

SYNAPTICS INC

FORM 10-Q (Quarterly Report)

Filed 05/08/25 for the Period Ending 03/29/25

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CIK	0000817720
Symbol	SYNA
SIC Code	3674 - Semiconductors and Related Devices
Industry	Semiconductors
Sector	Technology
Fiscal Year	06/26

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

FORM 10-Q

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

For the quarterly period ended March 29, 2025

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

For the transition period from to .

Commission file number 000-49602

SYNAPTICS INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0118518
(I.R.S. Employer
Identification No.)

1109 McKay Drive
San Jose, California 95131
(Address of principal executive offices) (Zip code)
(408) 904-1100
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 1, 2025, the Company had 38,545,458 shares of Common Stock outstanding.

SYNAPTICS INCORPORATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 29, 2025

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PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SYNAPTICS INCORPORATED AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except par value and share amounts)
(unaudited)

	March 2025	June 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 360.4	\$ 876.9
Short-term investments	61.0	—
Accounts receivable, net	132.0	142.4
Inventories, net	132.9	114.0
Prepaid expenses and other current assets	26.3	29.0
Total current assets	712.6	1,162.3
Property and equipment, net	71.0	75.5
Goodwill	872.3	816.4
Acquired intangibles, net	296.3	288.4
Deferred tax assets	389.0	345.6
Other non-current assets	213.1	136.8
Total assets	\$ 2,554.3	\$ 2,825.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 90.0	\$ 87.5
Accrued compensation	46.7	27.4
Other accrued liabilities	110.8	156.3
Current portion of long-term debt	—	6.0
Total current liabilities	247.5	277.2
Long-term debt	834.2	966.9
Other long-term liabilities	85.6	114.1
Total liabilities	1,167.3	1,358.2
Stockholders' Equity:		
Preferred stock:		
\$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock:		
\$0.001 par value; 120,000,000 shares authorized, 70,504,190 and 69,683,991 shares issued, 38,854,889 and 39,567,552 shares outstanding, at March 2025 and June 2024, respectively	0.1	0.1
Additional paid-in capital	1,183.1	1,107.0
Treasury stock: 31,649,301 and 30,116,439 common shares at March 2025 and June 2024, at cost	(990.8)	(878.0)
Retained earnings	1,194.6	1,237.7
Total stockholders' equity	1,387.0	1,466.8
Total liabilities and stockholders' equity	\$ 2,554.3	\$ 2,825.0

See accompanying notes to condensed consolidated financial statements (unaudited)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	March		March	
	2025	2024	2025	2024
Net revenue	\$ 266.6	\$ 237.3	\$ 791.5	\$ 712.0
Cost of revenue	150.8	127.0	432.6	385.6
Gross margin	115.8	110.3	358.9	326.4
Operating expenses:				
Research and development	88.6	83.4	253.2	251.9
Selling, general, and administrative	34.7	40.5	134.2	122.5
Acquired intangibles amortization	4.5	4.0	12.1	13.4
Intangible asset impairment charges	13.8	—	13.8	—
Restructuring costs	0.5	(0.2)	15.5	9.1
Total operating expenses	142.1	127.7	428.8	396.9
Operating loss	(26.3)	(17.4)	(69.9)	(70.5)
Interest and other expense, net	(1.1)	(5.9)	(11.3)	(17.4)
Loss on early extinguishment of debt	—	—	(6.5)	—
Loss before benefit from income taxes	(27.4)	(23.3)	(87.7)	(87.9)
Benefit from income taxes	(5.6)	(5.2)	(44.6)	(5.2)
Net loss	\$ (21.8)	\$ (18.1)	\$ (43.1)	\$ (82.7)
Net loss per share:				
Basic	\$ (0.56)	\$ (0.46)	\$ (1.09)	\$ (2.12)
Diluted	\$ (0.56)	\$ (0.46)	\$ (1.09)	\$ (2.12)
Shares used in computing net loss per share:				
Basic	39.0	39.3	39.5	39.1
Diluted	39.0	39.3	39.5	39.1

See accompanying notes to condensed consolidated financial statements (unaudited)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)
(unaudited)

	Three Months Ended		Nine Months Ended	
	March		March	
	2025	2024	2025	2024
Net loss	\$ (21.8)	\$ (18.1)	\$ (43.1)	\$ (82.7)
Unrealized income on available-for-sale-securities	—	—	—	0.2
Comprehensive loss	<u>\$ (21.8)</u>	<u>\$ (18.1)</u>	<u>\$ (43.1)</u>	<u>\$ (82.5)</u>

See accompanying notes to condensed consolidated financial statements (unaudited)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions, except share amounts)
(unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at June 2024	69,683,991	\$ 0.1	\$ 1,107.0	\$ (878.0)	\$ 1,237.7	\$ 1,466.8
Net loss	—	—	—	—	(23.1)	(23.1)
Issuance of common stock for share-based award compensation plans	481,580	—	7.7	—	—	7.7
Payroll taxes related to net share settlement of share-based awards	—	—	(11.3)	—	—	(11.3)
Share-based compensation	—	—	27.2	—	—	27.2
Balance at September 2024	70,165,571	0.1	1,130.6	(878.0)	1,214.6	1,467.3
Net income	—	—	—	—	1.8	1.8
Issuance of common stock for share-based award compensation plans	115,729	—	—	—	—	—
Payroll taxes related to net share settlement of share-based awards	—	—	(3.0)	—	—	(3.0)
Common stock repurchased, inclusive of excise taxes	—	—	—	(74.7)	—	(74.7)
Purchase of capped calls related to the convertible senior notes	—	—	(49.9)	—	—	(49.9)
Share-based compensation	—	—	34.6	—	—	34.6
Balance at December 2024	70,281,300	0.1	1,112.3	(952.7)	1,216.4	1,376.1
Net loss	—	—	—	—	(21.8)	(21.8)
Issuance of common stock for share-based award compensation plans	222,890	—	6.2	—	—	6.2
Payroll taxes related to net share settlement of share-based awards	—	—	(2.9)	—	—	(2.9)
Common stock repurchased, inclusive of excise taxes	—	—	—	(38.1)	—	(38.1)
Share-based compensation attributable to acquisition	—	—	47.6	—	—	47.6
Share-based compensation	—	—	19.9	—	—	19.9
Balance at March 2025	70,504,190	\$ 0.1	\$ 1,183.1	\$ (990.8)	\$ 1,194.6	\$ 1,387.0

See accompanying notes to condensed consolidated financial statements (unaudited)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions, except share amounts)
(unaudited)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Treasury Stock</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balance at June 2023	68,687,511	\$ 0.1	\$ 1,009.2	\$ (878.0)	\$ —	\$ 1,112.1	\$ 1,243.4
Net loss	—	—	—	—	—	(55.6)	(55.6)
Other comprehensive income	—	—	—	—	0.1	—	0.1
Issuance of common stock for share-based award compensation plans	612,283	—	8.5	—	—	—	8.5
Payroll taxes related to net share settlement of share-based awards	—	—	(25.3)	—	—	—	(25.3)
Share-based compensation	—	—	33.2	—	—	—	33.2
Balance at September 2023	69,299,794	0.1	1,025.6	(878.0)	0.1	1,056.5	1,204.3
Net loss	—	—	—	—	—	(9.0)	(9.0)
Other comprehensive income	—	—	—	—	0.1	—	0.1
Issuance of common stock for share-based award compensation plans	104,421	—	—	—	—	—	—
Payroll taxes related to net share settlement of share-based awards	—	—	(4.3)	—	—	—	(4.3)
Share-based compensation	—	—	29.2	—	—	—	29.2
Balance at December 2023	69,404,215	0.1	1,050.5	(878.0)	0.2	1,047.5	1,220.3
Net loss	—	—	—	—	—	(18.1)	(18.1)
Other comprehensive income	—	—	—	—	—	—	—
Issuance of common stock for share-based award compensation plans	193,018	—	7.4	—	—	—	7.4
Payroll taxes related to net share settlement of share-based awards	—	—	(4.1)	—	—	—	(4.1)
Share-based compensation	—	—	29.9	—	—	—	29.9
Balance at March 2024	69,597,233	\$ 0.1	\$ 1,083.7	\$ (878.0)	\$ 0.2	\$ 1,029.4	\$ 1,235.4

See accompanying notes to condensed consolidated financial statements (unaudited)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Nine Months Ended March	
	2025	2024
Cash flows from operating activities		
Net loss	\$ (43.1)	\$ (82.7)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation costs	81.7	92.3
Depreciation and amortization	21.8	20.8
Acquired intangibles amortization	80.2	59.9
Deferred taxes	(53.3)	(17.7)
Intangible asset impairment charges	13.8	—
Other	16.8	21.5
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	10.6	20.1
Inventories, net	(17.5)	8.7
Prepaid expenses and other current assets	2.8	1.5
Other assets	15.3	2.9
Accounts payable	3.3	22.8
Accrued compensation	19.1	(20.3)
Income taxes payable	(43.0)	(46.9)
Other accrued liabilities	(23.7)	(12.0)
Net cash provided by operating activities	84.8	70.9
Cash flows from investing activities		
Acquisition of business, net of cash and cash equivalents acquired	(198.8)	—
Proceeds from maturity of investments	—	26.0
Purchases of short-term investments	(61.0)	(16.6)
Purchases of property and equipment	(19.2)	(26.1)
Purchase of intangible assets	(10.0)	(13.5)
Advance payment on intangible assets	—	(116.5)
Net cash used in investing activities	(289.0)	(146.7)
Cash flows from financing activities		
Proceeds from issuance of convertible senior notes, net of issuance costs	439.5	—
Payment of debt issuance costs on convertible senior notes and revolving credit facility	(4.4)	—
Payments for capped call transactions related to the convertible senior notes	(49.9)	—
Repurchases of common stock, excluding excise taxes	(112.3)	—
Proceeds from issuance of shares	13.9	15.9
Payroll taxes related to net share settlement of share-based awards	(17.2)	(33.7)
Repayment of debt	(583.5)	(6.0)
Other	0.9	3.4
Net cash used in financing activities	(313.0)	(20.4)
Effect of exchange rate changes on cash and cash equivalents	0.7	(0.4)
Net decrease in cash and cash equivalents	(516.5)	(96.6)
Cash and cash equivalents, beginning of period	876.9	924.7
Cash and cash equivalents, end of period	\$ 360.4	\$ 828.1
Supplemental disclosure of non-cash transactions		
Deferred payment of purchase consideration	\$ 3.2	\$ —

See accompanying notes to condensed consolidated financial statements (unaudited)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC, and United States generally accepted accounting principles, or U.S. GAAP. Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to SEC rules and regulations. In our opinion, the financial statements include all adjustments, which are of a normal and recurring nature and necessary for the fair presentation of the results of the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the operating results for the full fiscal year or any future period. These financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended June 29, 2024.

The condensed consolidated financial statements include our financial statements and those of our wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated upon consolidation. Certain reclassifications have been made to the amounts for prior years in order to conform to the current year's presentation.

Our fiscal year is the 52- or 53-week period ending on the last Saturday in June. Our fiscal 2025 is a 52-week period ending June 28, 2025, and our fiscal 2024 was a 53-week period ending on June 29, 2024. The fiscal periods presented in this report are 13-week periods and 39-week periods for the three and nine months ended March 29, 2025, respectively, and 13-week and 40-week periods for the three and nine months ended March 30, 2024, respectively. For simplicity, the accompanying condensed consolidated financial statements have been shown as ending on calendar quarter end dates as of and for all periods presented, unless otherwise indicated.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates including, but not limited to, those estimates related to revenue recognition, allowance for credit losses, cost of revenue, inventories, loss on purchase commitments, product warranty, accrued liabilities, share-based compensation costs, provision for income taxes, deferred tax assets and the associated valuation allowance, uncertain tax positions, goodwill, intangible assets, investments and loss contingencies. We base our estimates on historical experience, current period developments, applicable laws and regulations, and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies in Note 1 - Organization and Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended June 29, 2024.

Accounting Pronouncements Recently Issued

In November 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU No. 2023-07, "Segment Reporting: Improvements to Reportable Segment Disclosures." This guidance requires disclosure of incremental segment information on an annual and interim basis. This amendment is effective for our fiscal year ending June 2025 and our interim periods within the fiscal year ending June 2026. We are currently assessing the impact of this guidance on our disclosures. We do not expect the adoption of this new standard to have a material effect on our results of operations or financial condition.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes: Improvements to Income Tax Disclosures." This guidance requires consistent categories and greater disaggregation of information in the rate reconciliation and disclosures of income taxes paid by jurisdiction. This amendment is effective for our fiscal year ending June 2026. We are currently assessing the impact of this guidance on our disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Disaggregation of Income Statement Expenses." This guidance requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling

SYNAPTICS INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

expenses. This amendment is effective for our fiscal year ending June 2028 and our interim periods within the fiscal year ending June 2029. We are currently assessing the impact of this guidance on our disclosures.

In November 2024, the FASB, issued ASU 2024-04, “Debt - Debt with Conversions and Other Options.” This guidance is intended to clarify requirements for determining whether certain settlements of convertible debt instruments, including convertible debt instruments with cash conversion features or convertible debt instruments that are not currently convertible, should be accounted for as an induced conversion. This amendment is effective for our fiscal year ending June 2027. We are currently evaluating the potential impact of this guidance on our disclosures.

2. Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to receive in exchange for those goods or services. Most of our revenue, except an inconsequential amount, is recognized at a point in time, either on shipment or delivery of the product, depending on customer terms and conditions.

