6,103	5,867
Prepaid expenses and other current assets	3,401	2,964
Total current assets	92,634	87,253
Property and equipment, net	1,782	2,043
Goodwill	765	765

Other acquired intangible assets, net	--	40
Other assets	236	280
Total assets	\$95,417	\$90,381
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$6,523	\$5,867
Accrued compensation	1,939	2,161
Accrued warranty	1,002	1,002
Income taxes payable	2,462	2,646
Other accrued liabilities	2,444	1,814
Capital leases and equipment financing obligations	346	445
Total current liabilities	14,716	13,935
Capital leases and equipment financing obligations, net of current portion	82	259
Note payable to a related party	1,500	1,500
Other liabilities	722	684
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; 60,000,000 shares authorized;		
23,435,790 and 23,182,757 shares issued and outstanding, respectively	23	23
Additional paid in capital	76,666	75,013
Deferred stock compensation	(1,594)	(1,085)
Notes receivable from stockholders	(755)	(876)
Retained earnings	3,910	865
Accumulated other comprehensive income	147	63
Total stockholders' equity	78,397	74,003
Total liabilities and stockholders' equity	\$95,417	\$90,381

#### SOURCE Synaptics Incorporated

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