

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

**April 16, 2020
Date of Report (Date of earliest event reported)**

SYNAPTICS INCORPORATED
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

000-49602
(Commission
File Number)

77-0118518
(IRS Employer
Identification No.)

**1251 McKay Drive
San Jose, California 95131**
(Address of Principal Executive Offices) (Zip Code)

(408) 904-1100
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.001 per share	SYNA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On April 16, 2020, pursuant to the previously disclosed asset purchase agreement, dated December 18, 2019 (the “Purchase Agreement”), by and between Synaptics Incorporated (the “Company”) and Creative Legend Investments Ltd. (the “Buyer”), the Company completed the sale of the assets of the Company’s Asia-based, single-chip LCD Touch Controller and Display Driver Integration business line for LCD mobile displays (the “Business”) to Creative Legend Semiconductor (Hong Kong) Limited, an affiliate of the Buyer (“CLHK”), in accordance with the terms of the Purchase Agreement, which Purchase Agreement was assigned to Beijing OmniVision Technologies Co. Ltd.

Subject to certain post-closing adjustments and indemnification obligations, the aggregate consideration received by the Company was (i) \$120 million in cash, (ii) approximately \$19.4 million in cash for specified Business inventory, and (iii) the assumption of certain liabilities, as set forth in the Purchase Agreement. Pursuant to the Purchase Agreement, the Company agreed, for a period of five years following the closing date, not to compete with certain business activities currently conducted by the Business, subject to certain exceptions. The Company and CLHK also entered into a customary transition services agreement and into reciprocal license agreements providing a royalty-free license of certain intellectual property used in the Business.

Item 7.01. Regulation FD Disclosure.

On April 16, 2020, the Company issued a press release regarding the completion of the sale of the Business. The press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information contained in this Item 7.01 and in the accompanying Exhibit 99.1 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, whether made before or after the date hereof, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.**(b) Pro Forma Financial Information**

Pursuant to Article 11 of Regulation S-X, the unaudited pro forma condensed consolidated financial information of the Company giving effect to the disposition of the Business is filed as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release from Synaptics Incorporated dated April 16, 2020, titled “Synaptics Closes Transaction to Divest Mobile LCD TDDI Business”
99.2	Unaudited pro forma condensed combined financial statements for the Company as of and for the six months ended December 28, 2019 and for the fiscal year ended June 29, 2019
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

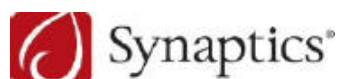
SYNAPTICS INCORPORATED

Date: April 16, 2020

By: /s/ John McFarland

John McFarland

Senior Vice President, General Counsel and Secretary



Synaptics Closes Transaction to Divest Mobile LCD TDDI Business

SAN JOSE, Calif. – April 16, 2020 – Synaptics Incorporated (NASDAQ: [SYNA](#)), the leading developer of human interface solutions, has successfully closed the previously announced transaction to divest its Asia-based, mobile LCD TDDI business to an affiliate of Hua Capital for \$120 million in cash. In addition to the purchase price, Synaptics expects to receive a cash payment for the on-hand specified business inventory, which is currently estimated to be valued at approximately \$19.4 million. Further details will be discussed during the Company's next earnings call on May 7, 2020 at 2 P.M. Pacific.

Synaptics will continue to invest in technologies for the premium segments of the mobile market, including OLED, where our advanced touch controllers and display driver ICs deliver best-in-class performance. In addition, the company will continue to develop advanced TDDI solutions for automotive touchscreens.

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About Synaptics:

Synaptics is the pioneer and leader of the human interface revolution, bringing innovative and intuitive user experiences to intelligent devices. Synaptics' broad portfolio of touch, display, biometrics, voice, audio, and multimedia products is built on the company's rich R&D, extensive IP and dependable supply chain capabilities. With solutions designed for mobile, PC, smart home, and automotive industries, Synaptics combines ease of use, functionality and aesthetics to enable products that help make our digital lives more productive, secure and enjoyable. (NASDAQ: [SYNA](#))
www.synaptics.com.