Rights to our intellectual property, or IP, are either sold or licensed to customers. Revenue recognition from the licensing of our IP is dependent on the nature and terms of each agreement. We recognize revenue from the licensing of our IP upon delivery of the IP if there are no substantive future obligations to perform under the arrangement. Sales-based or usage-based royalties from the license of IP are recognized at the later of the period the sale or usage occurs, or the satisfaction of the performance obligation to which some or all of the sales-based or usage-based royalties have been allocated.

Our accounts receivable balance is from contracts with customers and represents our unconditional right to receive consideration from customers. To date, there have been no material credit loss charges recorded on accounts receivable. As of March 2025 and June 2024, contract assets recorded on our condensed consolidated balance sheets were \$1.2 million. Contract assets are presented as part of prepaid expenses and other current assets.

Contract liabilities and refund liabilities were \$14.8 million and \$43.5 million, respectively, as of March 2025, and \$14.7 million and \$43.5 million, respectively, as of June 2024. Both contract liabilities and refund liabilities are presented as customer obligations in Note 10. Balance Sheet Components. During the three months ended March 2025 and March 2024, we recognized \$0.2 million and \$0.7 million, respectively, in revenue related to contract liabilities, which was outstanding as of the beginning of each fiscal quarter. During the nine months ended March 2025 and March 2024, we recognized \$13.7 million and \$3.0 million, respectively, in revenue related to contract liabilities, which were outstanding as of the beginning of each fiscal quarter.

Revenue from contracts with customers disaggregated by geographic area based on customer location and product category is presented in Note 15. Segment, Customers, and Geographical Information.

3. Net Loss Per Share

The computation of basic and diluted net loss per share was as follows (in millions, except per share data):

	Three Months Ended March		Nine Months Ended March	
	2025	2024	2025	2024
Numerator:				
Net loss	\$ (21.8)	\$ (18.1)	\$ (43.1)	\$ (82.7)
Denominator:				
Shares, basic	39.0	39.3	39.5	39.1
Effect of dilutive share-based awards	—	—	—	—
Shares, diluted	39.0	39.3	39.5	39.1
Net loss per share:				
Basic	\$ (0.56)	\$ (0.46)	\$ (1.09)	\$ (2.12)
Diluted	\$ (0.56)	\$ (0.46)	\$ (1.09)	\$ (2.12)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Our basic net loss per share amounts for each period presented have been computed using the weighted average number of shares of common stock, \$0.001 par value, or the common stock, outstanding over the period measured. We have not presented diluted net loss per share as the inclusion of potentially dilutive shares would be antidilutive for all periods presented. As such, all net loss per share amounts reflect basic shares only. Our diluted net loss per share amounts for each period presented include the weighted average effect of potentially dilutive shares. We use the “treasury stock” method to determine the dilutive effect of our stock options, restricted stock units, or RSUs, market stock units, or MSUs, and performance stock units, or PSUs. Upon any conversion of our convertible notes, we will be required to pay cash in an amount at least equal to the principal portion and have the option to settle any amount in excess of the principal portion in cash and/or ordinary shares. As a result, only the amounts expected to be settled in excess of the principal portion are considered in calculating diluted earnings per share under the if-converted method. Potentially dilutive shares whose effect would have been antidilutive are excluded from the computation of diluted net loss per share.

4. Acquisitions

Asset Acquisition

During the first quarter of fiscal 2024, we paid an aggregate consideration of \$130.0 million to Avago Technologies International Sales PTE, Limited, a subsidiary of Broadcom Inc. (“Broadcom”), to license four developed technology products and to extend the exclusivity period of certain developed technologies that were previously licensed from Broadcom in July 2020. As of March 2025, we have obtained control of three of the four technology products and the three-year extension period to exclusively license previously acquired developed technology intangible assets. The fair value of the remaining technology product of \$42.5 million for which we have not yet obtained control is an advance payment on intangible assets and is presented within other non-current assets in our condensed consolidated balance sheets.

Broadcom Mobile Android Wi-Fi Business

On January 19, 2025, we entered into definitive asset purchase agreements with Broadcom to acquire certain assets and obtain non-exclusive licenses relating to, Broadcom’s existing Mobile Android Wi-Fi Business in the IoT market, for an aggregate consideration of \$198.0 million in cash, which closed on January 30, 2025, or the Closing Date. These assets include non-exclusive licenses to three developed technology products and right to obtain license of eight roadmap technology intangible assets expected to be delivered at various dates through September 2027. We also entered into transition agreements with Broadcom, under which both parties will provide one another with certain transition services (including one year inventory supply agreement in which Broadcom will facilitate Synaptics to place purchase orders with respective suppliers) following the Closing Date. We acquired these set of assets from Broadcom in order to solidify our leadership position for end-to-end AI Internet of Things (IoT) connectivity and expand our ability to service the Android™ ecosystem.

The acquisition has been accounted for using the purchase method of accounting in accordance with the business acquisition guidance. Under the purchase accounting method, the total estimated purchase consideration of the acquisition was allocated to the identifiable intangible assets acquired and long term assets for roadmap IP based on their relative fair values. The excess of the purchase consideration over the identifiable intangible assets acquired and long term assets has been recorded as goodwill. Our estimate of the fair values of the acquired intangible assets and long term assets at the Closing Date was based on established and accepted valuation techniques performed with the assistance of our third-party valuation specialists. Additional information, which existed as of the acquisition date but is yet unknown to us, may become known to us during the remainder of the measurement period, which will not exceed 12 months from the Closing Date. Changes to amounts recorded as acquired intangible assets and other long term assets will be recorded as adjustments to the provisional amounts recognized as of the Closing Date and may result in a corresponding adjustment to goodwill in the period in which new information becomes available.

The following table summarizes the adjusted purchase price (in millions):

Cash	\$	198.0
Adjustments to consideration transferred		47.6
Total purchase consideration	\$	<u>245.6</u>

SYNAPTICS INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Under the terms of the asset purchase agreement, we provided replacement equity compensation awards to the transferred employees. We determined \$47.6 million of value related to these arrangements should be included as consideration transferred.

The following table summarizes the amounts recorded for the estimated fair values of the assets acquired and liabilities assumed as of the Closing Date (in millions):

Long-term assets for product roadmap intellectual properties	\$	96.8
Acquired intangible assets		85.2
Goodwill		52.3
Deferred tax asset		11.3
Net assets acquired	\$	245.6

We estimated the fair value of the identified intangible assets and long term assets for roadmap intellectual properties, or IPs, using a discounted cash flow model, for each of the underlying identified assets except for in-process research and development, or IPR&D, which was estimated using replacement cost method. These fair value measurements were based on significant inputs not observable in the market and thus represent a Level 3 measurement. Key assumptions include the level and timing of expected future cash flows, conditions and demands specific to each asset over its remaining useful life, and discount rates we believe to be consistent with the inherent risks associated with each type of asset, which ranges from 5.8% - 10.5%. The fair value of these assets is primarily affected by the projected revenue, gross margins, operating expenses, the expected technological obsolescence, probability of securing future customer contracts for next generation devices and the anticipated timing of the projected income associated with each asset coupled with the discount rates used to derive their estimated present values. We believe the level and timing of expected future cash flows appropriately reflects market participant assumptions.

Long term assets for roadmap IPs represent a prepayment for eight technology products to be received in the future. This prepayment is classified under non-current other assets in our condensed consolidated balance sheets. Upon obtaining control of the developed technologies, the amounts recorded will be reclassified as intangible assets based on their respective fair values determined as of the Closing Date.

The following table summarizes the estimate of the intangible assets as of the Closing Date (in millions):

	Estimated Weighted Average Useful Lives in Years	Estimated Fair Value
Developed technology	3.0	\$ 24.5
Customer contract and related relationships	8.0	27.9
Favorable component of supply contract	1.0	19.0
Order backlog	1.0	7.0
IPR&D	7.0	6.8
Estimated fair value of acquired intangibles		\$ 85.2

The value of goodwill reflects the anticipated synergies of the expected benefits from future generations of acquired IP and workforce of the transferred assets as of the Closing Date. As of March 2025, approximately \$16.0 million of the goodwill is expected to be deductible for income tax purposes.

The condensed consolidated financial statements include approximately \$12.8 million of revenue from the Closing Date through March 2025. It is impracticable to determine the effect on net income attributable to the acquisition as we had integrated a substantial portion of the acquisition into our ongoing operations at the close.

We determined it is impractical to include pro forma information given the difficulty in obtaining the historical financial information for the acquisition as the business was part of Broadcom and did not have discrete financial information prior to the acquisition. Inclusion of such information would require us to make estimates and assumptions regarding the acquired business historical financial results that we believe may ultimately prove inaccurate.

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5. Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value and consisted of the following (in millions):

	March 2025	June 2024
Raw materials and work-in-progress	\$ 73.6	\$ 69.5
Finished goods	59.3	44.5
Inventories	\$ 132.9	\$ 114.0

Inventories are recorded at standard cost, which approximates actual cost computed on a first-in, first-out basis. We record a write-down, if necessary, to reduce the carrying value of inventory to its net realizable value. The effect of such a write-down is to establish a new cost basis in the related inventory, which we do not subsequently write up. We also record a liability and charge to cost of revenue for estimated losses on inventory we are obligated to purchase from our contract manufacturers when such losses become probable from customer delays, order cancellations, or other factors. The following factors influence our estimates: changes to or cancellations of customer orders, unexpected or sudden decline in demand, rapid product improvements, technological advances, and termination or changes by our original equipment manufacturers, or OEM, customers of any product offerings incorporating our product solutions.

6. Cash and Cash Equivalents and Short-Term Investments

The following table summarizes our cash and cash equivalents by category at March 2025 and June 2024 (in millions):

	March 2025			June 2024		
	Amortized Cost	Gross unrealized loss	Fair Value	Amortized Cost	Gross unrealized loss	Fair Value
Cash	\$ 341.0	\$ —	\$ 341.0	\$ 238.4	\$ —	\$ 238.4
Cash equivalents:						
Money market funds	6.3	—	6.3	600.4	—	600.4
Certificates of deposit	13.1	—	13.1	38.1	—	38.1
Total cash and cash equivalents	\$ 360.4	\$ —	\$ 360.4	\$ 876.9	\$ —	\$ 876.9
Short-term investments:						
Certificates of deposit	\$ 61.0	\$ —	\$ 61.0	\$ —	\$ —	\$ —

All of our short-term investments mature within one year.

7. Fair Value Measurements

We determine fair value based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value assumes that the transaction to sell the asset or transfer the liability occurs in the principal or most advantageous market for the asset or liability and establishes that the fair value of an asset or liability shall be determined based on the assumptions that market participants would use in pricing the asset or liability. The classification of a financial asset or liability within the hierarchy is based upon the lowest level input that is significant to the fair value measurement. The fair value hierarchy prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Valuation is based upon unadjusted quoted prices for identical assets or liabilities in active markets.

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- Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurements.

Our Level 1 financial instruments are traded in active markets, and the fair value is based on quoted market prices for identical instruments. The fair value of our Level 2 fixed income securities is obtained from an independent pricing service, which may use quoted market prices for identical or comparable instruments or model driven valuations using observable market data or inputs corroborated by observable market data. Our marketable securities are held by custodians who obtain investment prices from a third-party pricing provider that incorporates standard inputs in various asset price models.

At March 2025 and June 2024, financial assets measured at fair value on a recurring basis are summarized below (in millions):

	March 2025			June 2024		
	Level 1	Level 2	Total (1)	Level 1	Level 2	Total (1)
Assets:						
Cash equivalents:						
Money market funds	\$ 6.3	\$ —	\$ 6.3	\$ 600.4	\$ —	\$ 600.4
Certificates of deposit	—	13.1	13.1	—	38.1	38.1
Short-term investments:						
Certificates of deposit	—	61.0	61.0	—	—	—
Total assets	\$ 6.3	\$ 74.1	\$ 80.4	\$ 600.4	\$ 38.1	\$ 638.5

(1) Excludes \$341.0 million and \$238.4 million in cash held in our bank accounts as of March 2025 and June 2024, respectively. We did not have any financial assets requiring Level 3 measurement in the periods presented.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

We report our financial instruments at fair value with the exception of the Senior Notes, Term Loan Facility and the Convertible Senior Notes, or collectively the Notes, as defined in Note 12. Debt. The estimated fair value of the Notes was determined based on the trading prices of the Notes as of the last day of trading for the periods presented. We use Level 2 measurement criteria to determine the fair value of our Notes as they are not actively traded in markets.

The carrying amounts and estimated fair values of the Notes are as follows for the periods presented (in millions):

	March 2025		June 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Senior Notes due 2029	\$ 396.8	\$ 364.1	\$ 396.3	\$ 359.6
Term Loan Facility due 2028	—	—	576.6	577.0
Convertible Senior Notes due 2031	437.4	409.7	—	—
	\$ 834.2	\$ 773.8	\$ 972.9	\$ 936.6

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8. Goodwill and Acquired Intangibles, Net

Goodwill

The following table represents the change in our goodwill balance for the nine and twelve month periods ended March 2025 and June 2024, respectively (in millions):

	March 2025	June 2024
Beginning balance	\$ 816.4	\$ 816.4
Acquisition activity	55.9	—
Ending balance	<u>\$ 872.3</u>	<u>\$ 816.4</u>

Acquired Intangibles, Net

The following table summarizes the net carrying amounts, excluding fully amortized intangible assets (in millions, except for weighted-average life in years):

		March 2025			June 2024		
	Weighted Average Life in Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Audio and video technology	5.6	\$ 231.9	\$ (192.6)	\$ 39.3	\$ 231.9	\$ (175.5)	\$ 56.4
Customer relationships	4.7	187.1	(146.1)	41.0	158.2	(134.1)	24.1
Wireless connectivity technology	5.3	271.9	(126.0)	145.9	245.5	(90.1)	155.4
Video interface technology	3.4	133.0	(94.7)	38.3	133.0	(85.2)	47.8
Other	2.9	52.1	(27.1)	25.0	26.1	(21.4)	4.7
IPR&D	Not applicable	6.8	—	6.8	—	—	—
Total intangible assets	4.9	<u>\$ 882.8</u>	<u>\$ (586.5)</u>	<u>\$ 296.3</u>	<u>\$ 794.7</u>	<u>\$ (506.3)</u>	<u>\$ 288.4</u>

Certain intangible assets from June 2024 have been reclassified to conform to the current period presentation and are presented in the Other line item in the table above.

