These Prepared Remarks contain forward-looking statements, including, but not limited to, statements regarding Synopsys, Inc.'s ("***Synopsys***", *"**our**" or "**we**")* short-term and long-term financial targets, expectations and objectives; our businesses, business segments, strategies, initiatives and opportunities, including, among other things, our plan to reallocate resources in our Design IP segment to higher growth opportunities; harness AI efficiencies, and undertake actions that will impact our workforce; industry growth and technological trends; our market outlook; the macroeconomic environment and global economic conditions; the impact of current and future U.S. and foreign trade regulations, government actions and regulatory changes, such as export control restrictions and tariffs, including the anticipated impact of China export control restrictions; the Ansys Merger and its expected impact; planned dispositions and their expected impact, including the pending sales to Keysight Technologies, Inc. of our Optical Solutions Group and the Ansys PowerArtist RTL business and their potential impact on our ability to realize the benefits of the Ansys Merger; our key customers, customer concentration, customer demand and market expansion; product development and our planned product releases and capabilities; the expected realization of our contracted but unsatisfied or partially unsatisfied performance obligations (backlog); planned stock repurchases; our expected tax rate; and the impact and result of pending legal, regulatory, administrative and tax proceedings. These statements involve risks, uncertainties and other factors that could cause our actual results, time frames or achievements to differ materially from those expressed or implied in such forward-looking statements. Such risks, uncertainties and factors include, but are not limited to: macroeconomic conditions and geopolitical uncertainty in the global economy; uncertainty in the growth of the semiconductor and electronics industries; the highly competitive industry we operate in; actions by the U.S. or foreign governments, such as the imposition of additional export restrictions or tariffs; consolidation among our customers and our dependence on a relatively small number of large customers; risks and compliance obligations relating to the global nature of our operations; failure to realize the benefits expected from the Ansys Merger or unexpected difficulties or expenditures arising therefrom; and more. Additional information on potential risks, uncertainties and other factors that could affect Synopsys' results is included in filings we make with the Securities and Exchange Commission (the "***SEC***") from time to time, including in the sections entitled "Risk Factors" in our latest Annual Report on Form 10-K and in our latest Quarterly Report on Form 10-Q. The financial information contained in these Prepared Remarks should be read in conjunction with the consolidated financial statements and notes thereto included in Synopsys' most recent reports on Forms 10-K and 10-Q, each as may be amended from time to time. Synopsys' financial results for its third quarter of fiscal year 2025 are not necessarily indicative of Synopsys' operating results for any future periods. The information provided herein is as of September 9, 2025. Although these Prepared Remarks are expected to remain available on Synopsys' website through the date of the earnings results call for the fourth quarter and fiscal year 2025, their continued availability through such date does not mean that Synopsys is reaffirming or confirming their continued validity. Synopsys undertakes no duty, and does not intend, to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by law.

These Prepared Remarks also contain non-GAAP financial measures as defined by the SEC in Regulation G. Reconciliations of certain non-GAAP financial measures to their most closely applicable GAAP measures are included in the third quarter of fiscal year 2025 earnings release and financial supplement, each dated September 9, 2025 and available on Synopsys' website at www.synopsys.com. Additional information about such reconciliations can be found in Exhibit 99.1 of Synopsys' Current Report on Form 8-K, filed with the SEC on September 9, 2025

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Good afternoon. Q3 was a transformational, milestone quarter for Synopsys. Against an unprecedented and challenging geo-political backdrop, we closed the Ansys acquisition – expanding our revenue, our customer base and our long-term opportunity. We delivered third quarter revenue of $1.74 billion and non-GAAP EPS of $3.39.

Our results were primarily impacted by underperformance in the IP business as we had the expectation of deals that did not materialize, driven largely by the following three factors: new export restrictions disrupted design starts in China, compounding China weakness; challenges at a major foundry customer are also having a sizeable impact on the year; and finally, we made certain roadmap and resource decisions that did not yield their intended results. We are actively pivoting our IP resources and roadmap towards the highest-growth opportunities, which I'll discuss in more detail.

Looking ahead, we believe we have de-risked our forecast knowing that transformation takes time and the external headwinds I cited will continue. We are taking a more cautious view of Q4, while still expecting to deliver a record-revenue year. Let me provide more color on our Q3 execution and the actions we are taking to accelerate our strategy, before Shelagh covers the financials in more detail.

Zooming out, AI continues to drive unprecedented investment in infrastructure and R&D. Demand for high-performance computing and AI applications continues, while semiconductor demand in markets like industrial and automotive remains subdued. Despite the uncertainties and industry dynamics that we must navigate, I remain very optimistic about Synopsys' future.