Join Synaptics on [Twitter](#), [LinkedIn](#), and [Facebook](#), or visit www.synaptics.com.

Synaptics and the Synaptics logo are trademarks of Synaptics in the United States and/or other countries. All other marks are the property of their respective owners.

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SYNAPTICS INCORPORATED
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On December 19, 2019, Synaptics Incorporated (“Synaptics”) announced that it had entered into an Asset Purchase Agreement (the “Purchase Agreement”) providing for the sale of the assets of the Company’s Asia-based, single-chip LCD Touch Controller and Display Driver Integration product line for LCD mobile displays (the “Business”). At the time of the announcement, we determined that the Business met the held for sale criteria, as prescribed by the Financial Accounting Standards Board ASC 360-10-45-9, but did not meet the criteria to qualify as a discontinued operation. As such, the assets of the Business were presented as “Current Assets held for sale” and “Non-current assets held for sale” in our condensed consolidated balance sheet as of December 28, 2019, as filed with the Form 10-Q filed with the Securities and Exchange Commission (“SEC”) on February 6, 2020.

On April 16, 2020, we completed the disposition of the Business (“Closing Date”). The disposition constituted a disposition of a significant amount of assets for purposes of Item 2.01 of the SEC’s Current Report on Form 8-K. As a result, we prepared the accompanying unaudited pro forma condensed combined financial statements in accordance with Article 11 of Regulation S-X.

The following unaudited pro forma condensed combined balance sheet and statements of income are presented to give effect to the sale of the Business for (i) \$120 million in cash, and (ii) the dollar value of specified Business inventory, at a purchase price of standard cost plus 5%, in cash (estimated to be \$22 million as of December 28, 2019), as set forth in the Purchase Agreement. The unaudited pro forma condensed combined balance sheet and the unaudited pro forma condensed combined statement of income are hereafter collectively referred to as the “Pro Forma Financial Statements.”

The Pro Forma Financial Statements should be read together with the historical financial statements and related notes, as follows:

- accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements;
- unaudited historical condensed consolidated financial statements of Synaptics as of and for the six months ended December 28, 2019, included in Synaptics’ Quarterly Report on Form 10-Q filed with the SEC on February 6, 2020; and
- audited historical consolidated financial statements of Synaptics as of and for the fiscal year ended June 29, 2019, included in Synaptics’ Annual Report on Form 10-K filed with the SEC on August 23, 2019.

The unaudited pro forma condensed combined balance sheet is presented as if the sale of the Business had occurred on December 28, 2019. The unaudited pro forma condensed combined statement of income reports the results of operations of Synaptics and the sale of the Business for the six months ended December 28, 2019, and the fiscal year ended June 29, 2019 as if the sale of the Business had occurred on July 1, 2018, the first day of our fiscal year ended June 29, 2019.

The pro forma information was prepared based on the historical consolidated financial statements of Synaptics after giving effect to the sale and applying the assumptions, allocations and adjustments described in the accompanying notes based on current information and expectations relating to the sale of the Business.

The Pro Forma Financial Statements have been prepared for illustrative purposes only and are not intended to represent or be indicative of the consolidated financial position or results of operations in future periods or the results that actually would have been achieved had Synaptics sold the Business as of and for the respective periods presented. The adjustments to the Pro Forma Financial Statements are based on what we believe are reasonable under the circumstances. The pro forma adjustments are preliminary and have been made solely for the purpose of providing Pro Forma Financial Statements.

We have made significant assumptions and estimates in determining the cost of the inventory to be sold in the sale of the Business. These preliminary estimates and assumptions are subject to change as we finalize the inventory to be sold. The final determination of the value of inventory to be sold will likely differ from these preliminary estimates and the differences could be material.