The following table presents details of amortization for the periods presented (in millions):

	Three Months Ended March		Nine Months Ended March	
	2025	2024	2025	2024
Cost of revenue	\$ 26.5	\$ 14.3	\$ 68.1	\$ 46.5
Acquired intangibles amortization	4.5	4.0	12.1	13.4
Total amortization of intangibles	<u>\$ 31.0</u>	<u>\$ 18.3</u>	<u>\$ 80.2</u>	<u>\$ 59.9</u>

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The following table presents the estimated future amortization expense of acquired amortizable intangible assets as of March 2025 (in millions):

Fiscal Year	
Remainder of 2025	\$ 34.1
2026	112.5
2027	62.2
2028	42.5
2029	19.4
Thereafter	25.6
Future amortization	<u>\$ 296.3</u>

Impairment of indefinite-lived intangible asset

During the third quarter of fiscal 2025, we recorded an intangible asset impairment charge of \$13.8 million related to a license of certain technology we acquired in fiscal 2024. We recorded the impairment charge due to a lack of potential customers, or alternative uses for the acquired technology, and no further development or investment planned for this project. The impairment charge is presented as an operating expense in our consolidated statement of operations.

9. Leases

Our leases primarily include our worldwide office and research and development facilities which are all classified as operating leases. Certain leases include renewal options at our discretion. The leases expire at various dates through fiscal 2034, some of which include options to extend the lease for up to seven years. For the three months ended March 2025 and March 2024, we recorded operating lease expense of approximately \$3.1 million and \$3.0 million, respectively. For the nine months ended March 2025 and March 2024, we recorded operating lease expense of approximately \$9.6 million and \$8.8 million, respectively. Our short-term leases are immaterial and we do not have finance leases.

As of March 2025 and June 2024, the components of leases are as follows (in millions):

	March 2025	June 2024
Operating lease right-of-use assets	<u>\$ 44.4</u>	<u>\$ 46.8</u>
Operating lease liabilities	<u>\$ 11.6</u>	<u>\$ 11.5</u>
Operating lease liabilities, long-term	<u>35.6</u>	<u>37.9</u>
Total operating lease liabilities	<u>\$ 47.2</u>	<u>\$ 49.4</u>

Supplemental cash flow information related to leases, including from acquisitions, is as follows (in millions):

	Nine Months Ended March	
	2025	2024
Cash paid for operating leases included in operating cash flows	<u>\$ 10.2</u>	<u>\$ 8.2</u>
Supplemental non-cash information related to lease liabilities arising from obtaining right-of-use assets	<u>\$ 6.2</u>	<u>\$ 4.1</u>

As of March 2025, the weighted average remaining lease term is 5.90 years, and the weighted average discount rate is 5.17%.

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Future minimum lease payments for the operating lease liabilities are as follows (in millions):

Fiscal Year	Operating Lease Payments
Remainder of 2025	\$ 4.2
2026	12.8
2027	9.0
2028	7.2
2029	6.3
Thereafter	15.2
Total future minimum operating lease payments	54.7
Less: interest	(7.5)
Total lease liabilities	\$ 47.2

10. Balance Sheet Components

Accounts receivable, net, consisted of the following (in millions):

	March 2025	June 2024
Accounts receivable	\$ 136.2	\$ 146.6
Less: Allowance for credit losses	(4.2)	(4.2)
Accounts receivable, net	\$ 132.0	\$ 142.4

Other non-current assets consisted of the following (in millions):

	March 2025	June 2024
Prepayment of intangible assets	\$ 139.3	\$ 42.5
Right-of-use assets	44.4	46.8
Other	29.4	47.5
Other non-current assets	\$ 213.1	\$ 136.8

Other accrued liabilities consisted of the following (in millions):

	March 2025	June 2024
Customer obligations	\$ 58.3	\$ 58.2
Inventory obligations	6.3	5.6
Operating lease liabilities	11.6	11.5
Income taxes payable	3.4	42.2
Other	31.2	38.8
Other accrued liabilities	\$ 110.8	\$ 156.3

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Other long-term liabilities consisted of the following (in millions):

	March 2025	June 2024
Operating lease liabilities	\$ 35.6	\$ 37.9
Deferred tax liabilities	7.1	27.9
Income taxes payable	25.1	27.8
Other	17.8	20.5
Other long-term liabilities	<u>\$ 85.6</u>	<u>\$ 114.1</u>

11. Indemnifications and Contingencies

Indemnifications

We have entered into indemnification agreements with our officers and directors. In addition, in connection with certain agreements, we are obligated to indemnify the counterparty against third party claims alleging infringement of certain intellectual property rights by us. Maximum potential future payments under these agreements cannot be estimated because these agreements generally do not have a maximum stated liability. Historical costs related to these indemnification provisions have not been significant. However, we will accrue for any losses related to these indemnification agreements when it is both probable that we will incur the loss and we can reasonably estimate the amount of the loss or range of loss. As of March 2025, we recorded an estimated liability of \$3.0 million related to our proportionate share of an indemnity obligation to defend a counterparty against a third party claim alleging infringement of certain intellectual property rights.

Contingencies

We have in the past, and may in the future, receive notices from third parties that claim our products infringe their intellectual property rights. We cannot be certain that our technologies and products do not, and will not, infringe issued patents or other proprietary rights of third parties.

Any infringement claims, with or without merit, could result in significant litigation costs and diversion of management and financial resources, including the payment of damages, which could have a material adverse effect on our business, financial condition, and results of operations.

Legal Proceedings

From time to time, we are subject to various claims and legal proceedings, either asserted or unasserted, that arise in the ordinary course of business. While we currently believe that resolving claims against us, individually or in the aggregate, will not have a material adverse impact on our business, financial condition, or results of operations, these matters are subject to inherent uncertainties and our view of these matters may change in the future. We accrue for loss contingencies when it is both probable that we will incur the loss and we can reasonably estimate the amount of the loss or range of loss.

12. Debt

Senior Notes

On March 11, 2021, we completed an offering of \$400.0 million aggregate principal amount of 4.0% senior notes due 2029, or the Senior Notes, in a private offering. The Senior Notes were issued pursuant to an indenture, dated as of March 11, 2021, or the Indenture, by and among our company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee.

The Indenture provides that the Senior Notes will bear interest at a rate of 4.0% per annum, payable in cash semi-annually in arrears on December 15 and June 15 of each year, commencing on June 15, 2021. The Senior Notes will mature on June 15, 2029 and are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of our current and future domestic restricted subsidiaries that guarantee our obligations under our senior secured credit facilities.

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On or after June 15, 2024, we may redeem some or all of the Senior Notes at the redemption prices specified below, plus accrued and unpaid interest, if any, up to, but excluding, the redemption date:

Year	Price
2024	102 %
2025	101 %
2026 and thereafter	100 %

The Senior Notes are the general unsecured obligations of our company. The Senior Note guarantees are the senior unsecured obligations of each guarantor. Under certain circumstances, the guarantors may be released from their Senior Note guarantees without consent of the holders of Senior Notes. Under the terms of the Indenture, the Senior Notes rank equally in right of payment with all of our and the guarantors' existing and future senior indebtedness, and rank contractually senior in right of payment to our and the guarantors' future indebtedness and other obligations that are, by their terms, expressly subordinated in right of payment to the Senior Notes. The Senior Notes are effectively subordinated to our and the guarantors' existing and future secured indebtedness, including secured indebtedness under our senior secured credit facilities, to the extent of the value of the assets securing such indebtedness. The Senior Notes and guarantees are structurally subordinated to all existing and future indebtedness and liabilities (including trade payables) of our subsidiaries that do not guarantee the Senior Notes.

The Indenture contains covenants that, subject to exceptions and qualifications, among other things, limit our ability and the ability of our Restricted Subsidiaries (as defined in the Indenture) to (i) incur additional indebtedness and guarantee indebtedness; (ii) pay dividends or make other distributions or repurchase or redeem our company's or any parent's capital stock; (iii) prepay, redeem or repurchase certain indebtedness; (iv) issue certain preferred stock or similar equity securities; (v) make loans and investments; (vi) dispose of assets; (vii) incur liens; (viii) enter into transactions with affiliates; (ix) enter into agreements restricting its subsidiaries' ability to pay dividends; and (x) consolidate, merge or sell all, or substantially all, of its assets.

The Indenture contains customary events of default including, without limitation, failure to make required payments, failure to comply with certain agreements or covenants, cross-acceleration to certain other indebtedness in excess of specified amounts, certain events of bankruptcy and insolvency, and failure to pay certain judgments. An event of default under the Indenture will allow either the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Senior Notes to accelerate, or in certain cases, will automatically cause the acceleration of, the maturity of the principal, and accrued and unpaid interest, if any, on all outstanding Notes.

Revolving Credit Facility

On November 21, 2024, we entered into a Fourth Amendment and Lender Joinder Agreement, or the Fourth Amendment, to our existing Second Amended and Restated Credit Agreement, as amended, or the Credit Agreement, with the lenders party thereto and Wells Fargo Bank, National Association, as the administrative agent, or the Administrative Agent, dated as of March 11, 2021.

The Fourth Amendment extends the maturity date to be the earlier of (i) November 21, 2029 and (ii) ninety one (91) days prior to any maturity of the Senior Notes. Clause (ii) will not apply if we have Liquidity (as defined in the Fourth Amendment) in an amount of at least \$100.0 million in excess of the amount that would be required to be paid on such date. The Fourth Amendment is arranged by a syndicate of financial institutions and, among other things, increases the revolving commitments from \$250.0 million to \$350.0 million. Additionally, the Fourth Amendment includes a \$25.0 million sublimit for letters of credit and a \$25.0 million sublimit for swingline loans. Under the terms of the Fourth Amendment we may, subject to the satisfaction of certain conditions, request increases in the revolving credit facility commitments in an aggregate principal amount of up to \$170.0 million to the extent existing or new lenders agree to provide such increased or additional commitments, as applicable. Future proceeds under the revolving credit facility are available for working capital and general corporate purposes. As of March 2025, there was no balance outstanding under the revolving credit facility.

Debt issuance costs relating to the revolving credit facility of \$2.0 million, included in non-current other assets on our consolidated balance sheet, are being amortized over 60 months. The amortization of debt issuance costs on the revolving credit facility was \$0.1 million and \$0.3 million for the three and nine months ended March 2025, respectively, and was \$0.1 million and \$0.2 million for the three and nine months ended March 2024, respectively.

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Our obligations under the Credit Agreement are guaranteed by the material domestic subsidiaries of the Company, subject to certain exceptions, who collectively with the Company are referred to as the Credit Parties. The obligations of the Credit Parties under the Amended Credit Agreement and the other loan documents delivered in connection therewith are secured by a first priority security interest in substantially all of the existing and future personal property of the Credit Parties, including, without limitation, 65% of the voting capital stock and 100% of the non-voting capital stock of certain of the Credit Parties' direct foreign subsidiaries, subject to certain exceptions.

The Credit Agreement bears interest, at our election, at a Base Rate plus an Applicable Margin or Adjusted Term SOFR, as defined in the Second Amendment, plus an Applicable Margin. Swingline loans bear interest at a Base Rate plus an Applicable Margin. The Base Rate is a floating rate that is the greater of the Prime Rate, the Federal Funds Rate plus 50 basis points, or Adjusted Term SOFR plus 100 basis points. The Applicable Margin is based on a sliding scale which ranges from 25 to 100 basis points for Base Rate loans and 100 basis points to 175 basis points for Adjusted Term SOFR loans. We are required to pay a commitment fee on any unused commitments under the Credit Agreement which is determined on a leverage-based sliding scale ranging from 0.175% to 0.25% per annum. Interest and fees are payable on a quarterly basis and are charged to interest expense. The unused commitment fees on the revolving credit facility were \$0.2 million and \$0.4 million for the three and nine months ended March 2025, respectively, and \$0.1 million and \$0.3 million for the three and nine months ended March 2024, respectively,

Under the Credit Agreement, there are various restrictive covenants, including two financial covenants which limit the consolidated total net leverage ratio, or net leverage ratio, the consolidated net interest coverage ratio, or net interest coverage ratio. The net leverage ratio is the ratio of net debt as of the measurement date to Consolidated EBITDA, for the four consecutive quarters ending with the quarter of measurement. The current net leverage ratio shall not exceed 3.75 to 1.00 provided that for the four fiscal quarters ending after the date of a material acquisition, such maximum leverage ratio shall be adjusted to 4.75 to 1.00, and thereafter 3.75 to 1.0. The net interest coverage ratio is Consolidated EBITDA to interest expense for the four consecutive quarters ending with the quarter of measurement net of total cash interest income. The current net interest coverage ratio shall not be less than 2.75 to 1.0, provided that such net interest coverage ratio shall be 3.0 to 1.0 starting with the last day of the first fiscal quarter ending after the 18 month anniversary of the Fourth Amendment Effective Date, or May 21, 2026, and thereafter. As of March 2025, we remain in compliance with the restrictive covenants.

