



## Synaptics Reports Strong Third Quarter Earnings

SAN JOSE, Calif. - April 25, 2002 - Synaptics Incorporated (Nasdaq: SYNA) today reported financial results for the third fiscal quarter ended March 31, 2002. Net revenue for the third quarter of fiscal 2002 was \$24.4 million, a 24% increase compared to \$19.6 million for the third quarter of the prior fiscal year. Pro forma net income, excluding non-cash charges related to the amortization of intangibles and deferred stock-based compensation, for the third quarter was \$2.6 million, or \$0.15 per basic share and \$0.11 per diluted share. This compares to pro forma net income of \$747,000, or \$0.12 per basic share and \$0.04 per diluted share, for the third quarter of the prior fiscal year.

Reported net income for the third quarter of fiscal 2002 was \$2.4 million, or \$0.14 per basic share and \$0.10 per diluted share, including non-cash charges related to the amortization of intangibles and deferred stock-based compensation. This compares with reported net income of \$393,000, or \$0.06 per basic share and \$0.02 per diluted share, for the third quarter of fiscal 2001.

Earnings per diluted share for the current fiscal quarter include the impact of an additional 4.2 million weighted average shares outstanding primarily resulting from the Company's January 2002 initial public offering.

Net revenue for the nine-month period ended March 31, 2002 was \$74.4 million compared to net revenue of \$52.1 million for the comparable period in the prior fiscal year. Pro forma net income, excluding non-cash charges related to the amortization of intangibles and deferred stock-based compensation, was \$7.3 million, or \$0.71 per basic share and \$0.34 per diluted share, for the first nine months of the current fiscal year compared to pro forma net income of \$1.3 million, or \$0.21 per basic share and \$0.06 per diluted share, for the comparable period in the prior fiscal year.

Reported net income for the nine months ended March 31, 2002 was \$6.8 million, or \$0.66 per basic share and \$0.31 per diluted share, including non-cash charges related to the amortization of intangibles and deferred stock-based compensation. This compares with reported net income of \$210,000, or \$0.03 per basic share and \$0.01 per diluted share, for the first nine months of fiscal 2001. Earnings per diluted share for the current nine-month period reflect the impact of an additional 2.1 million weighted average shares outstanding, including the shares issued in the Company's January 2002 initial public offering.

"We are pleased with our strong performance in the third quarter, as we continue to leverage our leadership position in interface technology and benefit from the strong acceptance of our products in the notebook market, particularly the adoption of our dual-pointing solutions," commented Francis Lee, President and Chief Executive Officer of Synaptics. "Our strong bottom-line numbers reflect the successful implementation of our ongoing cost improvement programs across our product line along with strong expense management. With \$55 million raised from our recent initial public offering we have strengthened our balance sheet and are well capitalized to fund the expansion of our product offerings and the extension of our proprietary technology into new markets over the next few years."

### Recent Highlights

#### Synaptics recently:

- Made further inroads with Japanese OEMs with the introduction of its new cPad product, a product jointly developed with Three-Five Systems, Inc. The cPad product is a clear TouchPad integrated with an LCD which is incorporated into Toshiba's Satellite&Reg; 5105-S607 notebook.
- Continued to broaden its product offerings by unveiling its state-of-the-art capacitive TouchScreen system, jointly developed with Zytronic Display, Ltd. The new TouchScreen system is designed to meet today's demanding requirements for ATMs, Web phones, gaming machines, ticket dispensers, medical displays, industrial displays, gas pump displays, and similar systems.
- Announced a significant design win with IBM, which will be incorporating a Synaptics TouchPad, along with the IBM TrackPoint, in the ThinkPad T30™ notebook computer. This marks the first time IBM has offered an alternative pointing device in conjunction with the TrackPoint.

### Business Outlook

Commenting on Synaptics' business outlook, Chief Financial Officer Russ Knittel said, "We believe that trends in user interface design, particularly the adoption of dual-pointing solutions from major notebook OEMs, will continue to drive our business. We are pleased with our financial results and will continue to focus on gaining design wins in the notebook market while expanding our product portfolio to capture new market opportunities. Although IDC's most recent forecast suggests that worldwide

portable PC shipments will decline sequentially in the June 2002 quarter, we expect to achieve sequential revenue growth in the range of three to six percent and expect a resultant increase in net income.”

### **Conference Call**

Synaptics will hold a conference call today, April 25, 2002, to discuss its third quarter results at 5:30 p.m. ET (2:30 p.m. PT) to discuss the results. To listen to the live call, dial (800) 867-0448 (303-262-2127 international) at least ten minutes prior to the call. Synaptics will also offer a live webcast of the conference call, accessible from the "Investor Relations" section of the company's Web site at <http://www.shareholder.com/synaptics/>. For more information about the conference call, please contact Investor Relations at (415) 217-7722 or [investor-relations@synaptics.com](mailto:investor-relations@synaptics.com).

### **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™, the industry standard notebook interface device; ClearPad™, a capacitive touch screen solution; TouchStyk™, a modular, capacitive pointing stick solution; Spiral&Reg;, an inductive, proximity sensing pen input system; and QuickStroke&Reg;, 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).

