

FINANCIAL SUPPLEMENT Q3 FY2026

August 26, 2026



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I. FISCAL YEAR 2026 SELECTED FINANCIAL TARGETS ⁽¹⁾

	Q4 FY2026	FY2026
Revenue (million) ⁽²⁾	\$2,530 - \$2,580	\$9,690 - \$9,740
GAAP Expenses (million)	\$2,225 - \$2,300	\$8,667 - \$8,742
Non-GAAP Expenses (million)	\$1,450 - \$1,480	\$5,670 - \$5,700
Non-GAAP Interest and Other Income (Expense), Net (million)	(\$119) - (\$115)	(\$485) - (\$481)
Non-GAAP Tax Rate	18%	18%
Fully Diluted Outstanding Shares (million)	192 - 194	192 - 194
GAAP Operating Margin		Midpoint: ~10.4%
Non-GAAP Operating Margin		Midpoint: ~41.5%
GAAP Earnings Per Share	\$0.60 - \$0.85	\$3.84 - \$4.08
Non-GAAP Earnings Per Share	\$4.10 - \$4.16	\$15.04 - \$15.10
Cash Flow from Operations (million)		~\$2,800
Free Cash Flow (million) ⁽³⁾		~\$2,600
Capital Expenditures (million)		~\$225

(1) Synopsys' fourth quarter and fiscal year 2026 will end on October 31, 2026.

(2) Fiscal year 2026 revenue includes \$2.98 billion of expected Ansys revenue and reflects the impact of approximately \$110 million of the divested Optical Solutions Group and PowerArtist RTL businesses, and \$40 million related to the recently completed divestiture of the Processor IP solutions business.

(3) Free Cash Flow is calculated as cash provided from operating activities less capital expenditures.

II. LONG-TERM FINANCIAL OBJECTIVES⁽¹⁾

Our long-term, multi-year objectives are:

Revenue

Industry-leading double-digit growth
Design Automation: double-digits
Design IP: mid-teens

Margin

Long-term non-GAAP operating margins in mid 40s
Long-term unlevered free cash flow margins in mid 30s

Earnings

Non-GAAP EPS growth in the high-teens range

(1) These multi-year objectives are provided as of August 26, 2026. See GAAP to non-GAAP reconciliations below for more information.

III. REVENUE BY PRODUCT GROUP (Unaudited)⁽¹⁾

Revenue from our products and services is categorized into four groups:

- EDA, which includes digital and custom integrated circuit (IC) design software, verification hardware and software products, manufacturing-related design products, field-programmable gate array (FPGA) design software, artificial intelligence (AI) driven EDA solutions, and professional services;
- Design IP, which includes our logic libraries, embedded memories, wired interface IP, memory interface IP and security IP;
- Ansys, which includes system-on-chip (SoC) and IC analysis and simulation solutions, solutions used to virtually test and optimize designs across various physics domains, such as structural analysis, thermal analysis, and computational fluid dynamics (CFD); and
- Other, which includes university programs, mechatronic simulation, and the impact of gains and losses from foreign currency hedges.

(\$ millions)	FY24	Q125	Q225	Q325	Q425	FY25	Q126	Q226	Q326
EDA ⁽²⁾	\$4,071.5	\$978.7	\$1,073.1	\$1,182.6	\$1,135.4	\$4,369.7	\$1,098.8	\$1,162.4	\$1,282.5
% of Revenue	66.4%	67.3%	66.9%	68.0%	50.3%	62.0%	45.6%	51.0%	51.8%
Design IP	\$1,906.3	\$435.1	\$482.0	\$427.6	\$407.1	\$1,751.8	\$407.0	\$454.2	\$473.8
% of Revenue	31.1%	29.9%	30.0%	24.6%	18.1%	24.8%	16.9%	20.0%	19.1%
Ansys ⁽²⁾				\$88.9	\$667.7	\$756.6	\$885.6	\$652.4	\$711.1
% of Revenue				5.1%	29.6%	10.7%	36.8%	28.7%	28.7%
Other ⁽³⁾	\$149.6	\$41.5	\$49.2	\$40.6	\$44.7	\$176.1	\$17.4	\$7.0	\$9.3
% of Revenue	2.5%	2.8%	3.1%	2.3%	2.0%	2.5%	0.7%	0.3%	0.4%
Total	\$6,127.4	\$1,455.3	\$1,604.3	\$1,739.7	\$2,254.9	\$7,054.2	\$2,408.8	\$2,276.0	\$2,476.8

- (1) Amounts included in the table above may not foot due to rounding. Product revenue data for multi-product transactions reflect internal allocations and are based upon certain assumptions and management's methodology. In addition, we allocate maintenance revenue to the products to which those maintenance services relate.
- (2) Our Ansys product group represents the acquired Ansys product portfolio, including the SoC and IC analysis and simulation solutions. In the third quarter of fiscal year 2025, SoC and IC analysis and simulation solutions were reported as a part of the EDA product group and the remaining Ansys products were previously categorized as Simulation & Analysis.
- (3) Our Other product group also includes revenue from Synopsys' Optical Solutions Group through October 17, 2025 at which time it was divested.