The increasing complexity, cost, and time-to-market pressure of designing and delivering AI-powered systems is a trend that persists across industries and underpins our opportunity. Now more than ever, we believe Synopsys will be a mission-critical partner in addressing these challenges. Adding Ansys' gold-standard simulation and analysis solutions to our portfolio dramatically expands our long-term growth opportunity. We are now not only the EDA leader; we are the global leader in engineering solutions from silicon to systems. This acquisition marks a significant milestone for not only Synopsys, but also our customers and the industry. As products evolve into more sophisticated intelligent systems, their designs grow increasingly complex while development cycles continue to accelerate. The rise of physical AI underscores the importance of our combined expertise. R&D teams must not only optimize product design for performance and efficiency, but also consider the real-world interactions of these products. That's why, for example, we're embedding NVIDIA Omniverse technology into our Ansys simulation solutions, making it easier to develop, train, test, and validate autonomous systems with greater speed and confidence. Not only can we deliver new innovation, with Ansys now part of Synopsys, we have diversified our portfolio and our global customer base. Together, we will maximize the capabilities of engineering teams across industries – from semiconductor, to automotive, industrial, aerospace and beyond - enabling them all to rapidly innovate AI-powered products.

Let's move on to business highlights. Design Automation revenue, inclusive of Ansys' products, was up 23% year over year, led by strength in hardware as the complexity of designing silicon for AI workloads drives demand for Synopsys' powerful emulation and prototyping solutions. In Q3, we achieved multiple competitive wins with leading hyperscalers and shipped record ZeBu Server 5 and HAPS-200/ZeBu-200 units.

EDA continues to demonstrate resiliency. Our Q3 results reinforce our leadership in next-generation chip design. Synopsys continues to win competitive bids for full-flow digital implementations, including a multi-year commitment with a leading AI customer. Synopsys' signoff and extraction platforms also continue to set the industry standard, with broader customer deployments and successful tape-outs on advanced designs.

Synopsys' leading AI capabilities are a key differentiator. Today, roughly 20 customers are broadly piloting Synopsys.ai's GenAI-powered capabilities. These capabilities pave the way for AgentEngineer technology. We believe the evolution of AI from a 'helper' to a 'doer' will truly transform engineering workflows.

Multi-die momentum also continued in Q3. We enabled multiple, successful multi-die tape outs for leading AI/semi companies. Customers are enthusiastic about the promise of integrating our semiconductor timing and power signoff capabilities with Ansys' gold standard of thermal signoff, and we expect to deliver our first fully-integrated solution in the first half of next year.

I'll turn now to Simulation & Analysis products, which empower users to build and test products virtually. These solutions represent the largest portion of our Ansys acquisition and performed in line with our expectations for the quarter. As is typically the case, the largest contributors were in the high-tech, aerospace, and automotive verticals. In Q3, we released Ansys 2025 R2, providing customers access to groundbreaking advancements in AI-driven simulation, GPU acceleration, system-level modeling, and cloud computing. These newly released products extend Synopsys' AI leadership into simulation and analysis to help customers more efficiently develop and deliver their innovations.

Turning to Design IP, which was down 8% year-over-year due to the headwinds I previously mentioned. Again, we need to pivot our IP resources and roadmap to the highest-growth opportunities. These changes are already underway. Let me give some context.

Zooming out, evolving data center architectures, particularly those focused on AI, are accelerating the demand for faster data movement. This trend is driving strong demand for high-speed protocol IP and solutions that enable both scaling up and scaling out of large-scale systems. At the same time, the semiconductor and IP landscape is undergoing profound change. What was once a business rooted in individual IP licensing is rapidly evolving. The industry is increasingly requiring more sophisticated subsystems and chiplet-based solutions to combat complexity and accelerate time-to-market.

In summary, our high-performance, silicon-proven IP portfolio positions us as the leader in the fast-growing Interface IP market. We support a broad spectrum of applications, including HPC, Edge AI, Automotive, Mobile, and Consumer. By re-targeting our resources and portfolio toward higher-value solutions, we are further strengthening our leadership in advanced interface and foundation IP.

Before handing over to Shelagh, I want to address the company-wide steps we are taking to achieve greater scale and efficiency to accelerate our silicon-to-systems strategy and drive long-term growth. Synopsys' transformation, which began with the divestiture of the Software Integrity Group, followed by our strategic acquisition of Ansys, continues. Specifically, we are conducting a strategic portfolio review and will be taking actions to focus our investments and our execution on the highest growth opportunities. We look forward to delivering with Ansys a differentiated, design solutions roadmap and remain firmly committed to realizing the projected synergies of the merger. In addition, our enterprise-wide initiative to develop and deploy custom GenAI is boosting productivity. We will continue harnessing AI efficiencies to optimize our cost structure. Taken together, we expect to undertake related actions starting soon that will reduce our global headcount roughly 10% by the end of fiscal year 2026.