### **Safe Harbor Statement**

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, our business outlook, market trend toward dual pointing notebooks, revenue growth, new market opportunities, the success of cost improvement programs, expense management, and net income expectations. 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. These factors include, but are not limited to: (a) general market conditions affecting the notebook computer market, (b) continued strong acceptance of our products by notebook manufacturers, © adoption of our dual pointing solutions by targeted notebook manufacturers, (d) successful implementation of cost-improvement programs, (e) availability of materials, components, and subcontract manufacturing capacity, (f) maintaining control over expenses, (g) identifying and executing necessary investments to expand our product portfolio and market position, and (h) other risks as identified from time to time in our prospectus dated January 29, 2002 and in our SEC reports, including Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and Annual Reports on Form 10-K. All forward-looking statements are based on information available to us on the date hereof, and we assume no obligation to update such statements.

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

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2002	2001	2002	2001
Net revenue	\$ 24,421	\$ 19,638	\$ 74,392	\$ 52,067
Cost of revenue(1)	<u>14,197</u>	<u>13,922</u>	<u>44,180</u>	<u>36,059</u>
Gross margin	10,224	5,716	30,212	16,008
Operating expenses				
Research and development(1)	4,072	2,665	11,880	8,305
Selling, general, and administrative(1)	2,351	2,334	7,451	6,571
Amortization of goodwill and other acquired intangible assets	29	188	104	580
Amortization of deferred stock compensation	<u>121</u>	<u>166</u>	<u>363</u>	<u>478</u>
Total operating expenses	<u>6,573</u>	<u>5,353</u>	<u>19,798</u>	<u>15,934</u>
Operating income	3,651	363	10,414	74
Interest income	151	94	232	308
Interest expense	<u>(43)</u>	<u>(59)</u>	<u>(156)</u>	<u>(136)</u>
Income before income taxes	3,759	398	10,490	246
Provision for income taxes	<u>1,321</u>	<u>5</u>	<u>3,663</u>	<u>36</u>
Net income	<u>\$ 2,438</u>	<u>\$ 393</u>	<u>\$ 6,827</u>	<u>\$ 210</u>
Net income per share:				
Basic	<u>\$ 0.14</u>	<u>\$ 0.06</u>	<u>\$ 0.66</u>	<u>\$ 0.03</u>
Diluted	<u>\$ 0.10</u>	<u>\$ 0.02</u>	<u>\$ 0.31</u>	<u>\$ 0.01</u>
Shares used in computing net income per share:				
Basic	<u>17,653,450</u>	<u>6,269,562</u>	<u>10,328,647</u>	<u>6,028,454</u>
Diluted	<u>24,422,402</u>	<u>20,200,159</u>	<u>21,720,263</u>	<u>19,572,898</u>
Proforma Adjustments:				
Amortization of goodwill and other acquired intangible assets	\$ 29	\$ 188	\$ 104	\$ 580
Amortization of deferred stock compensation	<u>121</u>	<u>166</u>	<u>363</u>	<u>478</u>
Proforma Net Income	<u>\$ 2,588</u>	<u>\$ 747</u>	<u>\$ 7,294</u>	<u>\$ 1,268</u>
Proforma Earnings Adjustments per Basic Share:				
Amortization of goodwill and other acquired intangible assets	\$ *	\$ 0.03	\$ 0.01	\$ 0.10
Amortization of deferred stock compensation	<u>0.01</u>	<u>0.03</u>	<u>0.04</u>	<u>0.08</u>
Proforma Net income per share:				
Basic	<u>\$ 0.15</u>	<u>\$ 0.12</u>	<u>\$ 0.71</u>	<u>\$ 0.21</u>
Proforma Earnings Adjustments per Basic Share:				
Amortization of goodwill and other acquired intangible assets	\$ *	\$ 0.01	\$ 0.01	\$ 0.03
Amortization of deferred stock compensation	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>	<u>0.03</u>

compensation	<u>0.01</u>	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>
Proforma Net income per share:				
Diluted	<u>\$ 0.11</u>	<u>\$ 0.04</u>	<u>\$ 0.34</u>	<u>\$ 0.06</u>

(1) Cost of revenue excludes \$7,000, \$11,000, \$21,000, and \$16,000 of amortization of deferred stock compensation for the three months ended March 31, 2002 and 2001, and the nine months ended March 31, 2002 and 2001, respectively. Research and development expense excludes \$49,000, \$55,000, \$147,000, and \$115,000 of amortization of deferred stock compensation for the three months ended March 31, 2002 and 2001, and the nine months ended March 31, 2002 and 2001, respectively. Selling, general, and administrative expenses exclude \$65,000, \$100,000, \$195,000 and \$347,000 of amortization of deferred stock compensation for the three months ended March 31, 2002 and 2001, and nine months ended March 31, 2002 and 2001, respectively. These amounts have been aggregated and reflected as "Amortization of deferred stock compensation."

\* Less than \$0.01 per share.

SYNAPTICS INCORPORATED  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)

	March 31, 2002 (unaudited)	June 30, 2001 (1)
<b>Assets</b>		
Cash, cash equivalents & short-term investments	\$ 62,236	\$ 3,766
Total current assets	84,044	23,952
Total assets	<u>\$ 87,103</u>	<u>\$ 27,157</u>
<b>Liabilities and stockholders' equity</b>		
Total current liabilities	\$ 13,436	\$ 10,978
Total long term liabilities	2,545	2,425
Total stockholders' equity	<u>71,122</u>	<u>13,754</u>
Total liabilities and stockholders' equity	<u>\$ 87,103</u>	<u>\$ 27,157</u>

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