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, partnerships, initiatives and opportunities, including, among other things, the reallocation of resources in our Design IP segment to higher growth opportunities and planned restructuring activities; 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 integration and its expected impact, including expected synergies and the timing thereof and our ability to create joint solutions as a combined company; planned dispositions and their expected impact; 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 our recent acquisition of Ansys or unexpected difficulties or expenditures arising therefrom; risks related to inaccuracies in, or failures to achieve, our operational and business metrics or forecasts of growth; 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 fourth quarter and fiscal year 2025 are not necessarily indicative of Synopsys' operating results for any future periods. The information provided herein is as of December 10, 2025. Although these Prepared Remarks are expected to remain available on Synopsys' website through the date of the earnings results call for the first quarter of fiscal year 2026, 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 fourth quarter and fiscal year 2025 earnings release and financial supplement, each dated December 10, 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 December 10, 2025.

****

Good afternoon. In 2025, we redefined Synopsys. With Ansys, Synopsys has transformed from an EDA leader to the leader in engineering solutions from silicon to systems. We achieved record annual revenue of $7.05 billion and exited FY25 with more than $11 billion in backlog. In Q4, we made strong progress executing the actions we identified to accelerate our strategy and drive long-term growth. More specifically, Ansys integration is well underway following completion of the planned divestitures of the Optical Solutions and PowerArtist businesses. We've also initiated restructuring actions to drive efficiency and accelerate our committed synergies. And recently, we welcomed industry veteran Mike Ellow as our new Chief Revenue Officer.

Fourth quarter revenue was in-line with our guidance and EPS came in slightly ahead of guidance. Looking ahead to FY26, we're guiding revenue of $9.61 billion at the midpoint, which factors the addition of Ansys, the completed divestitures, and continued pragmatism around China.

Zooming out, we are operating amidst a multi-trillion-dollar AI infrastructure buildout, which is driving robust semiconductor demand and design starts for both specialized and general-purpose compute. We're also seeing stronger semiconductor demand in mobile and automotive, while markets like industrial, and China broadly, remain subdued. AI will revolutionize every industry - demanding more compute performance while compounding engineering complexity. AI is driving chips to the atomic level while scaling from factory to edge to intelligent devices, everywhere. As AI evolves from large language models to world models, engineering AI's future is not just a software challenge; it's a physics challenge. AI makes it both possible and imperative that we re-engineer how engineering is done. Building complex, AI-powered systems with the right performance, scale and efficiency requires new tools with multi-domain integration and new workflows to enable tight software and hardware co-design. That's why we are so excited about the combination of Synopsys and Ansys.

Ansys diversified our revenue, expanded our customer base and supercharged our opportunity. Together, we can bridge digital and physical design to help engineering teams, across industries, deliver better products, faster and at lower cost. Our recently announced strategic partnership with NVIDIA further positions us to revolutionize design and engineering with AI and accelerated computing. Now more than ever, Synopsys is mission critical to technology innovation.

I'll briefly share some Q4 business highlights and then Shelagh will provide the financial details. First, Design Automation. In Q4, we saw continued strong demand in hardware assisted verification, driven by the increasing engineering complexity of AI and high-performance computing. Our HAV business ended a record year with 12 competitive wins in the fourth quarter. We're also seeing continued demand for virtual prototyping among automotive and high-performance compute customers looking to accelerate their software development. Our leadership on advanced node, multi-die and AI designs drove steady demand and growth in the fourth quarter. Last week's AWS Graviton5 launch is a great example. For years, we've collaborated with AWS to enable their custom silicon development, and Synopsys tools including VCS, PrimeTime, Fusion Compiler, and IC Validator were critical to the design of this new custom chip with impressive gen-on-gen performance gains. Importantly, Synopsys continues to pioneer AI-driven chip design. Nearly 5000 active users among our tier 1 semi customers are applying Synopsys.ai's assistive and creative capabilities to increase their engineering productivity. We also continue to advance AgentEngineer™ technology with partners like NVIDIA and Microsoft. Agentic AI capabilities promise to transform engineering workflows and unlock new business models. The Ansys business continues to demonstrate robust growth across key industries, including industrial, where customers are using simulation to virtualize and optimize production – saving time and money. At Microsoft Ignite, we partnered with Microsoft, NVIDIA, and Krones—a leader in packaging and bottling—to show what's possible. Using Ansys accelerated physics solvers, NVIDIA Omniverse, and Microsoft Azure, Krones built a digital twin of its bottle-filling line to simulate and optimize operations in real time—a powerful example of how open ecosystems and cross-industry collaboration are redefining industrial innovation.