Convertible Senior Notes due 2031

On November 19, 2024 and November 26, 2024, we issued and sold \$400.0 million and \$50.0 million, respectively, in aggregate principal amount of 0.75% Convertible Senior Notes due 2031, or the 2031 Notes, in a private placement. The 2031 Notes were issued pursuant to an indenture, dated November 19, 2024, by and among us, and U.S. Bank Trust Company, National Association, as trustee, or the 2031 Indenture. The 2031 Notes are unsecured, bear interest at a fixed rate of 0.75% per year, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2025 and mature on December 1, 2031, unless earlier converted, redeemed or repurchased by us.

The net proceeds from the 2031 Notes were approximately \$435.6 million after deducting the debt issuance costs and our estimated offering expenses. We used approximately (i) \$67.0 million to repurchase shares of our common stock with which we repurchased 890,484 shares at \$75.24 a share, the stock price on November 14, 2024, the date of the offering memorandum, and (ii) \$49.9 million to pay the cost of the capped call transactions (as described below). Additionally, the remainder of the net proceeds, together with our cash on hand, were used to repay the outstanding balance of our Term Loan Facility.

The initial conversion rate of the 2031 Notes is 10.0308 shares of our common stock per \$1,000 principal amount of 2031 Notes (which is equivalent to an initial conversion price of approximately \$99.69 per share). The conversion rate is subject to adjustment upon the occurrence of certain events specified in the 2031 Indenture. In addition, upon the occurrence of a Make-Whole Fundamental Change (as defined in the 2031 Indenture) or if we deliver a Redemption Notice (as defined in the 2031 Indenture), we will, in certain circumstances, increase the conversion rate by a number of additional shares of common stock as described in the 2031 Indenture for a holder who elects to convert its 2031 Notes in connection with such Make-Whole Fundamental Change or to convert its 2031 Notes called (or deemed called as provided in the 2031 Indenture) for redemption in connection with such Redemption Notice, as the case may be.

At any time from, and including, September 2, 2031, the 2031 Notes are convertible at the option of the holders thereof only under the following circumstances: (1) during any calendar quarter commencing after the first calendar quarter ending on March 31, 2025, if the last reported sale price per share of our common stock exceeds 130% of the conversion price for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and

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including, the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days after any ten consecutive trading day period (such ten consecutive trading day period, the "measurement period") in which the Trading Price per \$1,000 principal amount of the 2031 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of our common stock on such trading day and the conversion rate on such trading day; (3) if we call such 2031 Notes for redemption; or (4) upon the occurrence of specified corporate events or distributions on our common stock, (as defined in the 2031 Indenture). As of December 28, 2024, none of the conditions allowing holders of the 2031 Notes to convert had been met. On or after September 2, 2031 until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2031 Notes, holders of the 2031 Notes may convert all or a portion of their 2031 Notes, regardless of the foregoing conditions. Upon conversion, the 2031 Notes will be settled in cash, shares of our common stock based on the conversion rate (as defined in the 2031 Indenture) or any combination thereof, at our election.

The 2031 Notes are redeemable, at our option at any time, and from time to time, on or after December 6, 2028. We may redeem for cash all or any portion of the 2031 Notes (subject to the limitation described below), at our option, on or after December 6, 2028 and on or before the 40th scheduled trading day immediately before December 1, 2031 at a cash redemption price equal to the principal amount of the 2031 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, but only if (i) the notes are Freely Tradable (as defined in 2031 Indenture) as of the date we send the related redemption notice and all accrued and unpaid additional interest, if any, has been paid in full as of the most recent interest payment date occurring on or before the date we send such notice; and (ii) the last reported sale price per share of our common stock exceeds 130% of the conversion price on (1) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date we send such redemption notice; and (2) the trading day immediately before the date we send such notice. However, we may not redeem less than all of the outstanding notes unless at least \$100.0 million aggregate principal amount of notes are outstanding and not called for redemption as of the time we send, and after giving effect to, the related redemption notice. In addition, calling any note for redemption will constitute a Make-Whole Fundamental Change with respect to that note, in which case the conversion rate applicable to the conversion of that note will be increased in certain circumstances if it is converted after it is called for redemption. No sinking fund is provided for the 2031 Notes.

The 2031 Notes will be our senior, unsecured obligations and will be (i) equal in right of payment with our existing and future senior unsecured indebtedness; (ii) senior in right of payment to our existing and future indebtedness that is expressly subordinated 2031 Notes; (iii) effectively subordinated to our existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness; and (iv) structurally subordinated to all existing and future indebtedness and other liabilities.

Upon the occurrence of a Fundamental Change (as defined in the 2031 Indenture) prior to the maturity date of the 2031 Notes, holders of the 2031 Notes may require us to repurchase their notes for a cash repurchase price equal to the principal amount of the 2031 Notes to be repurchased, plus any accrued and unpaid interest, if any, to, but excluding, the Fundamental Change Repurchase Date (as defined in the 2031 Indenture).

2031 Capped Calls

In connection with the issuance of the 2031 Notes, we entered into privately negotiated capped call transactions, or, each, a 2031 Capped Call, and, collectively, the 2031 Capped Calls, with certain financial institutions. The 2031 Capped Calls have an initial strike price of \$99.69, subject to certain adjustments, which corresponds to the initial conversion price of the 2031 convertible senior notes. The 2031 Capped Calls have an initial cap price of \$150.48 per share, subject to certain adjustments. The 2031 Capped Calls are expected to partially offset the potential dilution to the Company's common stock upon any conversion of the 2031 convertible senior notes, with such offset subject to a cap based on the cap price. Each 2031 Capped Call covers, subject to anti-dilution adjustments, approximately 4.5 million shares of the Company's common stock. The 2031 Capped Calls are subject to adjustment upon the occurrence of specified extraordinary events affecting the Company, including merger events, tender offers, and announcement events. In addition, each 2031 Capped Call is subject to certain specified additional disruption events that may give rise to a termination of the 2031 Capped Calls, including nationalization, insolvency or delisting, changes in law, failures to deliver, insolvency filings, and hedging disruptions. For accounting purposes, each 2031 Capped Call is treated as a separate transaction from, and not part of, the terms of the 2031 convertible senior notes. As these transactions meet certain accounting criteria, the 2031 Capped Calls are recorded in stockholders' equity and are not accounted for as derivatives. The 2031 Capped Calls will not be remeasured as long as they continue to meet the conditions for equity classification.

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Term Loan Facility

On December 2, 2021, we entered into that certain First Amendment and Lender Joinder Agreement to the Credit Agreement, to, among other things, establish a new \$600.0 million incremental term loan facility, or the Term Loan Facility. The Term Loan Facility was advanced by certain existing and new lenders under the Credit Agreement to finance the DSPG acquisition. The Term Loan Facility matures on December 2, 2028. Principal on the Term Loan Facility is payable in equal quarterly installments on the last day of each March, June, September and December of each year, beginning December 31, 2021, at a rate of 1.00% per annum.

We used a portion of the net proceeds from the 2031 Notes, together with our cash on hand, to repay the outstanding balance under our Term Loan Facility. On November 19, 2024, we paid a total of \$583.4 million, which consisted of (i) the remaining outstanding principal balance of \$582.0 million and (ii) accrued and unpaid interest of \$1.4 million. The repayment of the Term Loan Facility was accounted for as a debt extinguishment. The consideration used to extinguish the Term Loan Facility and the carrying value of the Term Loan Facility (including unamortized debt issuance costs) resulted in a loss on early extinguishment of debt of \$6.5 million included in loss on early extinguishment of debt within our condensed consolidated statements of operations.

The net carrying amounts of our debt agreements are as follows (in millions):

	March 2025				June 2024		
	Senior Notes	Term Loan Facility	2031 Notes	Total	Senior Notes	Term Loan Facility	Total
Principal balance	\$ 400.0	\$ —	\$ 450.0	\$ 850.0	\$ 400.0	\$ 583.5	\$ 983.5
Unamortized issuance costs	(3.2)	—	(12.6)	(15.8)	(3.7)	(6.9)	(10.6)
Net carrying amount	<u>\$ 396.8</u>	<u>\$ —</u>	<u>\$ 437.4</u>	<u>\$ 834.2</u>	<u>\$ 396.3</u>	<u>\$ 576.6</u>	<u>\$ 972.9</u>

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Interest expense related to the debt agreements for the three months ended March 2025 and March 2024 was as follows (in millions):

	Three Months Ended							
	March 2025				March 2024			
	Senior Notes	2031 Notes	Revolving Credit Facility	Total	Senior Notes	Term Loan Facility	Revolving Credit Facility	Total
Interest expense	\$ 4.0	\$ 0.8	\$ 0.2	\$ 5.0	\$ 4.0	\$ 11.5	\$ 0.1	\$ 15.6
Amortization of debt issuance costs	0.1	0.5	0.1	0.7	0.1	0.4	0.1	0.6
Total interest expense	\$ 4.1	\$ 1.3	\$ 0.3	\$ 5.7	\$ 4.1	\$ 11.9	\$ 0.2	\$ 16.2

Interest expense related to the debt agreements for the nine months ended March 2025 and March 2024 was as follows (in millions):

	Nine Months Ended									
	March 2025					March 2024				
	Senior Notes	2031 Notes	Revolving Credit Facility	Term Loan Facility	Total	Senior Notes	Term Loan Facility	Revolving Credit Facility	Total	
Interest expense	\$ 12.0	\$ 1.2	\$ 0.4	\$ 18.8	\$ 32.4	\$ 12.0	\$ 34.6	\$ 0.3	\$ 46.9	
Amortization of debt issuance costs	0.5	0.7	0.3	0.4	1.9	0.5	1.2	0.2	1.9	
Total interest expense	\$ 12.5	\$ 1.9	\$ 0.7	\$ 19.2	\$ 34.3	\$ 12.5	\$ 35.8	\$ 0.5	\$ 48.8	

The amortization of debt issuance costs on the Term Loan Facility during the three and nine months ended March 2025 excludes the loss on early extinguishment of debt of \$6.5 million.

13. Share-Based Compensation

Share-Based Compensation Plans

2025 Inducement Equity Plan

Effective January 27, 2025, we adopted the 2025 Inducement Equity Plan, or the 2025 Inducement Plan, and 1,700,000 shares of our common stock are reserved for issuance under the 2025 Inducement Plan, subject to adjustment for stock dividends, stock splits, recapitalization or other changes in the capital structure of our company. The 2025 Inducement Plan is intended to comply with Rule 5635(c)(4) of the Nasdaq Stock Market Listing Rules, which provide an exception to the Nasdaq Stock Market Listing Rules shareholder approval requirement for the issuance of securities with regards to grants to a person not previously an employee or director of the Company or its subsidiaries. An individual is eligible to receive an award under the 2025 Inducement Plan only if he or she was not previously an employee or director of our Company (or is returning to work after a bona-fide period of non-employment), and an award under the 2025 Inducement Plan is a material inducement for him or her to accept employment with our Company.

2019 Equity and Incentive Compensation Plan

On October 29, 2019, our stockholders approved: (i) our 2019 Equity and Incentive Compensation Plan, or the 2019 Incentive Plan, to replace our Amended and Restated 2010 Incentive Compensation Plan, or the 2010 Incentive Plan, and (ii) our 2019 Employee Stock Purchase Plan, or the 2019 ESPP, to replace our Amended and Restated 2010 Employee Stock Purchase Plan. Awards outstanding at October 29, 2019 under our prior share-based compensation plans were not impacted by the approval of the 2019 Incentive Plan and continue to remain outstanding and vest by their terms under the applicable share-based compensation plan. Shares underlying certain share-based awards forfeited under the 2010 Incentive Plan subsequent to the approval of the 2019 Incentive Plan automatically transfer to and become available for award issuance from the 2019 Incentive Plan.

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The 2019 Incentive Plan authorizes our Board of Directors to provide equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, RSUs, cash incentive awards, performance shares, PSUs, and other stock-based awards. The 2019 Incentive Plan has been amended and restated, and the cumulative number of shares approved by stockholders is 7,588,000 as of October 29, 2024. The 2019 ESPP authorizes the Company to provide eligible employees with an opportunity to acquire an equity interest in the Company through the purchase of stock at a discount, with an initial authorization of 1,500,000 shares.

2019 Inducement Equity Plan

Effective August 19, 2019, we adopted the 2019 Inducement Equity Plan, and 650,000 shares of our common stock were reserved for issuance under the 2019 Inducement Equity Plan, subject to adjustment for stock dividends, stock splits, or other changes in our common stock or capital structure. The 2019 Inducement Equity Plan was intended to comply with Rule 5635(c)(4) of the Nasdaq Stock Market Listing Rules, which provide an exception to the Nasdaq Stock Market Listing Rules on the shareholder approval requirement for the issuance of securities with regards to grants to employees of the Company or its subsidiaries as an inducement material to such individuals entering into employment with the Company or its subsidiaries. An individual was eligible to receive an award under the 2019 Inducement Equity Plan only if he or she was not previously an employee or director of our Company (or is returning to work after a bona-fide period of non-employment), and an award under the 2019 Inducement Equity Plan is a material inducement for him or her to accept employment with our Company. No new awards may be granted under the 2019 Inducement Equity Plan.

Share-Based Compensation

Share-based compensation recognized in our condensed consolidated statements of operations was as follows (in millions):

	Three Months Ended		Nine Months Ended	
	March		March	
	2025	2024	2025	2024
Cost of revenue	\$ 0.3	\$ 1.0	\$ (2.1)	\$ 3.2
Research and development	18.5	15.0	48.6	45.7
Selling, general, and administrative	1.1	13.9	35.2	43.4
Total	\$ 19.9	\$ 29.9	\$ 81.7	\$ 92.3

Historically, we have issued new shares in connection with our equity-settled share-based compensation plans, however, treasury shares are also available for issuance. Any additional shares repurchased under our common stock repurchase program will be available for issuance under our share-based compensation plans.