IV. REVENUE BY GEOGRAPHIC REGION (Unaudited)⁽¹⁾

(\$ millions)	FY24	Q125	Q225	Q325	Q425	FY25	Q126	Q226	Q326
North America	\$2,781.0	\$622.6	\$655.1	\$824.7	\$1,047.3	\$3,149.8	\$1,123.6	\$998.5	\$1,082.2
% of Revenue	45%	43%	41%	47%	46%	45%	47%	44%	44%
Europe	\$614.6	\$153.7	\$194.8	\$178.6	\$361.4	\$888.5	\$467.0	\$378.1	\$370.9
% of Revenue	10%	11%	12%	10%	16%	13%	19%	17%	15%
Korea	\$773.0	\$250.4	\$257.6	\$202.1	\$236.9	\$947.0	\$246.6	\$265.4	\$325.6
% of Revenue	13%	17%	16%	12%	11%	13%	10%	12%	13%
China	\$989.5	\$173.9	\$157.5	\$247.3	\$235.6	\$814.3	\$211.1	\$240.4	\$255.5
% of Revenue	16%	12%	10%	14%	10%	12%	9%	10%	10%
Other	\$969.3	\$254.7	\$339.2	\$287.0	\$373.7	\$1,254.6	\$360.4	\$393.6	\$442.7
% of Revenue	16%	18%	21%	16%	17%	18%	15%	17%	18%
Total	\$6,127.4	\$1,455.3	\$1,604.3	\$1,739.7	\$2,254.9	\$7,054.2	\$2,408.8	\$2,276.0	\$2,476.8

- (1) Amounts included in the table above may not foot due to rounding. Geographic revenue data for multi-regional, multi-product transactions reflect internal allocations and are based upon certain assumptions and management's methodology.

V. SELECTED FINANCIAL AND OPERATING METRICS⁽¹⁾⁽²⁾⁽³⁾

	FY24	Q125	Q225	Q325	Q425	FY25	Q126	Q226	Q326
Revenue License Type (millions)									
Time-based Products	\$3,224.3	\$828.2	\$828.3	\$892.4	\$940.7	\$3,489.6	\$951.5	\$945.6	\$1,002.8
Upfront Products	\$1,802.2	\$368.1	\$510.7	\$516.4	\$615.4	\$2,010.6	\$741.5	\$546.3	\$665.2
Maintenance and Service ⁽⁴⁾	\$1,100.9	\$259.0	\$265.3	\$331.0	\$698.8	\$1,554.0	\$715.7	\$784.1	\$808.8
Recurring Revenue (% of Total Revenue) ⁽⁵⁾	77%	80%	73%	75%	81%	78%	84%	83%	82%
Non-GAAP Operating Margin ⁽⁶⁾	38.5%	36.5%	38.0%	38.5%	36.5%	37.3%	42.1%	39.5%	41.6%
Cash, Cash Equivalents & Short-term Investments (millions)		\$3,809	\$14,264	\$2,594	\$2,961		\$2,203	\$2,484	\$3,608
- % held in U.S.		79%	95%	51%	54%		41%	38%	54%
Outstanding Debt (millions)		\$14	\$10,051	\$14,340	\$13,485		\$10,044	\$10,036	\$10,037
Operating Cash Flow (millions) ⁽⁷⁾	\$1,407	(\$67)	\$275	\$671	\$640	\$1,519	\$857	\$629	\$813
Capital Expenditures (millions)	\$122	\$41	\$56	\$39	\$35	\$169	\$35	\$54	\$67
Share Repurchases (millions)									
- Number of Shares	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.1
- Gross Share Repurchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$(263)	\$(38)
- Remaining Repurchase Authorization	\$194	\$194	\$194	\$194	\$194	\$194	\$194	\$1,700	\$1,700
Days Sales Outstanding		55	52	57	61		62	59	51
Employee Headcount		~20,455	~21,065	~28,330	~28,135		~26,750	~26,380	~25,345
Revenue by Segment (millions) ⁽⁸⁾⁽⁹⁾									
- Design Automation	\$4,221.1	\$1,020.2	\$1,122.3	\$1,312.1	\$1,847.7	\$5,302.4	\$2,001.8	\$1,821.8	\$2,003.0
% of Total	68.9%	70.1%	70.0%	75.4%	81.9%	75.2%	83.1%	80.0%	80.9%
- Design IP	\$1,906.3	\$435.1	\$482.0	\$427.6	\$407.2	\$1,751.8	\$407.0	\$454.2	\$473.8
% of Total	31.1%	29.9%	30.0%	24.6%	18.1%	24.8%	16.9%	20.0%	19.1%
Adjusted Op Income by Segment (millions) ⁽⁸⁾⁽⁹⁾									
- Design Automation	\$1,631.9	\$404.7	\$458.8	\$583.8	\$766.3	\$2,213.5	\$947.6	\$789.1	\$905.0
- Design IP	\$730.2	\$126.5	\$150.5	\$86.0	\$56.2	\$419.3	\$66.1	\$110.6	\$125.4
Adjusted Operating Margin by Segment ⁽⁸⁾⁽⁹⁾									
- Design Automation	38.7%	39.7%	40.9%	44.5%	41.5%	41.7%	47.3%	43.3%	45.2%
- Design IP	38.3%	29.1%	31.2%	20.1%	13.8%	23.9%	16.2%	24.4%	26.5%

