



Synaptics Reports Fourth Quarter and Year-end Financial Results

- Fourth Quarter Revenues of \$25.8 Million Up 19.3% Year Over Year; Over 3X Increase in Net Income
- Annual Revenues of \$100.2 Million Increase 36% Over Prior Year; Net Income Grows More Than Ten-fold

August 1, 2002 – San Jose, CA – Synaptics, a leader in touch pads and other human interface solutions for mobile computing and communications devices, today reported financial results for the fourth quarter and year ended June 30, 2002.

Net revenue for the fourth quarter of fiscal 2002 was \$25.8 million, a 19.3% increase compared to \$21.6 million for the fourth quarter of the prior fiscal year. Pro forma net income for the fourth quarter, excluding non-cash charges related to the amortization of intangibles and deferred stock-based compensation, was \$2.7 million, or \$0.12 per basic share and \$0.10 per diluted share. This compares to pro forma net income of \$923,000, or \$0.14 per basic share and \$0.05 per diluted share, for the fourth quarter of the prior fiscal year.

Actual (GAAP) net income for the fourth quarter of fiscal 2002 was \$2.6 million, or \$0.11 per basic share and \$0.10 per diluted share. This compares with actual net income of \$600,000, or \$0.09 per basic share and \$0.03 per diluted share, for the fourth quarter of fiscal 2001. Earnings per diluted share for the current fiscal quarter include the impact of an additional 6.0 million weighted average shares outstanding primarily resulting from the Company's January 2002 initial public offering.

Net revenue for the year ended June 30, 2002 was \$100.2 million compared to net revenue of \$73.7 million for the prior fiscal year. Pro forma net income, excluding non-cash charges related to the amortization of intangibles and deferred stock-based compensation, was \$10.0 million, or \$0.74 per basic share and \$0.44 per diluted share, for fiscal year 2002 compared to pro forma net income of \$2.2 million, or \$0.36 per basic share and \$0.11 per diluted share, for the prior fiscal year.

Actual net income for the year ended June 30, 2002 was \$9.4 million, or \$0.70 per basic share and \$0.42 per diluted share. This compares with actual net income of \$810,000, or \$0.13 per basic share and \$0.04 per diluted share, in the prior fiscal year. Earnings per diluted share for fiscal year 2002 include the impact of an additional 2.7 million weighted average shares outstanding primarily resulting from the Company's January 2002 initial public offering.

"We are pleased to report strong fourth quarter and annual results, marking good progress in our core notebook market and encouraging design activity in new markets," stated Francis Lee, President and CEO of Synaptics. "Looking forward, the overall economic weakness and resulting softness in both consumer and corporate spending has led to excess channel inventory and continued near-term uncertainty in the PC industry. We are therefore anticipating a sequential decline in revenues for the first quarter of fiscal 2003 in the range of 10 to 15 percent. While visibility is limited, we expect revenues to be up sequentially in the seasonally stronger December quarter. We continue to execute on our business model in a difficult market and believe that we have gained share in the past year based on the value proposition we offer our OEM customers. Our recent design wins in the notebook market and our ongoing progress with new market initiatives gives us continued confidence in Synaptics' prospects for long-term growth."

Recent Highlights

Synaptics recently:

- Secured its first design win for its Fingerprint TouchPad product. The module combines Synaptics' leading TouchPad interface device with the AuthenTec EntrePad(TM) AES3500 fingerprint sensor and offers notebook OEMs a complete integrated biometric security solution.
- Announced an agreement to develop and manufacture a TouchPad module for short text message input for integration into CityOne public access telephones in China. The module will combine Synaptics' proprietary QuickStroke® Chinese character recognition software and capacitive TouchPad for easy integration into public telephones. Products under this agreement are expected to begin shipping within the next 12 months.
- Commenced shipments of its capacitive touch technology for a leading portable jukebox device, thus introducing Synaptics' technology into the rapidly growing digital music market.
- Appointed Ron Van Dell to its board of directors, who brings extensive experience in the voice interface, PC, and semiconductor industries. Van Dell is president and CEO of Legerity, an analog/mixed signal IC company focusing on next-generation voice and data networks, and also serves on the board of directors of IceFyre, a leading provider of 5

GHz wireless LAN products.

- Was added to the Russell 2000® index and was selected as a member of the Red Herring 100, which recognizes the top 50 public and the top 50 private companies whose services, business models, products and quality of management define business innovation.

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 capacitive pointing stick solution; Spiral®, an inductive, proximity sensing pen input system; cPad(TM), an LCD TouchPad; TouchScreen, a capacitive touch solution for large displays; and QuickStroke®, a proprietary Chinese handwriting recognition software application. More information about Synaptics can be found on the World Wide Web at 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, competitive position and 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 © 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 Registration Statement on Form S-1. All forward-looking statements are based on information available to Synaptics on the date hereof, and Synaptics assumes no obligation to update such statements.

