

SYNAPTICS – FIRST QUARTER, FISCAL 2026 CONFERENCE CALL Prepared Comments

MUNJAL: SAFE HARBOR

Good afternoon and thank you for joining us today on Synaptics' first quarter fiscal 2026 conference call. My name is Munjal Shah, and I am the Head of Investor Relations. With me on today's call are Rahul Patel, our President and CEO, and Ken Rizvi, our CFO. This call is being broadcast live over the web and can be accessed from the investor relations section of the Company's website at [synaptics.com](https://www.synaptics.com).

In addition to a copy of our earnings press release detailing our quarterly results, a supplemental slide presentation, and a copy of these prepared remarks have been posted on our investor relations website.

Today's discussion of financial results is presented on a GAAP financial basis along with supplementary results on a non-GAAP basis, which excludes share-based compensation, acquisition-related costs, and certain other non-cash or recurring or non-recurring items. All non-GAAP financial metrics discussed are reconciled to the most directly comparable GAAP financial measures in our press release and supplemental materials available on our investor relations website.

As a reminder, the matters we are discussing today in our prepared remarks, in our supplemental materials and in response to your questions may contain forward-looking statements. These forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans,

objectives, future performance, and business. Although Synaptics believes the estimates and assumptions underlying these forward-looking statements to be reasonable, they are subject to a number of risks and uncertainties beyond our control. Synaptics cautions that actual results may differ materially from any future performance suggested in the Company's forward-looking statements. Therefore, we refer you to the Company's earnings release issued today, and our current and periodic reports filed with the SEC, including our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, for important risk factors that could cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements speak only as of the date hereof. Except as required by law, Synaptics expressly disclaims any obligation to update this forward-looking information.

I will now turn the call over to Rahul.

BUSINESS OVERVIEW

Thank you, Munjal. Good afternoon, everyone, and thank you for joining our fiscal Q1 2026 earnings call.

We had an outstanding start to our fiscal year, delivering strong results that reflect the continued momentum in our business. Revenue in our Core IoT portfolio grew by 74 percent year-over-year, driving 14 percent revenue growth for the company. Our strength was broad-based across both processors and wireless connectivity. We delivered strong earnings growth, with non-GAAP earnings per share up 35 percent year-over-year to \$1.09.

As a company, we are sharpening our focus and aligning our resources to capture the growing opportunity in Edge AI. In the last quarter, we met with customers across the globe and at our Tech Day here in San Jose. Those discussions have affirmed my confidence in our ability to strengthen our leadership in this market. By bringing together our unique capabilities in analog mixed-signal, multi-core processing, and advanced wireless connectivity, we are enabling customers to bring intelligence to the Edge.

This quarter, we reached a major milestone in our Edge AI roadmap with the successful launch of our next-generation Synaptics Astra Edge AI processors. Astra introduces a new class of AI-native silicon, built from the ground up to power the next wave of intelligent devices at the edge. These products represent a decisive leap forward in our Edge AI strategy and reflect our strong execution and firm commitment to leadership in this market. Importantly, Astra is not just a standalone product; it brings together Synaptics' integrated approach to high-performance solutions

by incorporating our processing, wireless connectivity, and mixed-signal capabilities.

The response from customers, ecosystem partners, and the media has been very positive for the following reasons:

First, we developed the new generation of Astra SL2600 series to enable billions of AI devices at the edge, from battery-powered devices to high-performance industrial systems. It delivers industry-leading price performance to enable intelligence at the far edge. Its scalable architecture allows our customers to address a wide range of applications, including those that require multimodal human-machine interface, vision, and voice capabilities across consumer, enterprise and industrial end markets. Customers can future-proof their designs as requirements for multimodal compute, power efficiency, application features, and AI models continue to evolve.