Turning to Design IP, which performed in-line with our adjusted expectations. As interconnect standards evolve at an unprecedented pace, customers count on Synopsys' 'one-generation-ahead' approach. We saw strong momentum in the quarter for PCIe, 224G, and UCIe IP. Notably, we secured 13 PCIe 7.0 design wins during FY25 and established first-to-market position with our silicon-proven 224G IP and the new standard UALink. We also had ten competitive wins in FY25 for LPDDR6 and MRDIMM2 memory IP, which address two critical challenges in AI hardware, data throughput and power efficiency, while also improving reliability and security. As stated last quarter, 2026 is a transitional year for the IP business, and we expect growth to be muted. However, given our leadership position in essential interconnect and foundation IP, our healthy sales pipeline, and a renewed focus on the highest value opportunities, we are confident in our long-term, mid-teens growth target.

To sum it up, we continue to transform and drive our strategy forward with a focus on technology leadership, operational excellence, and financial discipline.

Our priorities for FY26 include advancing our technology leadership by continuing to pioneer the use of AI for engineering workloads, and delivering our first Synopsys / Ansys joint solutions in the first half of 2026 and efficiently scaling to accelerate our strategy through disciplined cost and portfolio management, resulting in sustainable growth and margin expansion.

I want to thank our global team for their commitment and adaptability navigating an unprecedented year of transformation. Together, we've built the foundation for our future success. I'm also grateful to our shareholders, partners, and customers for your continued support, and I look forward to seeing many of you at CES in January. Now over to Shelagh.

Thank you. As Sassine said, 2025 was a transformational year highlighted by the close of the Ansys acquisition, record revenue and strong backlog. Backlog came in at $11.4 billion, up from $10.1 billion last quarter, driven by strength in bookings across the business. We are acutely focused on executing with financial discipline as we head into fiscal year 2026. We are well into delivering on our plan to improve efficiency with the previously announced workforce reductions. These decisions are never easy, and I'm thankful to the Synopsys team as we execute these actions and accelerate realizing our cost synergy commitment.

Let me provide some highlights of our fourth quarter and full-year 2025. All comparisons are year-over-year, unless otherwise noted. As a reminder, full year comparisons do not adjust for the eight extra days in fiscal 2024. In 2025, we generated total revenue of $7.05 billion, up approximately 15%, which included $757 million of Ansys revenue. Q4 revenue was $2.25 billion, coming in at the high end of our guidance. Ansys Q4 revenue was $668 million. Geographically, China continued to be challenged consistent with our commentary last quarter. China ended 2025 down 18%. Excluding Ansys, China was down 22% this year. 2025 total GAAP costs and expenses were $6.14 billion, and total non-GAAP costs and expenses were $4.42 billion, resulting in non-GAAP operating margin of 37.3%. Q4 GAAP costs and expenses were $2.13 billion, and total non-GAAP costs and expenses were $1.43 billion, resulting in non-GAAP operating margin of 36.5%. Q4 and full year 2025 GAAP earnings per share were $2 and 39 cents and $8 and 7 cents, respectively, which included the gain on sales from the recent divestitures. Q4 and full year non-GAAP earnings per share were 2 and 90 cents and 12 and 91 cents respectively, ahead of guidance on lower expenses.