Share-Based Compensation Plan Activity

Restricted Stock Units

RSUs granted generally vest ratably over three to four years from the vesting commencement date. RSU activity was as follows:

	RSU Awards Outstanding	Aggregate Intrinsic Value (in millions)
Balance as of June 2024	1,620,006	
Granted	2,378,558	
Vested	(738,663)	
Forfeited	(333,819)	
Balance as of March 2025	2,926,082	\$ 184.5

The aggregate intrinsic value was determined using the closing price of our common stock on March 29, 2025, of \$63.06.

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The unrecognized share-based compensation cost of our outstanding RSUs was approximately \$204.4 million as of March 2025, which will be recognized over a weighted average period of approximately 1.98 years.

Market Stock Units

An MSU is a promise to deliver shares of our common stock at a future date based on the achievement of market-based performance requirements in accordance with the terms of the MSU grant agreement.

MSU activity was as follows:

	MSU Awards Outstanding	Aggregate Intrinsic Value (in millions)
Balance as of June 2024	200,513	
Granted	120,765	
Delivered	(55,603)	
Forfeited	(143,689)	
Balance as of March 2025	121,986	\$ 7.7

The aggregate intrinsic value was determined using the closing price of our common stock on March 29, 2025, of \$63.06.

We value MSUs using the Monte Carlo simulation model on the date of grant and amortize the compensation expense over the three-year performance and service period on a ratable basis by tranche. The unrecognized share-based compensation cost of our outstanding MSUs was approximately \$9.8 million as of March 2025, which will be recognized over a weighted average period of approximately 1.14 years.

Performance Stock Units

A PSU is a promise to deliver shares of our common stock at a future date based on the achievement of performance-based requirements in accordance with the terms of the PSU grant agreement.

PSU activity was as follows:

	PSU Awards Outstanding	Aggregate Intrinsic Value (in millions)
Balance as of June 2024	265,362	
Granted	205,025	
Delivered	(16,843)	
Forfeited	(228,128)	
Balance as of March 2025	225,416	\$ 14.2

The aggregate intrinsic value was determined using the closing price of our common stock on March 29, 2025, of \$63.06.

We value PSUs using the aggregate intrinsic value on the date of grant adjusted for estimated performance achievement during the performance period and amortize the compensation expense over the three-year service period on a ratable basis. The amount of stock-based compensation expense recognized in any period related to PSUs can vary based on the achievement or anticipated achievement of the performance conditions. If the performance conditions are not met, or not expected to be met, no compensation cost would be recognized on the underlying PSUs, and any previously recognized compensation expense related to those PSUs would be reversed. The unrecognized share-based compensation cost of our outstanding PSUs was approximately \$13.6 million as of March 2025, which will be recognized over a weighted average period of approximately 0.99 years.

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Employee Stock Purchase Plan

Shares purchased, weighted average purchase price, cash received, and the aggregate intrinsic value for employee stock purchase plan purchases during the nine months ended March 2025, were as follows (in millions, except for shares purchased and weighted average price):

Shares purchased		237,508
Weighted average purchase price	\$	58.5
Cash received	\$	13.9
Aggregate intrinsic value	\$	2.5

14. Income Taxes

We account for income taxes under the asset and liability method. The provision for income taxes recorded in interim periods is based on our estimate of the annual effective tax rate applied to year-to-date income before provision for income taxes, adjusted for discrete items required to be recognized in the period in which they are incurred. In each quarter, we update our estimate of the annual effective tax rate, and if the estimated annual tax rate changes, we make a cumulative adjustment in that quarter. Our quarterly tax provision and our quarterly estimate of the annual effective tax rate can be subject to volatility due to several factors, including our ability to accurately forecast annual income before provision for income taxes in each of the tax jurisdictions in which we operate.

The benefit from income taxes of \$5.6 million and \$44.6 million for the three and nine months ended March 2025, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the three months ended March 2025 is closely aligned with the combined U.S. federal and state statutory tax rate. The slight variance primarily results from non-deductible share-based compensation, partially offset by foreign income taxed at lower rates. The effective tax rate for the nine months ended March 2025 diverged from the combined U.S. federal and state statutory tax rate primarily due to one-time tax benefits recorded during the six months ended December 2024, including a \$14.1 million deferred tax benefit from a U.S. “check-the-box” election for our Israel subsidiary, and an \$8.9 million benefit related to the fiscal 2018 deemed repatriation liability under the U.S. Tax Cuts and Jobs Act, or TCJA, following a U.S. Tax Court decision in *Varian Medical Systems, Inc. v. Commissioner*. The divergence also reflects a deferred tax benefit from an inventory transfer and foreign income taxed at lower rates. These benefits were partially offset by non-deductible share-based compensation and non-deductible officer compensation.

The effective tax rate for the three and nine months ended March 2024 diverged from the combined U.S. federal and state statutory tax rate primarily due to U.S. research credits and tax benefits from the impact of foreign tax credit temporary relief provided by U.S. Treasury Notice 2023-55 and Notice 2023-80 issued in July 2023 and December 2023, respectively, which deferred the effective date of the U.S. final foreign tax credit regulations published in January 2022; partially offset by foreign earnings taxed at higher rates, the research and development capitalization rules increasing our global intangible low-taxed income, or GILTI, resulting from the U.S. Tax Cuts and Jobs Act of 2017, and non-deductible officer compensation.

The total liability for gross unrecognized tax benefits related to uncertain tax positions decreased \$1.7 million during the nine months ended March 2025, to \$44.7 million, and was included in other long-term liabilities on our condensed consolidated balance sheets. If recognized, the total gross unrecognized tax benefits would reduce the effective tax rate on income from continuing operations. Accrued interest and penalties related to unrecognized tax benefits as of March 2025 were \$3.9 million; this balance increased by \$0.4 million compared to June 2024. We classify interest and penalties as components of income tax expense. Any prospective adjustments to our unrecognized tax benefits will be recorded as an increase or decrease to income tax expense and cause a corresponding change to our effective tax rate. Accordingly, our effective tax rate could fluctuate materially from period to period.

Our major tax jurisdictions are the United States, Hong Kong SAR, Japan, Israel and the United Kingdom. From fiscal 2017 onward, we remain subject to examination by one or more of these jurisdictions.

15. Segment, Customers, and Geographic Information

We operate in one segment: the development, marketing, and sale of semiconductor products used in electronic devices and products. We generate our revenue from three broad product categories: Core IoT, Enterprise and Automotive, and Mobile product applications. A summary of our products and how they are categorized is as follows:

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- Core IoT: Wireless and Processor Solutions
- Enterprise and Automotive: PC Touch Pad, PC Fingerprint, Video Interface Solutions, Enterprise Audio Solutions, Fax and Printer Solutions, and Automotive Solutions
- Mobile: Touch and Display Solutions for Mobile phone applications

Net revenue from our customers for each product category was as follows (in millions):

	Three Months Ended		Nine Months Ended	
	March		March	
	2025	2024	2025	2024
Enterprise and Automotive product applications	\$ 153.8	\$ 134.7	\$ 460.5	\$ 426.1
Core IoT product applications	67.5	47.3	188.2	123.3
Mobile product applications	45.3	55.3	142.8	162.6
	<u>\$ 266.6</u>	<u>\$ 237.3</u>	<u>\$ 791.5</u>	<u>\$ 712.0</u>

Net revenue by geographic region, based on the billing location of our customers, for the periods presented were as follows (in millions):

	Three Months Ended		Nine Months Ended	
	March		March	
	2025	2024	2025	2024
China/Hong Kong	\$ 113.3	\$ 102.2	\$ 353.2	\$ 314.6
Taiwan	86.1	54.7	227.6	141.1
Japan	29.1	47.7	110.9	157.2
Other	18.9	14.2	42.0	36.2
South Korea	18.1	16.0	52.1	42.7
United States	1.1	2.5	5.7	20.2
	<u>\$ 266.6</u>	<u>\$ 237.3</u>	<u>\$ 791.5</u>	<u>\$ 712.0</u>

Net revenue from major customers as a percentage of total net revenue for the periods presented was as follows:

	Three Months Ended		Nine Months Ended	
	March		March	
	2025	2024	2025	2024
Customer A	18%	12%	15%	*
Customer B	*	*	11%	13%

* Less than 10%

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We extend credit based on evaluation of a customer's financial condition, and we generally do not require collateral. Major customer accounts receivable as a percentage of total accounts receivable were as follows:

	March 2025	June 2024
Customer A	15%	12%
Customer B	14%	12%
Customer C	*	18%
Customer D	11%	*
Customer E	11%	*
Customer F	10%	*

* Less than 10%

16. Restructuring Activities

In the first quarter of fiscal 2025, we initiated restructuring actions primarily intended to focus on key growth initiatives, reduce costs and align our business in response to market conditions. We expect to complete this restructuring prior to the end of calendar year 2025. For the three and nine months ended March 2025, the restructuring costs related to this action were \$0.5 million and \$15.0 million, respectively, and are recorded in the restructuring costs line item within our condensed consolidated statements of operations.

In the fourth quarter of fiscal 2024, we initiated restructuring actions to further improve efficiencies in our operational activities, decrease costs and increase profitability. We completed this restructuring action in the first quarter of fiscal 2025 and incurred restructuring charges of \$0.5 million. These costs were recorded under the restructuring costs line item in our condensed consolidated statements of operations.

The following table summarizes the restructuring activity and related charges during the periods presented (in millions):

	Three Months Ended	Nine Months Ended
	March 2025	
Balance, beginning of period	\$ 3.0	\$ 1.4
Charges	0.5	15.5
Payments	(3.5)	(16.9)
Balance, end of period	\$ —	\$ —

During the three and nine months ended March 2025, the restructuring and related charges of \$0.5 million and \$15.5 million, respectively, were primarily attributable to severance and employee-related benefits.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements and Factors That May Affect Results

This Quarterly Report on Form 10-Q for the quarter ended March 29, 2025 (this “Report”) contains forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended, or the Securities Act, and the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business, can be identified by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements may include words such as “expect,” “anticipate,” “intend,” “believe,” “estimate,” “plan,” “target,” “strategy,” “continue,” “may,” “commit,” “will,” “should,” variations of such words, or other words and terms of similar meaning. All forward-looking statements reflect our best judgment and are based on several factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Such factors include, but are not limited to the following: macroeconomic uncertainties in the U.S. and globally, including those caused by trade tensions and tariffs, resulting in supply chain disruptions, inflation, and market volatility, which may adversely affect our products and those of our customers and suppliers, resulting in reduced customer demand, component availability constraints, cost increases (both to us and our customers), supply chain disruption, and stock price volatility; risks related to our continued dependence on our solutions for the Core IoT and Enterprise and Automotive product applications market for a substantial portion of our revenue; risks related to the volatility of our net revenue from our solutions for Core IoT and Enterprise and Automotive product applications; our dependence on one or more large customers; our exposure to industry downturns and cyclicalities in our target markets; the risk that our product solutions for new markets will not be successful; risks related to our expectations regarding technology and strategic investments and the anticipated timing or benefits thereof; our ability to execute on our cost reduction initiatives and to achieve expected synergies and expense reductions; our ability to maintain and build relationships with our customers; our dependence on third parties to maintain satisfactory manufacturing yields and deliverable schedule; the risk that our indemnification obligations for third party claims could result in substantial costs; risks and uncertainty related to regional instabilities and hostilities (including the conflict in the Middle East), economic volatility, and regulatory changes, any of which could disrupt our supply chain, elevate our costs and undermine the competitiveness of our offerings, requiring operational adjustments, such as reductions in force, or otherwise adversely affecting our financial condition and operating results; and the other risks as identified in the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” sections of our Annual Report on Form 10-K for the fiscal year ended June 29, 2024, and other risks as identified from time to time in our SEC reports. Forward-looking statements are based on information available to us on the date hereof, and we do not have, and expressly disclaim, any obligation to publicly release any updates or any changes in our expectations, or any change in events, conditions, or circumstances on which any forward-looking statement is based, except as required by law. Our actual results and the timing of certain events could differ materially from the forward-looking statements. These forward-looking statements do not reflect the potential impact of any mergers, acquisitions, or other business combinations that have not been completed as of the date of this filing.

Statements made in this Report, unless the context otherwise requires, include the use of the terms “us,” “we,” “our,” the “Company” and “Synaptics” to refer to Synaptics Incorporated and its consolidated subsidiaries.

Overview

We are a leading worldwide developer and fabless supplier of premium mixed signal semiconductor solutions that enable people to engage with connected devices and data, engineering exceptional experiences throughout the home, at work, in the car and on the go. We provide our customers with sensing, processing, and connecting solutions, which represent the three foundational elements of the Internet of Things, or IoT. We supply connectivity, sensors, and artificial intelligence, or AI, enhanced processor solutions to original equipment manufacturers, or OEMs, that design IoT products and devices for automobiles, enterprise workspace devices, virtual reality, smartphones, tablets, and notebook computers. Our currently served markets include IoT, personal computer, or PC, Enterprise and Automotive, and Mobile. Our solutions either contain or consist of our wireless, voice and speech, video processing, fingerprint, authentication, display driver, or touch semiconductor solutions, which include our hardware, and, where applicable, firmware and software.

Many of our customers have manufacturing operations in China, and many of our OEM customers have established design centers in Asia. With our global presence, including offices in China, France, Germany, Hong Kong, India, Israel, Japan, Korea, Poland, Switzerland, Taiwan, the U.K., and the U.S., we are well positioned to provide local sales, operational, and engineering support services to our existing customers, as well as potential new customers, on a global basis.