A few closing thoughts: Synopsys is transforming. With Ansys, we are now the leader in engineering solutions from silicon to systems. We've expanded our opportunity, broadened our portfolio and increased the resiliency of our business. We remain focused on maintaining our leadership position while pioneering new solutions that will shape the next wave of innovation. Near-term, we are deeply committed to prioritizing our IP execution and improving our efficiency to scale the business, accelerate our strategy and capitalize on the highest-growth opportunities.

Thank you to our employees, customers, and partners for your continued commitment. Engineering is undergoing unprecedented transformation and Synopsys is seizing the opportunity to re-engineer engineering.

Now over to Shelagh.

Thank you, Sassine. Q3 revenue came in at $1.74 billion, non-GAAP operating margin at 38.5%, and non-GAAP EPS at $3.39. Backlog came in at $10.1 billion including Ansys, underscoring the resilience of our business. Our results were impacted by underperformance in the IP business due to the headwinds Sassine outlined. Tailwinds from a strong quarter in our Design Automation segment and the close of the Ansys acquisition partially offset these headwinds. In light of these headwinds and tailwinds, we are taking a conservative view on Q4 and updating our full-year 2025 targets for revenue, operating margin, EPS and free cash flow.

I'll now review our third quarter results. All comparisons are year-over-year, unless otherwise stated. We generated total revenue of $1.74 billion, up 14%, with strong growth in Design Automation. Regionally we saw strength in Europe and North America, and despite sequential improvement in China, headwinds persist. Total GAAP costs and expenses were $1.57 billion. Total non-GAAP costs and expenses were $1.07 billion, resulting in a non-GAAP operating margin of 38.5%. GAAP earnings per share were $1.50, and non-GAAP earnings per share were $3.39. Earnings included the impact of lower cash on our balance sheet and the additional $4.3 billion term loan used to fund a portion of the cash consideration and expenses associated with the Ansys acquisition.

Now, onto our segments. Design Automation segment revenue was $1.31 billion, up 23%, with strong performance from our hardware business. Design Automation adjusted operating margin was 44.5%. Design IP segment revenue was $428 million, down 8%. As mentioned before, our IP business faced several headwinds. In response we are taking a more conservative view of Q4 and we are re-aligning our IP resources to the highest-growth opportunities and improving our execution. Third quarter Design IP adjusted operating margin was 20.1% due to lower-than-expected revenue and the investments we are making in the IP roadmap.

Moving to cash. Free cash flow was approximately $632 million. We ended the quarter with cash and short-term investments of $2.6 billion, and debt of $14.3 billion.

Now to guidance, which has been updated to include Ansys as well as factoring the continuation of headwinds previously discussed. For fiscal year 2025, the full year targets are: revenue of $7.03 to $7.06 billion; total GAAP costs and expenses between $6.08 and $6.10 billion; total non-GAAP costs and expenses between $4.43 and $4.44 billion; non-GAAP tax rate of 16%; GAAP earnings of $5.03 to $5.16 per share; non-GAAP earnings of $12.76 to $12.80 per share; cash flow from operations of approximately $1.13 billion, and free cash flow of approximately $950 million, lower than prior expectations due to lower revenue and the interest impact of cash utilization and additional debt for the Ansys acquisition.

Now to the targets for the fourth quarter: revenue between $2.23 and $2.26 billion; total GAAP costs and expenses between $2.12 and $2.14 billion; total non-GAAP costs and expenses between $1.44 and $1.45 billion; GAAP earnings of ($0.27) to ($0.16) per share; and non-GAAP earnings of $2.76 to $2.80 per share. Our press release and financial supplement include additional targets and GAAP to non-GAAP reconciliations.

With the Ansys acquisition now closed, we remain confident in achieving the committed synergies of the merger. This is despite the delay in completing the follow-on divestitures of the Optical Solutions Group and PowerArtist business, which is elongating the full integration of Ansys, as we work to obtain a final regulatory approval of the buyer.

In conclusion, this was a milestone quarter for Synopsys. We are clear-eyed about the challenges we face and the actions we must take to: align our portfolio to the highest-growth opportunities, optimize our cost structure to drive greater scale and efficiency, which will include reducing our global headcount roughly 10% by end of fiscal year 2026 and – importantly – to extend our leadership position in engineering solutions from silicon to systems, delivering a differentiated, design solutions roadmap with Ansys.

The team is laser focused on executing a strong finish to the year and delivering resilient, long-term growth for our shareholders. With that, I'll turn it over to the operator for questions.