- (1) All metrics except for Outstanding Debt and Operating Cash Flow presented on a continuing operations basis.
- (2) We completed the Ansys Merger in the third quarter of fiscal 2025. Future financial reporting periods include our Ansys product group, which is reported as a part of our Design Automation segment.
- (3) Amounts may not foot due to rounding.
- (4) Includes maintenance on term and perpetual licenses.
- (5) We define recurring revenue as revenue generated from time-based products, multi-period IP contracts, and maintenance and services, for which revenue is recognized over time.
- (6) Should be read in conjunction with our Form 8-K filed with the Securities and Exchange Commission (SEC) on August 26, 2026 and the reconciliations of certain non-GAAP financial measures, including, among other things, non-GAAP operating margin to their most closely applicable GAAP measures found in this Supplement.
- (7) Typically tracks earnings before interest, taxes, depreciation and amortization over time (less cash taxes). It is important to consider multi-year averages, as operating cash flow is inherently lumpy.
- (8) We manage the business on a long-term, annual basis and consider quarterly fluctuations of revenue and profitability as a normal element of our business.
- (9) These segment results are presented in conformity with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 280, Segment Reporting. Synopsys' chief operating decision maker (CODM) is its Chief Executive Officer. The CODM does not allocate certain operating expenses managed at a consolidated level to our business segments and, as a result, the reported operating income and operating margin do not include these unallocated expenses as shown in the table above.

VI. RECONCILIATIONS AND ADJUSTMENTS

SUPPLEMENTAL GAAP TO NON-GAAP INFORMATION FOR THIRD QUARTER FISCAL YEAR 2026

(Unaudited and in thousands, except per share amounts)

	Three Months Ended July 31, 2026		
	GAAP	Adjustments ⁽¹⁾	Non-GAAP
Cost of revenue:			
Products	\$ 275,622	\$ (20,498)	\$ 255,124
Maintenance and service	156,514	(12,780)	143,734
Amortization of acquired intangible assets	247,252	(247,252)	—
Operating expenses:			
Research and development	\$ 719,737	\$ (121,122)	\$ 598,615
Sales and marketing	385,889	(54,268)	331,621
General and administrative	176,979	(59,671)	117,308
Amortization of acquired intangible assets	155,174	(155,174)	—
Restructuring charges	2,164	(2,164)	—
Operating income	\$ 357,491	\$ 672,929	\$ 1,030,420
Interest expense	\$ (133,234)	\$ —	\$ (133,234)
Other income (expense), net	\$ 459,665	\$ (439,291)	\$ 20,374
Provision for income taxes ⁽²⁾	\$ 138,216	\$ 26,945	\$ 165,161
Net loss attributed to non-controlling interest	\$ (94)	\$ —	\$ (94)
Net income attributed to Synopsys	\$ 545,800	\$ 206,693	\$ 752,493
Net income per diluted share	\$ 2.84	\$ 1.07	\$ 3.91

Shares used in computing per share amounts:

Diluted	192,319	192,319
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(1) The adjustments to the various line items resulted from excluding the following non-GAAP financial measures: acquisition/divestiture related items of (\$402.6) million, amortization of acquired intangible assets of \$402.4 million, stock-based compensation of \$231.6 million, changes in the fair value of the non-qualified deferred compensation plan of \$13.9 million, restructuring charges of \$2.2 million and income tax effect of non-GAAP adjustments of (\$26.9) million. Changes in the fair value of the non-qualified deferred compensation plan of \$13.9 million was recorded in operating expenses with an offsetting gain recognized in other income (expense), net, resulting in no impact on net income attributable to Synopsys.