Second, we introduced Synaptics Torq AI in the new generation of Astra processors. Torq combines a future ready neural processor architecture with open-source compilers, setting a new standard for IoT AI application development. Further, as part of our close collaboration with Google Research, we have integrated their open-source Coral NPU, a machine learning accelerator optimized for energy-efficient AI at the Edge. This silicon-level collaboration enables customers to develop innovative edge products with AI inference across a broad range of applications.

Third, the Synaptics and Google partnership is fundamentally about creating a robust and open software development environment that elevates AI-native Edge IoT product development from a highly fragmented, proprietary ecosystem into a unified, open-source

approach. Developers now have access to multiple flexible and scalable programming frameworks, comprehensive software development kits and tools, and a rich repository of resources that include pre-optimized models, multimodal AI applications, and a curated developer experience supporting a wide range of use cases.

Our lead customers have begun sampling the new Astra SL2600 devices, and we are already securing design wins. We expect initial revenue contributions to start in the second half of the calendar year 2026. This marks a significant execution milestone for our engineering and product teams, reflecting their outstanding commitment to innovation.

Looking ahead, the AI inference compute opportunity is significant as hybrid compute across the data center and the edge is taking shape. We are already seeing strong early traction and a healthy pipeline of customer engagements. We had hundreds of customers and partners join us at our Tech Day, where we showcased Edge AI use cases such as industrial vision, fleet management, home automation, smart appliances, IoT hubs, and robotics.

Moving to our wireless connectivity portfolio, we had a solid quarter with strong execution across our strategic priorities. Our Wi-Fi 7 and broad-market solutions are starting to gain traction, and our roadmap remains firmly on schedule. Development of our wirelessly connected microcontroller with AI, all in a monolithic silicon, is advancing as planned, and we look forward to sharing more in the quarters ahead.

Across our Core IoT portfolio, we achieved multiple wireless connectivity and processor design wins spanning a diverse range of end markets, including action and sports cameras, educational and commercial

tablets, point-of-sale systems, unified communication platforms, operator solutions, and wearables. We're also seeing increasing customer commitments in home security systems, Matter-enabled IoT hubs, trackers, AI-enabled wearables, and body cameras.

As we continue to invest in our roadmap, execute on our engineering goals, and deepen partnerships with our leading customers, we feel confident in our ability to deliver long-term growth across our processor and wireless connectivity portfolio centered on enabling AI at the Edge.

Let me now turn to our mixed-signal technology products. In Enterprise & Automotive, our PC products continue to show steady improvement, and our broader enterprise portfolio continues to recover. We have gained market share over the last year, and we expect the momentum to continue into the current quarter. While we continue to see softness in automotive due to subdued market demand, we are benefiting from the continuation of our existing designs and are actively investing in new innovative automotive solutions that will help increase our silicon content.

In Mobile Touch, we are seeing strong customer traction with our next-generation touch controller, which features a differentiated multi-frequency architecture designed for foldable OLED phones and other large-screen applications. This new design enables thinner and larger panels and integrates advanced sensing and filtering capabilities to effectively manage display noise. It also supports continuous time sensing, offering customers greater design flexibility and more cost-effective integration.

We have secured marquee design wins with a top Android phone OEM and we are also seeing strong interest from OEMs in China for smartphones and tablets. We expect these wins to start contributing to revenue in the next fiscal year. Notably, our content in foldable phones will be more than twice that of our current smartphone designs. As the adoption of foldable phones increases, we are optimistic about the opportunity it creates for Synaptics.

Overall, we are seeing steady improvement in our financial performance, with both revenue and EPS increasing sequentially and year-over-year. This progress reflects the strong execution across our organization, particularly from our engineering teams, who continue to deliver on our product roadmap. Our pipeline of opportunities is expanding, and we believe we are well-positioned to build on this momentum. I am confident that our focus, innovation, and disciplined execution can drive long-term growth for Synaptics.

I will now turn the call over to Ken to review our first quarter financial results and outlook for our fiscal 2026 second quarter.

FINANCIAL RESULTS

Thank you, Rahul, and good afternoon, everyone. I will focus my remarks on our non-GAAP results which are reconciled to GAAP financial measures in the earnings release tables found in the investor relations section of our website.