Our manufacturing operations are based on a variable cost model in which we outsource all of our production requirements and generally drop ship our products directly to our customers from our contract manufacturers’ facilities,

eliminating the need for significant capital expenditures and allowing us to minimize our investment in inventories. This approach requires us to work closely with our contract manufacturers and semiconductor fabricators to ensure adequate production capacity to meet our forecasted volume requirements. We use third-party wafer manufacturers to supply wafers and third-party packaging manufacturers to package our proprietary ASICs. In certain cases, we rely on a single source, or a limited number of suppliers, to provide other key components of our products. Our cost of revenue includes all costs associated with the production of our products, including materials; logistics; amortization of intangibles related to acquired developed technology; backlog; supplier arrangements; manufacturing, assembly, royalties paid to third-party intellectual property providers and test costs paid to third-party manufacturers; and related overhead costs associated with our indirect manufacturing operations personnel. Additionally, we charge all warranty costs, losses on inventory purchase obligations, and the provision for excess and obsolete inventories to cost of revenue.

Our gross margin generally reflects the combination of the added value we bring to our OEM customers' products by meeting their custom design requirements and the impact of our ongoing cost-improvement programs. These cost-improvement programs include reducing materials and component costs and implementing design and process improvements.

Our research and development expenses include costs for supplies and materials related to product development, as well as the engineering costs incurred to design ASICs and human experience solutions for OEM customers prior to and after our OEMs' commitment to incorporate those solutions into their products. We continue to commit to the technological and design innovation required to maintain our position in our existing markets, and to adapt our existing technologies or develop new technologies for new markets.

Selling, general, and administrative expenses include expenses related to sales, marketing, and administrative personnel; internal sales and outside sales representatives' commissions; market and usability research; outside legal, accounting, and consulting costs; and other marketing and sales activities.

Acquired intangibles amortization included in operating expenses consists primarily of amortization of customer relationship and tradename intangible assets recognized under the purchase method for business combinations.

Intangible asset impairment charges during the third quarter of fiscal 2025 were \$13.8 million. We recorded an impairment charge related to a license of certain intellectual property. See Note 8. Goodwill and Acquired Intangible Assets in the notes to the consolidated financial statements for additional information.

Restructuring costs primarily reflect severance costs related to the restructuring of our operations to reduce operating expenses and gain efficiencies from our recent acquisitions. See Note 16. Restructuring Activities to the consolidated financial statements contained elsewhere in this Report.

Interest and other expense, net, primarily reflects interest expense and amortization of debt issuance costs on our 2031 Notes, Senior Notes and the Term Loan Facility and loss on early extinguishment of debt. See Note 12. Debt for additional information. The interest and other expense, net, is partially offset by interest income earned on our cash and cash equivalents.

Acquisitions

Broadcom Mobile Android Wi-Fi Business

On January 19, 2025, we entered into definitive asset purchase agreements with Broadcom to acquire certain assets and obtain non-exclusive licenses relating to, Broadcom's existing Mobile Android Wi-Fi Business in the IoT market, for an aggregate consideration of \$198.0 million in cash, which closed on January 30, 2025. We also entered into transition agreements with Broadcom, under which both parties will provide one another with certain transition services (including one year inventory supply agreement in which Broadcom will facilitate Synaptics to place purchase orders with respective suppliers). For further discussion of the Broadcom Mobile Android Wi-Fi Business acquisition, see Note 4. Acquisitions, included in the consolidated financial statements contained elsewhere in this report.

We acquired these set of assets from Broadcom in order to solidify our leadership position for end-to-end AI Internet of Things (IoT) connectivity and expand our ability to service the Android™ ecosystem. As part of the transaction, we expand our portfolio of Wi-Fi 8 combination devices that include advanced Bluetooth features, additional Wi-Fi 7 combination devices, ultrawide band intellectual property (which we can integrate into future IoT devices), and combination front-end modules. This transaction expands our field of use, allowing all our Wi-Fi products to compete in AR/VR, Android smartphones and consumer audio markets. As a result of this transaction, we expect to generate over \$40.0 million in annualized sales in our Core IoT product category.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates during the nine months ended March 2025, compared with our critical accounting policies and estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended June 29, 2024.

Trends and Uncertainties

Macroeconomic Conditions and Regulations

As a majority of our sales and manufacturing occurs outside of the U.S., we are exposed to and impacted by global macroeconomic factors, U.S. and foreign government policies and foreign exchange fluctuations. We continue to monitor changes in international trade policies, particularly increased tariffs and other barriers or restrictions between the United States and other countries, including China. Our current operations suggest limited tariff exposure given our current import and export practices. However, some of our customers and suppliers may be impacted by evolving tariff regimes depending on their own supply chain strategies and sourcing locations. We continue to monitor for any potential customer and supplier impacts, ranging from supply chain realignments to changes in end demand. While the broader implications of these activities remain uncertain, based on our current lead times and order activity, we are not seeing unusual activity that would suggest material pull-in or push-out of orders due to tariffs that would be likely to impact our near-term financial performance. We will continue to assess the short- and long-term effects of these international trade policies and restrictions on our financial and operational performance.

Results of Operations

Certain of the data used in our condensed consolidated statements of operations for the periods indicated, together with comparative absolute and percentage changes in these amounts, were as follows (in millions, except percentages):

	Three Months Ended March				Nine Months Ended March			
	2025	2024	\$ Change	% Change	2025	2024	\$ Change	% Change
Enterprise and Automotive product applications	\$ 153.8	\$ 134.7	\$ 19.1	14.2 %	\$ 460.5	\$ 426.1	\$ 34.4	8.1 %
Core IoT product applications	67.5	47.3	20.2	42.7 %	188.2	123.3	64.9	52.6 %
Mobile product applications	45.3	55.3	(10.0)	(18.1 %)	142.8	162.6	(19.8)	(12.2)%
Net revenue	266.6	237.3	29.3	12.3 %	791.5	712.0	79.5	11.2 %
Gross margin	115.8	110.3	5.5	5.0 %	358.9	326.4	32.5	10.0 %
Operating expenses:								
Research and development	88.6	83.4	5.2	6.2 %	253.2	251.9	1.3	0.5 %
Selling, general, and administrative	34.7	40.5	(5.8)	(14.3 %)	134.2	122.5	11.7	9.6 %
Acquired intangibles amortization	4.5	4.0	0.5	12.5 %	12.1	13.4	(1.3)	(9.7)%
Intangible asset impairment charges	13.8	—	13.8	100.0%	13.8	—	13.8	100.0%
Restructuring costs	0.5	(0.2)	0.7	350.0 %	15.5	9.1	6.4	70.3 %
Operating loss	(26.3)	(17.4)	(8.9)	51.1 %	(69.9)	(70.5)	0.6	(0.9)%
Interest and other expense, net	(1.1)	(5.9)	4.8	(81.4 %)	(11.3)	(17.4)	6.1	(35.1)%
Loss on early extinguishment of debt	—	—	—	— %	(6.5)	—	(6.5)	100.0%
Loss before benefit from income taxes	(27.4)	(23.3)	(4.1)	17.6 %	(87.7)	(87.9)	0.2	(0.2)%
Benefit from income taxes	(5.6)	(5.2)	(0.4)	7.7 %	(44.6)	(5.2)	(39.4)	757.7 %
Net loss	\$ (21.8)	\$ (18.1)	\$ (3.7)	20.4 %	\$ (43.1)	\$ (82.7)	\$ 39.6	(47.9)%

Certain of the data used in our condensed consolidated statements of operations presented here as a percentage of net revenue for the periods indicated were as follows:

	Three Months Ended March		Percent Point Increase/ (Decrease)	Nine Months Ended March		Percent Point Increase/ (Decrease)
	2025	2024		2025	2024	
Enterprise and Automotive product applications	57.7 %	56.8 %	0.9	58.2 %	59.8 %	(1.6)
Core IoT product applications	25.3 %	19.9 %	5.4	23.8 %	17.3 %	6.5
Mobile product applications	17.0 %	23.3 %	(6.3)	18.0 %	22.9 %	(4.9)
Net revenue	100.0 %	100.0 %	—	100.0 %	100.0 %	—
Gross margin	43.4 %	46.5 %	(3.1)	45.3 %	45.8 %	(0.5)
Operating expenses:						
Research and development	33.2 %	35.1 %	(1.9)	32.0 %	35.4 %	(3.4)
Selling, general, and administrative	13.0 %	17.1 %	(4.1)	17.0 %	17.2 %	(0.2)
Acquired intangibles amortization	1.7 %	1.7 %	—	1.5 %	1.9 %	(0.4)
Intangible asset impairment charges	5.2 %	0.0 %	5.2	1.7 %	0.0 %	1.7
Restructuring costs	0.2 %	(0.1 %)	0.3	2.0 %	1.3 %	0.7
Operating loss	(9.9 %)	(7.3 %)	(2.6)	(8.9 %)	(10.0 %)	1.1
Interest and other expense, net	(0.4 %)	(2.5 %)	2.1	(1.4 %)	(2.5 %)	1.1
Loss on early extinguishment of debt	— %	— %	—	(0.8 %)	— %	(0.8)
Loss before benefit from income taxes	(10.3 %)	(9.8 %)	(0.5)	(11.1 %)	(12.5 %)	1.4
Benefit from income taxes	(2.1 %)	(2.2 %)	0.1	(5.6 %)	(0.7 %)	(4.9)
Net loss	(8.2 %)	(7.6 %)	(0.6)	(5.5 %)	(11.8 %)	6.3

Net Revenue

Net revenue was \$266.6 million for the three months ended March 2025, compared with \$237.3 million for the three months ended March 2024, an increase of \$29.3 million, or 12.3%. Of this net revenue, \$153.8 million, or 57.7%, was from Enterprise and Automotive product applications, \$45.3 million, or 17.0%, was from Mobile product applications, and \$67.5 million, or 25.3%, was from Core IoT product applications. Revenue increased in most of our product applications for the three months ended March 2025. Net revenue from Core IoT product applications increased due to an increase in units sold (which increased 18.1%), as well as an increase in average selling prices (which increased 20.8%) due to our product sales mix compared to the same period a year ago. Net revenue from Enterprise and Automotive product applications increased as a result of an increase in units sold (which increased 9.2%) as well as an increase in average selling prices (which increased 4.6%) due to our product sales mix. Net revenue from Mobile product applications decreased due to a decrease in units sold (which decreased 10.8%) as well as a decrease in average selling prices (which decreased 8.2%), as overall demand decreased for our products in the mobile market.

Net revenue was \$791.5 million for the nine months ended March 2025, compared with \$712.0 million for the nine months ended March 2024, an increase of \$79.5 million, or 11.2%. Of this net revenue, \$460.5 million, or 58.2%, was from Enterprise and Automotive product applications, \$142.8 million, or 18.0%, was from Mobile product applications, and \$188.2 million, or 23.8%, was from Core IoT product applications. Revenue increased in most of our product applications for the nine months ended March 2025. Net revenue from Core IoT product applications increased due to an increase in units sold (which increased 35.9%), as well as an increase in average selling prices (which increased 12.3%) due to our product sales mix compared to the same period a year ago. Net revenue from Enterprise and Automotive product applications increased as a result of an increase in units sold (which increased 9.6%), and an increase in average selling prices (which increased 6.1%) due to our product sales mix compared to the same period a year ago. The increase in revenue from Enterprise and Automotive product applications was partially offset by a decrease of \$30.0 million in revenue from the licensing of certain of our IP. Net revenue from Mobile product applications decreased due to a decrease in units sold (which decreased 8.1%), and a decrease in average selling prices (which decreased 7.6%), as overall demand decreased for our products in the mobile market compared to the same period a year ago. The decrease in revenue from Mobile product applications was partially offset by an increase of \$4.5 million in revenue from the licensing of certain of our IP.

Gross Margin

Gross margin as a percentage of net revenue was 43.4%, or \$115.8 million, for the three months ended March 2025, compared with 46.5%, or \$110.3 million, for the three months ended March 2024. The net 310 basis point decrease in gross margin for the three months ended March 2025 was primarily due to the increase in amortization of acquisition-related intangibles on the intangible assets we acquired from Broadcom in the third quarter of fiscal 2025.

Gross margin as a percentage of net revenue was 45.3%, or \$358.9 million, for the nine months ended March 2025, compared with 45.8%, or \$326.4 million, for the nine months ended March 2024. The net 50 basis point decrease in gross margin for the nine months ended March 2025 was primarily due to the increase in amortization of acquisition-related intangibles on the intangible assets we acquired from Broadcom in the third quarter of fiscal 2025.

Because we sell our technology solutions in designs that are generally unique or specific to an OEM customer's application, gross margin varies on a product-by-product basis, making our cumulative gross margin a blend of our product specific designs. As a fabless manufacturer, our gross margin percentage is generally not materially impacted by our shipment volume. Under most circumstances, revenue from license-based arrangements is accretive to our gross margin.

Operating Expenses

Research and Development Expenses. Research and development expenses increased \$5.2 million to \$88.6 million for the three months ended March 2025, compared with \$83.4 million for the three months ended March 2024. The increase in research and development expenses was primarily driven by a \$5.3 million increase in variable compensation related to our bonus accrual, \$3.5 million increase in stock-based compensation charges primarily related to awards issued to the workforce we acquired from Broadcom in the third quarter of fiscal 2025, partially offset by a \$5.2 million decrease in wages and related costs as a result of the restructuring actions initiated during fiscal 2024 and 2025.

