

SYNAPTICS INCORPORATED
CONSOLIDATED BALANCE SHEETS
(In millions except share data)
(Unaudited)

	June 30, 2020	June 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 763.4	\$ 327.8
Accounts receivables, net of allowances of \$5.8 at June 30, 2020 and \$2.1 at June 30, 2019	195.3	230.0
Inventories	102.0	158.7
Prepaid expenses and other current assets	15.5	14.6
Total current assets	1,076.2	731.1
Property and equipment at cost, net	84.3	103.0
Goodwill	360.8	372.8
Purchased intangibles, net	93.4	144.8
Non-current other assets	77.5	58.1
Total assets	\$ 1,692.2	\$ 1,409.8
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 60.6	\$ 98.3
Accrued compensation	59.5	30.4
Income taxes payable	33.0	19.1
Other accrued liabilities	89.4	106.1
Total current liabilities	242.5	253.9
Convertible notes, net	586.6	468.3
Other long-term liabilities	44.0	30.3
Total liabilities	873.1	752.5
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; 120,000,000 shares authorized;		
65,871,648 and 64,283,948 shares issued, and 34,122,453 and		
33,349,735 shares outstanding, respectively	0.1	0.1
Additional paid in capital	1,340.2	1,266.1
Less: 31,749,195 and 30,934,213 treasury shares, respectively, at cost	(1,222.6)	(1,192.4)
Retained earnings	701.4	583.5
Total stockholders' equity	819.1	657.3
Total liabilities and stockholders' equity	\$ 1,692.2	\$ 1,409.8

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

	Three Months Ended		Twelve Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net revenue	\$ 277.6	\$ 295.1	\$ 1,333.9	\$ 1,472.2
Acquisition related costs (1)	8.1	15.4	39.7	62.7
Cost of revenue	147.5	189.3	751.1	912.4
Gross margin	<u>122.0</u>	<u>90.4</u>	<u>543.1</u>	<u>497.1</u>
Operating expenses				
Research and development	65.0	85.6	300.1	341.6
Selling, general, and administrative	36.4	27.6	127.0	130.7
Acquisition related costs (2)	2.9	3.2	11.7	13.4
Restructuring costs (3)	6.8	7.3	33.0	17.7
In-process research and development charge	(1.3)	-	2.4	-
Total operating expenses	<u>109.8</u>	<u>123.7</u>	<u>474.2</u>	<u>503.4</u>
Operating income/(loss)	12.2	(33.3)	68.9	(6.3)
Interest and other income, net	(5.5)	(4.0)	(14.6)	(14.5)
Gain on sale of product line	105.1	-	105.1	-
Income/(loss) before income taxes	111.8	(37.3)	159.4	(20.8)
Provision for income taxes	21.3	8.4	38.6	0.3
Equity investment loss	(0.5)	(0.5)	(2.0)	(1.8)
Net income/(loss)	<u>\$ 90.0</u>	<u>\$ (46.2)</u>	<u>\$ 118.8</u>	<u>\$ (22.9)</u>
Net income/(loss) per share:				
Basic	<u>\$ 2.64</u>	<u>\$ (1.35)</u>	<u>\$ 3.54</u>	<u>\$ (0.66)</u>
Diluted	<u>\$ 2.55</u>	<u>\$ (1.35)</u>	<u>\$ 3.41</u>	<u>\$ (0.66)</u>
Shares used in computing net income per share:				
Basic	<u>34.1</u>	<u>34.3</u>	<u>33.6</u>	<u>34.6</u>
Diluted	<u>35.3</u>	<u>34.3</u>	<u>34.8</u>	<u>34.6</u>