Now let me turn to our financial results for the first quarter of fiscal 2026.

Revenue for fiscal Q1 was \$292.5 million, above the midpoint of our guidance and up 14 percent on a year-over-year basis driven by strength in our Core IoT products.

The revenue mix in the first quarter was as follows: 35 percent Core IoT, 51 percent Enterprise and Automotive and 14 percent Mobile Touch products.

- Core IoT product revenues increased 74 percent year-over-year, driven primarily by increased demand for our processor and wireless connectivity products.
- Enterprise & Automotive product revenues were flat year-over-year with strength in our enterprise portfolio offset by softness in Automotive.
- Mobile Touch product revenues were lower than expected, in part, due to supply chain constraints during the quarter.

First quarter non-GAAP gross margin was 53.2%, in line with our guidance range.

First quarter non-GAAP operating expense was \$104 million, slightly better than the midpoint of our guidance range.

Our non-GAAP operating margin was 17.6%, up approximately 110 basis points sequentially and 90 basis points year-over-year.

Non-GAAP net income in Q1 was \$43.3 million.

Non-GAAP EPS per diluted share came in above the midpoint of our guidance at \$1.09 per share, an increase of 35 percent on a year-over-year basis.

Now, let me turn to the balance sheet.

We ended the fiscal first quarter with approximately \$459.9 million in cash, cash equivalents and short-term investments, up approximately \$7.4 million from the prior quarter. Cash flow from operations was \$30.2 million in the first fiscal quarter.

We repurchased \$7.2 million of our shares during Q1 and a total of \$15 million of our shares through today.

Capital expenditures for the first quarter were \$12.2 million, in part driven by lab build-outs to support our R&D efforts. Depreciation for the quarter was \$7.5 million.

Receivables at the end of September were \$119.5 million and the days of sales outstanding were 37 days, down from 41 days last quarter. Our ending inventory balance was \$143.1 million, which increased by \$3.6 million from the previous quarter. The calculated days of inventory on our balance sheet were 94 days, essentially flat with the last quarter.

Now, turning to our second quarter of 2026 guidance. Our guidance is subject to the fluid macroeconomic global trade and tariff environment which continues to remain uncertain at this time.

Please refer to our Safe Harbor Statement in the earnings release and in our supplemental materials.

For Q2, we expect revenues to be approximately \$300 million at the mid-point, plus or minus \$10 million.

Our guidance for the second quarter reflects an expected revenue mix from Core IoT, Enterprise & Automotive, and Mobile Touch products of approximately 31%, 53%, and 16%, respectively.

We expect non-GAAP gross margin to be 53.5% at the mid-point, plus or minus 1%.

Non-GAAP operating expenses in the December quarter are expected to be \$106 million at the midpoint of our guidance, plus or minus \$2 million.

We expect non-GAAP net interest and other expenses to be approximately \$1 million and our non-GAAP tax rate to be in the range of 13-15% for the second quarter.

Non-GAAP net income per diluted share is anticipated to be \$1.15 per share at the mid-point plus or minus \$0.15, on an estimated 40.4 million fully diluted shares.

This wraps up our prepared remarks. I would like to turn the call over to the operator to start the Q&A session.

OPERATOR: Q&A

RAHUL PATEL:

Before we conclude, I would like to reiterate that the Synaptics team executed very well this quarter. We strengthened our leadership position in Edge AI with the launch of our new generation of AI-native Astra processors, and we continue to innovate on the next-generation of processors, wireless connectivity and mixed-signal products and solutions planned for delivery in calendar 2026 and beyond. Our financial results reflect our ongoing commitment to disciplined execution. I want to thank all my teammates in engineering and across Synaptics for their dedication and hard work in delivering on our commitments.

Equally importantly, I would like to thank all our shareholders for their continued support of Synaptics. I look forward to connecting with many of you at upcoming industry events and conferences. Have a great rest of the day.