Research and Development Expenses. Research and development expenses increased \$1.3 million to \$253.2 million for the nine months ended March 2025, compared with \$251.9 million for the nine months ended March 2024. The increase in research and development expenses was primarily driven by a \$14.5 million increase in variable compensation related to our bonus accrual, partially offset by a \$13.6 million decrease in wages and related costs as a result of the restructuring actions initiated during fiscal 2024 and 2025.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased \$5.8 million to \$34.7 million for the three months ended March 2025, compared with \$40.5 million for the three months ended March 2024. The decrease in selling, general, and administrative expenses was primarily driven by a decrease of \$12.9 million in stock-based compensation charges primarily related to forfeitures from the departure of certain executive officers during the third quarter of fiscal 2025, partially offset by a \$3.2 million increase in variable compensation related to bonus accrual and a \$1.9 million increase in professional service fees associated with the Broadcom transaction we executed in the third quarter of fiscal 2025.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased \$11.7 million to \$134.2 million for the nine months ended March 2025, compared with \$122.5 million for the nine months ended March 2024. The increase in selling, general, and administrative expenses was primarily driven by a \$8.8 million increase in variable compensation related to our bonus accrual, a \$6.4 million increase in professional service fees related to the Broadcom transaction we executed in the third quarter of fiscal 2025 and the refinancing of our Term Loan B in the second quarter of fiscal 2025, a \$2.4 million unfavorable impact from exchange rates on foreign currencies, partially offset by a \$8.3 million decrease in stock-based compensation charges primarily related to net forfeitures relating to the departure of certain executive officers from the Company compared to the same period a year ago.

Acquired Intangibles Amortization. Amortization of acquisition-related intangibles increased \$0.5 million, or 12.5% for the three months ended March 2025 compared to the same period a year ago, which is primarily related to the amortization on customer relationship and favorable supply contract intangible assets we acquired from Broadcom during the third quarter of fiscal 2025. Amortization of acquisition-related intangibles decreased \$1.3 million, or 9.7%, for the nine months ended March 2025, compared to the same periods a year ago. The decrease is primarily related to the amortization of customer related intangible assets and acquired trademarks which were fully amortized by the end of fiscal 2024, partially offset by an increase of \$0.6 million in amortization on the customer relationship intangible asset we acquired from Broadcom during the third quarter of fiscal 2025.

Intangible asset impairment charge. Intangible asset impairment reflects an impairment charge of \$13.8 million related to a license of certain intellectual property. See Note 8. Goodwill and Acquired Intangible Assets in the notes to the consolidated financial statements for additional information on intangible asset impairment charge.

Restructuring Costs. Restructuring costs primarily reflect employee severance costs related to the restructuring of operations and to improve efficiencies in our operational activities. These headcount-related costs included personnel in

operations, research and development, and selling, general and administrative functions. See Note 16. Restructuring Activities in the notes to the consolidated financial statements for additional information on restructuring costs.

Non-Operating Income

Interest and Other Income. Interest and other income of \$4.6 million decreased by \$5.7 million for the three months ended March 2025, compared to the same period a year ago, which was primarily driven by an overall decrease in interest rates on our invested cash and cash equivalents, as well as a reduction in cash balances following the early repayment of the entire Term Loan Facility in November 2024 and Broadcom acquisition in January 2025.

Interest and other income of \$23.0 million for the nine months ended March 2025 decreased by \$8.4 million, compared to the same period a year ago, which was primarily driven by an overall decrease in interest rates and a decrease in our invested cash and cash equivalents, as well as a reduction in cash balances following the early repayment of the entire Term Loan Facility in November 2024 and Broadcom acquisition in January 2025.

Interest expense. Interest expense primarily includes interest on our debt and amortization of debt issuance costs. Interest expense of \$5.7 million for the three months ended March 2025, decreased by \$10.5 million compared to the same period a year ago, which was primarily driven by the early repayment of the Term Loan Facility in November 2024. During the three months ended March 2024, the interest expense on the Term Loan facility was \$11.9 million. The Term Loan Facility was repaid with the net proceeds received from the issuance of the 2031 Notes, which bears a significantly lower interest at a rate of 0.75%. See Note 12. Debt for additional information.

Interest expense of \$34.3 million for the nine months ended March 2025, decreased by \$14.5 million compared to the same period a year ago and was primarily driven by the early repayment of the Term Loan Facility in November 2024. During the nine months ended March 2025 and March 2024, the interest expense on the Term Loan facility was \$19.2 million and \$35.8 million, a decrease of \$16.6 million year-over-year. The Term Loan Facility was repaid with the net proceeds received from the issuance of the 2031 Notes, which bears a significantly lower interest at a rate of 0.75%. See Note 12. Debt for additional information.

Loss on early extinguishment of debt. In connection with our issuance of the 2031 Notes, we used a portion of the net proceeds from the 2031 Notes, along with our cash on hand, to repay the outstanding balance under our Term Loan Facility. The repayment of the Term Loan Facility was accounted for as a debt extinguishment. The consideration used to extinguish the Term Loan Facility and the carrying value of the Term Loan Facility (including unamortized debt issuance costs) resulted in a loss on early extinguishment of debt of \$6.5 million, which is included in "Loss on early extinguishment of debt" within our condensed consolidated statements of operations.

(Benefit)/Provision for Income Taxes. We account for income taxes under the asset and liability method. The (benefit)/provision for income taxes recorded in interim periods is based on our estimate of the annual effective tax rate applied to year-to-date (loss)/income before (benefit)/provision for income taxes, adjusted for discrete items required to be recognized in the period in which they are incurred. In each quarter, we update our estimate of the annual effective tax rate, and if the estimated annual tax rate changes, we make a cumulative adjustment in that quarter. Our quarterly tax (benefit)/provision for income taxes and our quarterly estimate of the annual effective tax rate can be subject to volatility due to several factors, including our ability to accurately forecast annual (loss)/income before (benefit)/provision for income taxes in each of the tax jurisdictions in which we operate.

The Organization for Economic Co-operation and Development, or OECD, introduced Pillar Two Model Rules for a global minimum tax of 15% applicable to large multinational corporations. Many countries in which we have business operations, including the United Kingdom, Switzerland, and Japan, have implemented certain aspects of Pillar Two, which become effective to our company in fiscal 2025. The OECD and the implementing countries are expected to keep issuing more guidance and refining their laws. Based on the latest legislation and our current estimate, Pillar Two had no impact on our effective tax rate or cash flows for the first nine months of fiscal 2025. We will continue to evaluate the potential impact of these tax law changes on future reporting periods.

See Note 14. Income Taxes in the Notes to the Unaudited Condensed Consolidated Financial Statements for additional information on our (benefit)/provision for income taxes.

Liquidity and Capital Resources

Our cash and cash equivalents were \$360.4 million and \$876.9 million as of March 2025 and June 2024, respectively, representing a decrease of \$516.5 million. The decrease in cash and cash equivalents during nine months ended March 2025 was driven by cash used in financing activities of \$313.0 million related to full repayment of our Term Loan Facility, repurchases of our common stock, partially offset by net proceeds from the issuance of the 2031 Notes (as defined below) and cash used in investing activities of \$289.0 million primarily related to our asset purchase agreement with Broadcom.

We consider almost all of the earnings of our foreign subsidiaries as not indefinitely invested overseas and have made appropriate provisions for income or withholding taxes that may result from a future repatriation of those earnings. As of March 2025, \$254.1 million of cash and cash equivalents was held by our foreign subsidiaries. If these funds are needed for our operations in the United States, we would be able to repatriate substantially all of these funds without a material impact on our provision for income taxes.

Cash Flows from Operating Activities. Our cash generated from operating activities primarily relate to cash collections from our customers, payments for inventory purchases and payments for employee- related expenditures.

Cash provided by operating activities during the nine months ended March 2025 was \$84.8 million compared with cash provided by operating activities of \$70.9 million during same period a year ago. For the nine months ended March 2025, the primary operating activities were adjustments for non-cash charges of \$161.0 million and net cash outflows of \$33.1 million from changes in our operating assets and liabilities. The primary drivers of the change in operating assets and liabilities relate to a decrease in income taxes payable primarily related to tax payments of approximately \$43.0 million made to various tax jurisdictions and a decrease in accounts receivable primarily related to the timing of collections and billings, offset by an increase of \$19.1 million in accrued compensation primarily related to the accrual of our annual bonus and an increase of \$17.5 million in net inventories. Our inventory levels will vary based on the availability of supply and the impact of variations between forecasted and actual demand.

Operating activities during the nine months ended March 2024 generated \$70.9 million. For the nine months ended March 2024, the primary operating activities were adjustments for non-cash charges of \$176.8 million and a net change in operating assets and liabilities of \$23.2 million. The net change in operating assets and liabilities was primarily attributable to a \$20.1 million decrease in accounts receivable primarily related to the normal variations in the timing of collections and billings, an \$8.7 million decrease in gross inventories as we continue our efforts to control inventory investment while turning over the inventories we accumulated during the first half of fiscal 2023 and a \$22.8 million increase in accounts payable due to the timing of payments made to our vendors, partially offset by a \$20.3 million decrease in accrued compensation primarily related to the payment of our annual bonus in the first quarter of fiscal 2024 and a \$46.9 million decrease in income taxes payable.

During the three months ended March 2025 and March 2024, our days sales outstanding was 45 days and 55 days, respectively. Our annual inventory turns stayed consistent at four during the three months ended March 2025 and March 2024.

Cash Flows from Investing Activities. Cash used by investing activities during the nine months ended March 2025 and March 2024 was \$289.0 million and \$146.7 million, respectively. Net cash used in investing activities for the nine months ended March 2025 primarily related to \$198.0 million we paid to acquire certain assets and obtain non-exclusive licenses relating to, Broadcom's existing Mobile Android Wi-Fi Business in the IoT market and the purchase of \$61.0 million in short-term investments.

Cash used in investing activities during the nine months ended March 2024 was \$146.7 million. Net cash used in investing activities for the nine months ended March 2024 consisted of \$130.0 million paid to Broadcom as a prepayment to acquire developed technologies and to extend the exclusivity for certain products for an additional three-year period, \$16.6 million to purchase short-term investments and \$26.1 million for purchases of property and equipment, partially offset by \$26.0 million in proceeds from the maturities of our short-term investments.

Cash Flows from Financing Activities. Cash used by financing activities for the nine months ended March 2025 and March 2024 was \$313.0 million and \$20.4 million, respectively. Net cash used by financing activities for the nine months ended March 2025 consisted of \$583.5 million used to repay the remaining outstanding balance of our Term Loan Facility, \$112.3 million used to repurchase our common stock, exclusive of excise taxes, \$49.9 million used for the payment of capped call transactions associated with our 2031 Notes, partially offset by \$439.5 million in net proceeds from issuance of our 2031 Notes.

Cash used in financing activities during the nine months ended March 2024 was \$20.4 million. Net cash used by financing activities for the nine months ended March 2024 consisted of \$33.7 million used for payroll taxes on the delivery of the underlying shares for share-based awards, partially offset by \$15.9 million proceeds from issuance of shares.

Common Stock Repurchase Program. As of April 2023, our board of directors had cumulatively authorized \$2.3 billion for our common stock repurchase program, which will expire in July 2025. The program authorizes us to purchase our common stock in the open market or in privately negotiated transactions, depending upon market conditions and other factors. The number of shares purchased, and the timing of purchases, are based on the level of our cash balances, general business and market conditions, and other factors. Common stock purchased under this program is held as treasury stock. From April 2005 through March 2025, we purchased, net of issuances for settlement of our convertible notes, 31,649,301 shares of our common stock in the open market for an aggregate cost of \$990.3 million. During the nine months ended

March 2025, we repurchased 1,532,862 shares of our common stock in the open market for an aggregate cost of \$112.3 million. As of March 2025, the remaining available authorization under our common stock repurchase program was \$781.6 million.

Senior Notes. In March 2021, we completed an offering of \$400.0 million aggregate principal amount of 4.0% senior notes due 2029, or the Senior Notes, in a private offering. The Senior Notes were issued pursuant to an Indenture, dated as of March 11, 2021, by and among our company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee. The Senior Notes requires bi-annual interest only payments in June and December of each year. For the nine months ended March 2025, we paid interest expense of \$8.0 million on the Senior Notes.

Bank Credit Facility. On November 21, 2024, we entered into the Fourth Amendment to our Credit Agreement. The Fourth Amendment extends the maturity date of the Credit Agreement and, among other things, increases the revolving commitments from \$250.0 million to \$350.0 million. Under the terms of the Fourth Amendment we may, subject to the satisfaction of certain conditions, request increases in the revolving credit facility commitments in an aggregate principal amount of up to \$170.0 million. Future proceeds under the revolving credit facility are available for working capital and general corporate purposes. As of March 2025, there was no balance outstanding under the revolving credit facility.

2031 Notes. On November 19, 2024 and November 26, 2024, we issued and sold \$400.0 million and \$50.0 million, respectively, in aggregate principal amount of 0.75% Convertible Senior Notes due 2031, or the 2031 Notes, in a private placement. The 2031 Notes are unsecured, bear interest at a rate of 0.75% per year, payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2025, and will mature on December 1, 2031, unless earlier converted, redeemed or repurchased by us.

The net proceeds from the 2031 Notes were approximately \$435.6 million after deducting the debt issuance costs and our estimated offering expenses. We used approximately (i) \$67.0 million to repurchase shares of our common stock with which we repurchased 890,484 shares at \$75.24 a share, and (ii) \$49.9 million to pay the cost of the capped call transactions. Additionally, the remainder of the net proceeds, together with our cash on hand, were used to repay the outstanding balance of our Term Loan Facility.