SYNAPTICS INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(unaudited)

	June 30, 2002	June 30, 2001 (1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 45,491	\$ 3,766
Short term investments	19,689	-
Accounts receivable, net of allowances of \$ 200 and \$125 at June 30, 2002 and June 30, 2001, respectively	13,242	12,245
Inventories	5,867	7,290
Prepaid expenses and other current assets	<u>2,964</u>	<u>651</u>
Total current assets	87,253	23,952
Property and equipment, net	2,043	1,795
Goodwill	765	765
Other acquired intangible assets, net	40	174
Other assets	<u>280</u>	<u>471</u>
Total assets	<u>\$ 90,381</u>	<u>\$ 27,157</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 5,867	\$ 7,289
Accrued compensation	2,161	1,563
Accrued warranty	1,002	509
Income taxes payable	2,646	522
Other accrued liabilities	1,814	549
Capital leases and equipment financing obligations	<u>445</u>	<u>546</u>
Total current liabilities	13,935	10,978
Capital leases and equipment financing obligations, net of current portion	259	329
Note payable to a related party	1,500	1,500
Other liabilities	684	596
Commitments and contingencies		
Stockholders' equity:		
Preferred stock;		
\$.001 par value; 10,000,000 shares authorized; 8,170,207 issued and outstanding June 30, 2001 and no shares issued and outstanding at June 30, 2002	-	18,650

	20,000	
Common stock;		
\$.001 par value; 60,000,000 shares authorized; 23,182,758		
and 6,601,849 shares issued and outstanding, respectively	23	6,194
Additional paid in capital	75,013	-
Deferred stock compensation	(1,085)	(1,649)
Notes receivable from stockholders	(876)	(906)
Retained earnings/(accumulated deficit)	865	(8,535)
Accumulated other comprehensive income	63	-
Total stockholders' equity	<u>74,003</u>	<u>13,754</u>
Total liabilities and stockholders' equity	<u>\$ 90,381</u>	<u>\$ 27,157</u>

(1) "Derived from the Company's audited financial statements as of June 30, 2001, included in the in the Company's registration statement on Form S-1 filed with the Securities and Exchange Commission"

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

	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2002	2001	2002	2001 (1)
Net revenue	\$ 25,809	\$ 21,631	\$ 100,201	\$ 73,698
Cost of revenue	<u>14,836</u>	<u>14,752</u>	<u>59,016</u>	<u>50,811</u>
Gross margin	10,973	6,879	41,185	22,887
Operating expenses				
Research and development	4,714	3,285	16,594	11,590
Selling, general, and administrative	2,422	2,535	9,873	9,106
Amortization of goodwill and other acquired intangible assets	30	204	134	784
Amortization of deferred stock compensation	90	119	453	597
Total operating expenses	<u>7,256</u>	<u>6,143</u>	<u>27,054</u>	<u>22,077</u>
Operating income	3,717	736	14,131	810
Interest income	290	54	522	363
Interest expense	(41)	(46)	(197)	(183)
Income before income taxes	3,966	744	14,456	990
Provision for income taxes	<u>1,393</u>	<u>144</u>	<u>5,056</u>	<u>180</u>
Net income	<u>\$ 2,573</u>	<u>\$ 600</u>	<u>\$ 9,400</u>	<u>\$ 810</u>
Net income per share:				
Basic	<u>\$ 0.11</u>	<u>\$ 0.09</u>	<u>\$ 0.70</u>	<u>\$ 0.13</u>
Diluted	<u>\$ 0.10</u>	<u>\$ 0.03</u>	<u>\$ 0.42</u>	<u>\$ 0.04</u>
Shares used in computing net income per share:				
Basic	<u>23,179,283</u>	<u>6,491,717</u>	<u>13,523,443</u>	<u>6,133,866</u>
Diluted	<u>25,957,125</u>	<u>19,963,567</u>	<u>22,544,461</u>	<u>19,879,491</u>
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Pro forma results (unaudited)				
Reported net income	\$ 2,573	\$ 600	\$ 9,400	\$ 810
Pro forma adjustments:				
Amortization of goodwill and other acquired intangible assets	30	204	134	784
Amortization of deferred stock compensation	90	119	453	597
Pro forma net income	<u>\$ 2,693</u>	<u>\$ 923</u>	<u>\$ 9,987</u>	<u>\$ 2,191</u>
Pro forma earnings per share				
Basic	<u>\$ 0.12</u>	<u>\$ 0.14</u>	<u>\$ 0.74</u>	<u>\$ 0.36</u>
Diluted	<u>\$ 0.10</u>	<u>\$ 0.05</u>	<u>\$ 0.44</u>	<u>\$ 0.11</u>

(1) "Derived from the Company's audited financial statements as of June 30, 2001, included in the Company's registration statement on Form S-1 filed with the Securities and Exchange Commission"