(2) The GAAP tax rate differs from the non-GAAP tax rate primarily due to the tax effects related to stock-based compensation and the differences in the tax rate effect of certain deductions, such as the deduction for foreign-derived intangible income and credits.

GAAP TO NON-GAAP OPERATING MARGIN RECONCILIATION

(Unaudited)

	Three Months Ended July 31, 2026
GAAP operating margin	14.4 %
Amortization of acquired intangible assets	16.2 %
Stock-based compensation	9.4 %
Restructuring charges	0.1 %
Acquisition/divestiture related items	0.9 %
Non-qualified deferred compensation plan	0.6 %
Non-GAAP operating margin	41.6 %

GAAP TO NON-GAAP TAX RATE RECONCILIATION

(Unaudited)

	Three Months Ended July 31, 2026
GAAP effective tax rate	20.2 %
Stock-based compensation	(5.0)%
Restructuring charges	(3.3)%
Income tax adjustments ⁽¹⁾	6.1 %
Non-GAAP effective tax rate	18.0 %

(1) The income tax adjustments are primarily due to differences in the tax rate effect of certain deductions, such as the deduction for foreign-derived intangible income and credits.

TOTAL ADJUSTED SEGMENT OPERATING INCOME RECONCILIATION ⁽¹⁾

(in millions)

Synopsys provides segment information, namely revenue, adjusted segment operating income and adjusted segment operating margin, in accordance with FASB ASC Topic 280, Segment Reporting. Synopsys' CODM is our Chief Executive Officer. In evaluating our business segments, the CODM considers the income and expenses that the CODM believes are directly related to those segments. The CODM does not allocate certain operating expenses managed at a consolidated level to our business segments and, as a result, the reported operating income and operating margin do not include these unallocated expenses as shown in the table below. These unallocated expenses are presented in the table below to provide a reconciliation of the total adjusted operating income from segments to our consolidated operating income:

	Three Months Ended July 31, 2026
GAAP total operating income – as reported	\$ 357.5
Other expenses managed at consolidated level	
Amortization of acquired intangible assets	402.4
Stock-based compensation	231.6
Restructuring charges	2.2
Acquisition/divestiture related items ⁽²⁾	22.9
Non-qualified deferred compensation plan	13.9
Total adjusted segment operating income	\$ 1,030.4

(1) Synopsys manages the business on a long-term, annual basis, and considers quarterly fluctuations of revenue and profitability as normal elements of our business. Amounts may not foot due to rounding.

(2) The adjustment excludes certain divestiture related item that was recorded in other income (expense), net in our unaudited condensed consolidated statements of income.

GAAP TO NON-GAAP RECONCILIATION OF FOURTH QUARTER FISCAL YEAR 2026 TARGETS

(in thousands, except per share amounts)

	Range for Three Months Ending October 31, 2026			
	Low		High	
Target GAAP expenses	\$	2,225,000	\$	2,300,000
Adjustments:				
Amortization of acquired intangible assets		(400,000)		(405,000)
Stock-based compensation		(230,000)		(240,000)
Restructuring charges		(145,000)		(175,000)
Target non-GAAP expenses	\$	1,450,000	\$	1,480,000

	Range for Three Months Ending October 31, 2026			
	Low		High	
Target GAAP earnings per diluted share attributed to Synopsys	\$	0.60	\$	0.85
Adjustments:				
Amortization of acquired intangible assets		2.10		2.07
Stock-based compensation		1.24		1.19
Restructuring charges		0.91		0.75
Tax adjustments		(0.75)		(0.70)
Target non-GAAP earnings per diluted share attributed to Synopsys	\$	4.10	\$	4.16
Shares used in non-GAAP calculation (midpoint of target range)		193,000		193,000

GAAP TO NON-GAAP RECONCILIATION OF FULL FISCAL YEAR 2026 TARGETS

(in thousands, except per share amounts)

	Range for Fiscal Year Ending	
	October 31, 2026	
	Low	High
Target GAAP expenses	\$ 8,667,091	\$ 8,742,091
Adjustments:		
Amortization of acquired intangible assets	(1,610,000)	(1,615,000)
Stock-based compensation	(945,000)	(955,000)
Restructuring charges	(380,000)	(410,000)
Acquisition/divestiture related items ⁽¹⁾	(62,091)	(62,091)
Target non-GAAP expenses	\$ 5,670,000	\$ 5,700,000