Now, onto our segments. Full year 2025 Design Automation segment revenue, which includes EDA, Ansys and Other was $5.3 billion , up 26%. Excluding Ansys, Design Automation revenue grew approximately 8% with steady growth in EDA software and a record year in hardware. Design Automation adjusted operating margin was approximately 42% in 2025. Full year Design IP segment revenue was $1.75 billion , down 8% due to a challenging second half with the headwinds highlighted last quarter. The IP business performed in line with our revised Q3 expectations. Design IP adjusted operating margin was approximately 24% in 2025.

Moving to cash. Free cash flow for 2025 was approximately $1.35 billion and came in ahead of expectations primarily due to accelerated timing of collections. We ended the quarter with cash and short-term investments of $2.96 billion, which includes approximately $600 million in proceeds from the sale of the Optical Solutions Group and Ansys' Power Artist business. Total debt ended at $13.5 billion. We repaid approximately $850 million of our term loans in Q4'25, and $900 million in November and plan to pre-pay the balance of $2.55 billion in the first half of 2026. We have incorporated this in our guidance that I will now discuss.

For 2026, the full year targets are total revenue of $9.56 to $9.66 billion; within that, the Ansys revenue contribution is expected to be $2.9 billion at the midpoint, growing double digits. Following the close of the Optical Solutions Group & Power Artist divestitures in October, our Fiscal Year 26 guidance excludes revenue associated with those groups, resulting in an impact of approximately $110 million. We expect the first-half, second-half revenue split to be approximately 48%, 52%. We expect Ansys revenue to be strongest in Q1 given their historical strength in the December quarter, driving the sequential revenue increase. Total GAAP costs and expenses between $8.47 and $8.61 billion; total non-GAAP costs and expenses between $5.69 and $5.75 billion; resulting in non-GAAP operating margin of 40.5% at the mid-point, up approximately 320 basis points vs 2025 driven by the inclusion of Ansys and cost synergy acceleration. We are adopting a normalized non-GAAP tax rate of 18% projected through 2028 to provide consistency across future periods. The 2-point increase is driven by geographic mix of earnings inclusive of Ansys and recent tax law changes. GAAP earnings of $2.49 to $2.90 per share; non-GAAP earnings of $14.32 to $14.40 per share; we expect the first-half, second-half EPS split to be 46 / 54 with the 2nd half benefiting from the debt repayment. Cash flow from operations of approximately $2.2 billion, up approximately $700 million year on year. The cash flow guide includes the impact of certain non-recurring outflows such as restructuring costs of approximately $225 million and $135 million of incremental cash taxes from recent divestitures. We expect CapEx of approximately $300 million, up $130 million vs. 2025 driven by investments primarily in compute infrastructure, resulting in free cash flow of approximately $1.9 billion. Fully diluted shares outstanding are expected to be between 192 and 194 million shares. This includes the impact of the recent share issuance to NVIDIA as part of our strategic partnership. With our plans to accelerate our term loan repayment, we expect the net impact to be accretive to EPS in fiscal year 2026, which is incorporated in the guidance.

Now to the targets for the first quarter: total revenue between $2.365 and $2.415 billion; total GAAP costs and expenses between $2.165 and $2.23 billion; total non-GAAP costs and expenses between $1.395 and $1.425 billion; GAAP earnings of $0.22 to $0.41 per share; and non-GAAP earnings of $3.52

cents to $3.58 per share. Our press release and financial supplement include additional targets and GAAP to non-GAAP reconciliations.

Before we take your questions, I'd like to reiterate our focus on driving sustainable growth and margin expansion through unmatched innovation and disciplined execution. 2025 was a transformational year that redefined Synopsys. In 2026, we will expand our position as the leader in engineering solutions from silicon to systems. With that, I'll turn it over to the operator for questions.