- (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, net consist primarily of amortization associated with certain acquired intangible assets as well as transitory acquisition related compensation plans.
- (3) Restructuring costs primarily include severance costs and facility consolidation 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		Twelve Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
GAAP gross margin	\$ 122.0	\$ 90.4	\$ 543.1	\$ 497.1
Acquisition related costs	8.1	15.4	39.7	62.7
Loss/(recovery) on supply commitment	-	9.0	(3.0)	9.0
Retention costs	0.1	-	0.5	-
Share-based compensation	-	0.7	2.1	3.1
Non-GAAP gross margin	<u>\$ 130.2</u>	<u>\$ 115.5</u>	<u>\$ 582.4</u>	<u>\$ 571.9</u>
GAAP gross margin - percentage of revenue	43.9%	30.6%	40.7%	33.8%
Acquisition related costs - percentage of revenue	2.9%	5.2%	2.9%	4.3%
Loss/(recovery) on supply commitment	-	3.0%	-0.2%	0.6%
Retention costs	0.1%	-	0.1%	-
Share-based compensation - percentage of revenue	-	0.2%	0.2%	0.2%
Non-GAAP gross margin - percentage of revenue	<u>46.9%</u>	<u>39.1%</u>	<u>43.7%</u>	<u>38.8%</u>
GAAP research and development expense	\$ 65.0	\$ 85.6	\$ 300.1	\$ 341.6
Share-based compensation	(7.7)	(8.3)	(32.3)	(33.7)
Retention costs	(1.8)	(1.6)	(8.4)	(1.6)
Non-GAAP research and development expense	<u>\$ 55.5</u>	<u>\$ 75.7</u>	<u>\$ 259.4</u>	<u>\$ 306.3</u>
GAAP selling, general, and administrative expense	\$ 36.4	\$ 27.6	\$ 127.0	\$ 130.7
Share-based compensation	(8.5)	(1.3)	(26.0)	(22.2)
CEO severance	-	-	-	(2.2)
Acquisition/divestiture related costs	(2.5)	-	(4.2)	(1.2)
Retention costs	(1.1)	(0.9)	(5.0)	(0.9)
Arbitration settlement, net	-	-	-	1.7
Non-GAAP selling, general, and administrative expense	<u>\$ 24.3</u>	<u>\$ 25.4</u>	<u>\$ 91.8</u>	<u>\$ 105.9</u>
GAAP operating income/(loss)	\$ 12.2	\$ (33.3)	\$ 68.9	\$ (6.3)
Share-based compensation	16.2	10.3	60.4	59.0
Acquisition/divestiture related costs	13.5	18.6	55.6	77.3
Loss/(recovery) on supply commitment	-	9.0	(3.0)	9.0
Restructuring costs	6.8	7.3	33.0	17.7
Retention costs	3.0	2.5	13.9	2.5
CEO severance	-	-	-	2.2
In-process research and development charge	(1.3)	-	2.4	-
Arbitration settlement, net	-	-	-	(1.7)
Non-GAAP operating income	<u>\$ 50.4</u>	<u>\$ 14.4</u>	<u>\$ 231.2</u>	<u>\$ 159.7</u>
GAAP net income/(loss)	\$ 90.0	\$ (46.2)	\$ 118.8	\$ (22.9)
Share-based compensation	16.2	10.3	60.4	59.0
Acquisition/divestiture related costs	13.5	18.6	55.6	77.3
Loss/(recovery) on supply commitment	-	9.0	(3.0)	9.0
Restructuring costs	6.8	7.3	33.0	17.7
Retention program costs	3.0	2.5	13.9	2.5
CEO severance	-	-	-	2.2
In-process research and development charge	(1.3)	-	2.4	-
Arbitration settlement, net	-	-	-	(1.7)
Other non-cash items	4.8	4.6	18.8	18.0
Recovery on sale of investment	-	-	-	(2.8)
Gain on sale of assets	(105.1)	-	(105.1)	-
Equity investment loss	0.5	0.5	2.0	1.8
Non-GAAP tax adjustments	15.4	6.6	10.4	(18.9)
Non-GAAP net income	<u>\$ 43.8</u>	<u>\$ 13.2</u>	<u>\$ 207.2</u>	<u>\$ 141.2</u>
GAAP net income/(loss) per share - diluted	\$ 2.55	\$ (1.35)	\$ 3.41	\$ (0.66)
Share-based compensation	0.46	0.30	1.73	1.71
Acquisition/divestiture related costs	0.38	0.54	1.60	2.23
Loss/(recovery) on supply commitment	-	0.26	(0.09)	0.26
Restructuring costs	0.19	0.21	0.95	0.51
Retention program costs	0.09	0.07	0.40	0.07
CEO severance	-	-	-	0.06
In-process research and development charge	(0.04)	-	0.07	-
Arbitration settlement, net	-	-	-	(0.05)
Other non-cash items	0.14	0.13	0.54	0.44
Recovery on sale of investment	-	-	-	-
Gain on sale of assets	(2.98)	-	(3.02)	-
Equity investment loss	0.01	0.02	0.06	0.05
Non-GAAP tax adjustments	0.44	0.20	0.30	(0.54)
Non-GAAP share adjustment	-	-	-	(0.08)
Non-GAAP net income per share - diluted	<u>\$ 1.24</u>	<u>\$ 0.38</u>	<u>\$ 5.95</u>	<u>\$ 4.00</u>

SYNAPTICS INCORPORATED
CONDENSED CONSOLIDATED CASH FLOWS
(In millions)
(Unaudited)

	Twelve Months Ended	
	June 30,	
	2020	2019
Net income/(loss)	\$ 118.8	\$ (22.9)
Non-cash operating items	47.5	169.1
Changes in working capital	55.5	8.0
Provided by operations	221.8	154.2
Acquisitions	(2.5)	-
Proceeds from sale of assets	138.7	-
Fixed asset & intangible asset purchases	(16.3)	(23.7)
Proceeds from sales and maturities of investments	-	2.8
Provided by/(used in) investing	119.9	(20.9)
Treasury shares purchased	(30.2)	(118.5)
Equity compensation, net	24.1	11.9
Proceeds from line of credit	100.0	-
Provided by/(used in) financing	93.9	(106.6)
Effect of exchange rate changes on cash and cash equivalents	-	0.1
Net change in cash and cash equivalents	435.6	26.8
Cash and cash equivalents at beginning of period	327.8	301.0
Cash and cash equivalents at end of period	\$ 763.4	\$ 327.8
Cash paid for taxes	\$ 18.9	\$ 16.4
Cash refund on taxes	\$ 1.3	\$ 6.3