SYNAPTICS INCORPORATED

Unaudited Pro Forma Condensed Combined Balance Sheet

As of December 28, 2019

(in millions)

	<u>Historical Results</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma Results</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 424.8	\$ 142.1(a)	\$ 566.9
Accounts receivable, net	246.4		246.4
Inventories	82.1		82.1
Current assets held for sale	21.0	(21.0)(b)	—
Prepaid expenses and other current assets	16.5		16.5
Total current assets	<u>790.8</u>	<u>121.1</u>	<u>911.9</u>
Property and equipment at cost, net	87.7		87.7
Non-current assets held for sale	16.1	(16.1)(c)	—
Goodwill	362.8		362.8
Acquired intangibles, net	115.5		115.5
Non-current other assets	84.3		84.3
Total assets	<u>\$ 1,457.2</u>	<u>\$ 105.0</u>	<u>\$ 1,562.2</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	\$ 88.9	0.1(d)	\$ 89.0
Accrued compensation	45.5		45.5
Income taxes payable	17.5		17.5
Other accrued liabilities	87.6		87.6
Total current liabilities	<u>239.5</u>	<u>0.1</u>	<u>239.6</u>
Convertible notes, net	477.4		477.4
Deferred tax liabilities	—		—
Other long-term liabilities	49.0		49.0
Total liabilities	<u>765.9</u>	<u>0.1</u>	<u>766.0</u>
Stockholders' Equity:			
Common stock	0.1		0.1
Additional paid-in capital	1,294.2		1,294.2
Treasury stock	(1,209.4)		(1,209.4)
Accumulated other comprehensive income	—		—
Retained earnings	606.4	104.9(e)	711.3
Total stockholders' equity	<u>691.3</u>	<u>104.9</u>	<u>796.2</u>
Total liabilities and stockholders' equity	<u>\$ 1,457.2</u>	<u>\$ 105.0</u>	<u>\$ 1,562.2</u>

See notes to unaudited pro forma condensed combined financial statements

SYNAPTICS INCORPORATED

Unaudited Pro Forma Condensed Combined Statement of Income

For the six months ended December 28, 2019

(in millions, except per share amounts)

	<u>Historical Results</u>	<u>Pro Forma Adjustments (f)</u>	<u>Pro Forma Results</u>
Net revenue	\$ 728.2	\$ (131.50)	\$ 596.7
Cost of revenue	442.7	(89.4)	353.3
Gross margin	<u>285.5</u>	<u>(42.1)</u>	<u>243.4</u>
Operating expenses:			
Research and development	163.0	(11.9)	151.1
Selling, general, and administrative	59.0	(11.8)	47.2
Acquired intangibles amortization	5.9		5.9
Restructuring costs	19.9		19.9
Total operating expenses	<u>247.8</u>	<u>(23.7)</u>	<u>224.1</u>
Operating income	37.7	(18.4)	19.3
Interest and other expense, net	(5.9)		(5.9)
Income/(loss) before provision for income taxes and equity investment loss and equity investment loss	31.8	(18.4)	13.4
Provision for income taxes	7.1	(4.9)	2.2
Equity investment loss	(0.9)		(0.9)
Net income	<u>\$ 23.8</u>	<u>\$ (13.5)</u>	<u>\$ 10.3</u>
Net income per share:			
Basic	<u>\$ 0.72</u>		<u>\$ 0.31</u>
Diluted	<u>\$ 0.70</u>		<u>\$ 0.30</u>
Shares used in computing net income per share:			
Basic	<u>33.2</u>		<u>33.2</u>
Diluted	<u>34.1</u>		<u>34.1</u>

See notes to unaudited pro forma condensed combined financial statements

SYNAPTICS INCORPORATED

Unaudited Pro Forma Condensed Combined Statement of Operations

For the fiscal year ended June 29, 2019

(in millions, except per share amounts)