	Range for Fiscal Year Ending	
	October 31, 2026	
	Low	High
Target GAAP earnings per diluted share attributed to Synopsys	\$ 3.84	\$ 4.08
Adjustments:		
Amortization of acquired intangible assets	8.37	8.34
Stock-based compensation	4.95	4.90
Restructuring charges	2.12	1.97
Acquisition/divestiture related items ⁽¹⁾	(1.88)	(1.88)
Tax adjustments	(2.36)	(2.31)
Target non-GAAP earnings per diluted share attributed to Synopsys	\$ 15.04	\$ 15.10
Shares used in non-GAAP calculation (midpoint of target range)	193,000	193,000

(1) Adjustments reflect actual expenses incurred by Synopsys as of July 31, 2026, and do not fully reflect all potential adjustments for future periods for the reasons set forth in "GAAP to Non-GAAP Reconciliation" below.

GAAP TO NON-GAAP RECONCILIATION OF OPERATING MARGIN AT MIDPOINT OF FULL FISCAL YEAR 2026 TARGETS ⁽¹⁾

	Fiscal Year Ending
	October 31, 2026
At midpoint of revenue and expense guidance ranges	
GAAP operating margin	10.4%
Amortization of acquired intangible assets	16.6%
Stock-based compensation	9.8%
Restructuring charges	4.1%
Acquisition/divestiture related items ⁽²⁾	0.6%
Target non-GAAP operating margin	41.5%

(1) These numbers represent the midpoint of targets in the prepared remarks provided on August 26, 2026, and do not represent official guidance for fiscal year 2026.

(2) Adjustments reflect actual expenses incurred by Synopsys as of July 31, 2026 and do not fully reflect all potential adjustments for future periods for the reasons set forth in "GAAP to Non-GAAP Reconciliation" below.



VII. NOTICE TO INVESTORS

GAAP TO NON-GAAP RECONCILIATIONS

Please see our Current Report on Form 8-K filed with the SEC on August 26, 2026, available at <http://www.sec.gov> for the reasons why Synopsys believes that the presentation of non-GAAP financial measures provides useful information to our stockholders regarding our financial condition and results of operations and the purposes for which management uses such non-GAAP financial measures. Certain non-GAAP data used by management, as well as the reconciliation of such data to its most closely applicable GAAP financial measures, is contained in the third quarter of fiscal year 2026 earnings release available in the investor relations portion of Synopsys' corporate website at www.synopsys.com and furnished with our Current Report on Form 8-K filed with the SEC on August 26, 2026. Synopsys is unable to provide a full reconciliation of its long-term, multi-year target for annual non-GAAP EPS growth and certain fourth quarter and full fiscal year 2026 non-GAAP financial targets to the corresponding GAAP financial measures on a forward-looking basis because Synopsys believes that it would not be possible for it to have the required information necessary to quantitatively reconcile such measures with sufficient precision without unreasonable efforts due to, among other things, the potential variability and limited predictability of the excluded adjustment items necessary for a full reconciliation such as certain acquisition/divestiture related items, tax deduction variability, changes in the fair value of non-qualified deferred compensation plan, and gains (losses) on the sale of strategic investments. For the same reasons, Synopsys is unable to address the probable significance of the unavailable information.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein and in our investor conference call contain forward-looking statements, including, but not limited to, statements concerning our 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, such as artificial intelligence, including our development and planned commercialization thereof; business and market outlook; the potential impact of the uncertain macroeconomic environment and global economic conditions on our financial results; the impact of current and future U.S. and foreign trade regulations, government actions and regulatory changes, such as export control restrictions and tariffs; the Ansys integration and its expected impact, including expected synergies and the timing thereof, our ability to create joint solutions as a combined company, and related accounting changes; planned and recently completed acquisitions or divestitures, and their anticipated timing and impact; our key customers, customer concentration, customer engagement, customer demand and market expansion; results and strategies related to our products, technology and services, including 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 status, expected outcome or expected impact of litigation and/or regulatory investigations. 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 transactions we complete, including the acquisition of Ansys (the Ansys Merger) 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 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 this Supplement 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 2026 are not necessarily indicative of Synopsys' operating results for any future periods.



EFFECTIVENESS OF INFORMATION

The information provided herein is as of August 26, 2026. Although this Supplement is expected to remain available on Synopsys' website through the time Synopsys announces its results for the fourth quarter and fiscal year 2026, its continued availability through such time does not mean that Synopsys is reaffirming or confirming its 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.