In connection with the issuance of the 2031 Notes, we entered into privately negotiated capped call transactions with certain financial institutions. The 2031 Capped Calls are expected to partially offset the potential dilution to our common stock upon any conversion of the 2031 Notes, with such offset subject to a cap based on the cap price.

Term Loan Facility. In connection with our issuance of the 2031 Notes, we used a portion of the net proceeds from the 2031 Notes, along with our cash on hand, to repay the outstanding balance of our Term Loan Facility.

See Note 12. Debt in the Notes to the Unaudited Condensed Consolidated Financial Statements for additional information on our outstanding debt obligations.

Working Capital Needs. We believe our existing cash and cash equivalents, anticipated cash flows from operating activities, anticipated cash flows from financing activities, and available credit under our revolving credit facility, will be sufficient to meet our working capital and other cash requirements, and our debt service obligations for at least the next 12 months. Our future capital requirements will depend on many factors, including our revenue, the timing and extent of spending to support product development efforts, costs associated with restructuring activities net of projected savings from those activities, costs related to protecting our intellectual property, the expansion of sales and marketing activities, timing of introduction of new products and enhancements to existing products, costs to ensure access to adequate manufacturing, costs of maintaining sufficient space for our workforce, the continuing market acceptance of our product solutions, our common stock repurchase program, and the amount and timing of our investments in, or acquisitions of, other technologies or companies. Further equity or debt financing may not be available to us on acceptable terms. If sufficient funds are not available or are not available on acceptable terms, our ability to fund our future long-term working capital needs, take advantage of business opportunities or to respond to competitive pressures could be limited or severely constrained.

The undistributed earnings of our foreign subsidiaries are not currently required to meet our United States working capital and other cash requirements, but should we repatriate a portion of these earnings, we may be required to pay certain previously accrued state and foreign taxes, which would impact our cash flows.

Contractual Obligations and Commercial Commitments

Our material contractual obligations and commercial commitments as of March 2025 were as follows (in millions):

Contractual Obligations	Payments due by period				
	Total	Less than 1 year	1-3 Years	3-5 Years	Thereafter
Long-term debt ⁽¹⁾	\$ 945.8	\$ 9.8	\$ 38.8	\$ 438.8	\$ 458.4
Leases	54.7	4.2	21.8	13.5	15.2
Purchase obligations and other commitments ⁽²⁾	49.7	18.0	31.7	—	—
Total	<u>\$ 1,050.2</u>	<u>\$ 32.0</u>	<u>\$ 92.3</u>	<u>\$ 452.3</u>	<u>\$ 473.6</u>

(1) Represents the interest and principal payable through the maturity date of the underlying contractual obligation.

(2) Purchase obligations and other commitments include payments due for inventory purchase obligations with contract manufacturers, long-term software tool licenses, and other licenses.

The amounts in the table above exclude gross unrecognized tax benefits related to uncertain tax positions of \$44.7 million. As of March 2025, we were unable to make a reasonably reliable estimate of when cash settlement with a taxing authority may occur in connection with our gross unrecognized tax benefit.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of March 29, 2025, our market risk related to interest rates on our cash and cash equivalents, and foreign currency exchange risks has not changed materially from the risks disclosed in Item 7A of our Annual Report on Form 10-K for the fiscal year ended June 29, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our Principal Executive Officer and Principal Financial Officer, as of March 29, 2025, concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

We assessed, with the participation of our Principal Executive Officer and Principal Financial Officer, any change in our internal control over financial reporting as of the end of the fiscal quarter covered by this Report.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period ended March 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are party to various litigation matters and claims arising from time to time in the ordinary course of business. While the results of such matters cannot be predicted with certainty, we believe that the final outcome of such matters will not have a material adverse effect on our business, financial condition, results of operations or cash flows.

ITEM 1A. RISK FACTORS

We refer you to the Company's risk factors set forth in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended June 29, 2024 for material risks that may affect our business. There have been no material changes from the risk factors previously disclosed, except as described below.

Changes to International Trade Policy, Tariffs, and Export Controls Could Materially and Adversely Affect Our Business, Customers, Supply Chain, Stock Price and Financial Results

In the first quarter of 2025, the United States government announced additional tariffs on goods imported into the U.S. from numerous countries, and multiple countries countered with reciprocal tariffs and other actions in response. Changes in trade policies and a heightened risk of further increased tariffs or other trade restrictions could further reduce international demand, potentially resulting in our customers adjusting purchasing behaviors for our products in response to these regulatory shifts. Furthermore, evolving export controls and the implementation of new tariffs may increase compliance costs and adversely impact our business and operating results.

It is unclear how or to what extent these changing trade policies and regulations could impact our business at this time. Additional risks and uncertainties - whether currently unknown or considered immaterial - could materially and adversely affect our business, financial condition, or operating results. These may include adverse macroeconomic conditions, such as tariffs, trade disruptions, and inflationary pressures, which may affect demand for our products or increase our product or labor costs, negatively impacting our revenues, gross margins, and overall financial results. If any of these risks occur, our business, financial condition, operating results, and cash flows could be materially adversely affected, and the trading price of our common stock could decline.

Risks Related to Ownership of Our Convertible Senior Notes

Servicing our debt may require a significant amount of cash. We may not have sufficient cash flows from our business to pay our indebtedness, and we may not have the ability to raise the funds necessary to settle conversions of the convertible senior notes in cash or to repurchase the convertible senior notes for cash upon a fundamental change, which could adversely affect our business and results of operations.

In November 2024, we issued \$450.0 million in aggregate principal amount of the 2031 Notes in a private offering. The 2031 Notes mature on December 1, 2031, and bear interest at a fixed rate of 0.75% per annum, payable semiannually in arrears on June 1 and December 1 of each year, beginning on June 1, 2025.

Our ability to make scheduled payments of interest under our 2031 Notes, or to refinance such indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control, including those described in this report. Our business may not generate cash flows from operations in the future that are sufficient to service our indebtedness and make necessary capital expenditures. If we are unable to generate sufficient cash flows, we may be required to pursue one or more alternatives, such as selling assets, restructuring debt or obtaining additional debt financing or equity capital on terms that may be highly dilutive to existing holders of our common stock. Our ability to obtain additional financing or refinance the 2031 Notes, or any future indebtedness, will depend on conditions in the capital markets and our financial condition at such time, among other factors. We may not be able to engage in any of these activities on favorable terms or at all, which could result in a default on our debt obligations or other material adverse effects on our business and financial condition.

Subject to certain conditions, holders of the 2031 Notes have the right to require us to repurchase for cash all or any portion of their 2031 Notes upon the occurrence of a fundamental change at a make-whole premium through an increase to the conversion rate (as defined in the indenture governing the 2031 Notes), plus accrued and unpaid interest, if any, to, but excluding, the applicable fundamental change repurchase date.

Upon conversion of the 2031 Notes in accordance with their terms, unless we elect to solely deliver shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional shares), we will be required to settle a portion or all of our conversion obligation through the payment of cash. We may not have enough available cash or be able to obtain financing at the time we are required to make repurchases in connection with such

conversions and our ability to pay may be further limited by law, regulatory authority or agreements governing our future indebtedness. Our failure to repurchase any convertible senior notes at a time when the repurchase is required by the applicable indenture or to pay any cash payable on any future conversions as required by such indenture would constitute a default under such indenture. A default under the applicable indenture would, and the occurrence of the fundamental change itself may, lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness or repurchase the convertible senior notes when required, or to make cash payments upon conversions thereof.

If triggered, the conditional conversion features of the convertible senior notes may adversely affect our financial condition and operating results.

If and to the extent the conditional conversion features of our 2031 Notes are triggered, holders of such convertible senior notes will be entitled to convert their convertible senior notes at any time during specified periods at their option. The holders of the 2031 Notes are not entitled to convert their convertible senior notes during the third quarter of fiscal 2025. Whether our 2031 Notes will be convertible after the third quarter of fiscal 2025 will depend on the satisfaction of the applicable conversion conditions.

To the extent that the conditional conversion features of either or both series of our convertible senior notes are triggered in the future, holders of such convertible senior notes will be entitled to convert their convertible senior notes at any time during the specified periods at their option. If one or more holders elect to convert their convertible senior notes during any such specified period, we have the option to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. Any election to settle conversions of convertible senior notes with cash could adversely affect our liquidity.

Transactions relating to the convertible senior notes may dilute the ownership interests of our existing stockholders or adversely affect the market price of our common stock; the trading price of our convertible senior notes may be affected by volatility in the price of our common stock.

The conversion of some or all of the convertible senior notes would dilute the ownership interests of our existing stockholders to the extent we satisfy our conversion obligation by delivering shares of our common stock. In this regard, if holders of the 2031 Notes elect to convert their notes, we may settle our conversion obligations by delivering to them cash, shares of our common stock or a combination thereof. In addition, we may issue shares of our common stock in connection with repurchases, exchanges or other transactions involving the 2031 Notes. Historically, we have elected to satisfy our convertible senior note conversion obligations through the payment of cash in certain circumstances, the issuance of shares of common stock in other circumstances, or a combination thereof, to such convertible senior note holders.

In addition, in connection with the issuance of each series of the convertible senior notes, we entered into capped call transactions with certain financial institutions, or the Option Counterparties. The capped call transactions are expected generally to reduce the potential dilution to holders of our common stock upon any conversion or settlement of the convertible notes and/or offset any cash payments we are required to make in excess of the principal amount of such convertible senior notes, as the case may be, with such reduction, offset or a combination thereof subject to a cap under the terms of the capped call transactions. We expect that the Option Counterparties or their respective affiliates may from time to time purchase shares of our common stock, enter into various derivative transactions with respect to our common stock or a combination thereof in connection with their hedging activities relating to the capped call transactions. The Option Counterparties or their respective affiliates also may modify their hedge positions by entering into or unwinding such derivative transactions, purchasing or selling our common stock or other securities of ours in secondary market transactions or a combination thereof prior to the applicable maturity of the convertible senior notes. These activities could negatively affect the market price of our common stock.

Volatility and declines in the trading price of our common stock may result in decreases in the trading prices of our convertible senior notes. Our convertible senior notes do not trade in a liquid market and are thus subject to increased volatility, particularly when our common stock price is volatile.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

From April 2005 through April 2023, our board of directors cumulatively authorized the repurchase of up to \$2.3 billion of our common stock under our stock repurchase program, which will expire at the end of July 2025. As of March 2025, the remaining amount authorized for the repurchase of our common stock was \$781.6 million. During the three months ended March 2025, repurchases under our common stock repurchase program, excluding excise taxes, were as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of shares that May Yet Be Purchased Under the Plans or Programs
December 29, 2024 - January 25, 2025	125,488	77.31	125,488	\$ 809,753,437
January 26, 2025 - February 22, 2025	65,152	\$ 73.64	65,152	\$ 804,955,679
February 23, 2025 - March 29, 2025	355,103	\$ 65.77	355,103	\$ 781,601,994
Total	545,743			

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 5. OTHER INFORMATION

Trading Arrangements

During the fiscal quarter ended March 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K), except for as described below:

Name	Title	Action	Date	Trading Arrangement		Total Shares to be Sold	Expiration Date
				Rule 10b5-1*	Non-Rule 10b5-1**		
Michael Hurlston (1)	Former President and Chief Executive Officer	Terminated	February 10, 2025	X		55,000	February 27, 2026
Lisa Bodensteiner	SVP, Chief Legal Officer and Secretary	Terminated	March 4, 2025	X		19,562	February 27, 2026

* Intended to satisfy the affirmative defense of Rule 10b5-1(c).

** Not intended to satisfy the affirmative defense of Rule 10b5-1(c).

(1) On January 28, 2025, Michael Hurlston notified the Company of his resignation from his position as President and Chief Executive Officer and from the board of directors of the Company, effective February 3, 2025.

ITEM 6. EXHIBITS

3.1	Synaptics Incorporated Amended and Restated Certificate of Incorporation (incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on October 26, 2023)
3.2	Third Amended and Restated Bylaws (incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on August 2, 2010)
10.1*	Letter Agreement between Synaptics Incorporated and Ken Rizvi, dated March 10, 2025 (incorporated by reference to the registrant's Current Report on Form 8-K/A as filed with the SEC on March 13, 2025)
10.2*	Letter Agreement between Synaptics Incorporated and Nelson Chan, dated March 10, 2025 (incorporated by reference to the registrant's Current Report on Form 8-K/A as filed with the SEC on March 13, 2025)
10.3*	Form of Indemnification Agreement (Directors) (incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on April 18, 2025)
10.4*	Form of Indemnification Agreement (Officers) (incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on April 18, 2025)
10.5*	Form of Change in Control and Severance Agreement (incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on April 18, 2025)
10.6*	Form of Retention Restricted Stock Unit Award Agreement under the Synaptics Incorporated Amended and Restated 2019 Equity and Incentive Compensation Plan (incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on April 18, 2025)
31.1	Certification of Chief Executive Officer and Chief Financial Officer
32.1#	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer
101.INS Inline	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH Inline	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Indicates a contract with management or compensatory plan or arrangement.

This information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

SIGNATURES

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

SYNAPTICS INCORPORATED

Date: May 8, 2025

By:	<u>/s/ Ken Rizvi</u>
Name:	Ken Rizvi
Title:	Interim Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer)

Certification of Chief Executive Officer and Chief Financial Officer

I, Ken Rizvi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synaptics Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

/s/ Ken Rizvi

Ken Rizvi

Interim Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer)

Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

In connection with the Quarterly Report on Form 10-Q of Synaptics Incorporated (the “Company”) for the quarterly period ended March 29, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ken Rizvi, Interim Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer) of the Company, certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ken Rizvi

Ken Rizvi

Interim Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer)

May 8, 2025