	<u>Historical Results</u>	<u>Pro Forma Adjustments (f)</u>	<u>Pro Forma Results</u>
Net revenue	\$1,472.2	\$ (322.80)	\$ 1,149.4
Cost of revenue	975.1	(250.8)	724.3
Gross margin	497.1	(72.0)	425.1
Operating expenses:			
Research and development	342.7	(46.9)	295.8
Selling, general, and administrative	131.3	(27.7)	103.6
Acquired intangibles amortization	11.7		11.7
Restructuring costs	17.7		17.7
Total operating expenses	503.4	(74.6)	428.8
Operating income	(6.3)	2.6	(3.7)
Interest and other expense, net	(14.5)		(14.5)
Income/(loss) before provision for income taxes and equity investment loss, and equity investment loss	(20.8)	2.6	(18.2)
Provision for income taxes	0.3	(0.8)	(0.5)
Equity investment loss	(1.8)		(1.8)
Net income/(loss)	<u>\$ (22.9)</u>	<u>\$ 3.4</u>	<u>\$ (19.5)</u>
Net loss per share:			
Basic	<u>\$ (0.66)</u>		<u>\$ (0.56)</u>
Diluted	<u>\$ (0.66)</u>		<u>\$ (0.56)</u>
Shares used in computing net loss per share:			
Basic	<u>34.6</u>		<u>34.6</u>
Diluted	<u>34.6</u>		<u>34.6</u>

See notes to unaudited pro forma condensed combined financial statements

Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

NOTE 1. BASIS OF PRESENTATION AND SUMMARY OF DISPOSITION

On April 16, 2020, Synaptics Incorporated (“Synaptics”, or the “Company”) sold the assets of the Company’s Asia-based, single-chip LCD Touch Controller and Display Driver Integration product line for LCD mobile displays (the “Business”). The preliminary aggregate sales price of the Business was approximately \$120.0 million in cash plus approximately \$19.4 million of specified Business inventory, at a purchase price of standard cost plus 5%, in cash.

The values assigned to inventory are preliminary, are based on information available as of the date of these unaudited pro forma condensed combined financial statements and may be adjusted as further information becomes available from the buyer over the next 60 days after the Closing Date.

Disposition-related transaction costs (primarily legal fees) are accounted for as expenses in the periods in which the costs are incurred. These costs are not presented in the unaudited pro forma condensed combined statement of income because they will not have a continuing impact on the combined results. The unaudited pro forma condensed combined balance sheet and statements of operations are based upon the historical consolidated financial statements of Synaptics, which were included in its Annual Report on Form 10-K for the fiscal year ended June 29, 2019, and its Quarterly Report on Form 10-Q for the six months ended December 29, 2019, each previously filed with the Securities and Exchange Commission. The unaudited pro forma condensed combined balance sheet as of December 29, 2019 has been prepared by including the unaudited historical condensed consolidated balance sheet of Synaptics as of December 29, 2019, adjusted to reflect the pro forma effect as if the Business disposition had been consummated on that date. The interim unaudited pro forma condensed combined statement of operations for the six months ended December 29, 2019 and the unaudited pro forma condensed combined statement of operations for the year ended June 29, 2019 have been prepared by including the Company’s historical condensed consolidated statements of operations, adjusted to reflect the pro forma effect as if the Business disposition had been consummated on July 1, 2018.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The pro forma financial information has been compiled in a manner consistent with the accounting policies adopted by Synaptics.

NOTE 3. PRO FORMA ADJUSTMENTS

The pro forma adjustments reflect transactions that (a) are directly attributable to the Business disposition, (b) are factually supportable, (c) with respect to the statements of operations, have a continuing impact on consolidated results of operations, (d) and include estimated share based compensation allocated to the Business. The pro forma adjustments are based on available information and certain assumptions the Company believes are reasonable

The following pro forma adjustments are included in the unaudited pro forma condensed combined balance sheet and/or the unaudited pro forma condensed combined statement of operations:

- (a) Reflects adjustments to cash for the estimated net proceeds from the sale of the Business.
- (b) Reflects the elimination of the inventory recorded as current assets held for sale related to the sale of the Business.
- (c) Reflects the elimination of property and equipment of \$6.1 million for the sale of the Business and an estimated \$10.0 million of goodwill based on the relative fair value due to the sale of the Business.
- (d) Reflects the accrual of outside service provider fees related to the sale of the Business.
- (e) Reflects the effect on retained earnings related to the estimated gain on sale due to the sale of the Business.
- (f) Reflects the elimination of revenues, cost of revenue, direct expenses and taxes associated with the Business.