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

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED JULY 31, 2025

OR

☐ **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: 000-19807

SYNOPSYS, INC.

(Exact name of registrant as specified in its charter)

Delaware	56-1546236
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

675 ALMANOR AVE
SUNNYVALE, CA 94085
(Address of principal executive offices, including zip code)

(650) 584-5000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (par value of $0.01 per share)	SNPS	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 September 5, 2025, there were 185,748,673 shares of the registrant's common stock outstanding.

SYNOPSYS, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE FISCAL QUARTER ENDED JULY 31, 2025

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

SYNOPSYS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except par value amounts)

	July 31, 2025	October 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,526,475	$ 3,896,532
Short-term investments	67,235	153,869
Total cash, cash equivalents and short-term investments	2,593,710	4,050,401
Accounts receivable, net	1,392,373	934,470
Inventories	382,056	361,849
Prepaid and other current assets	1,153,172	1,122,946
Current assets held for sale	74,317	—
Total current assets	5,595,628	6,469,666
Property and equipment, net	699,688	563,006
Operating lease right-of-use assets, net	693,368	565,917
Goodwill	26,945,723	3,448,850
Intangible assets, net	13,079,912	195,164
Deferred income taxes	97,061	1,247,258
Other long-term assets	1,118,876	583,700
Total assets	$ 48,230,256	$ 13,073,561
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,283,204	$ 1,163,592
Operating lease liabilities	127,452	94,791
Deferred revenue	1,991,429	1,391,737
Short-term debt	22,117	—
Current liabilities held for sale	20,005	—
Total current liabilities	3,444,207	2,650,120
Long-term operating lease liabilities	672,729	574,065
Long-term deferred revenue	383,405	340,831
Long-term debt	14,318,016	15,601
Other long-term liabilities	1,797,713	469,738
Total liabilities	20,616,070	4,050,355
Redeemable non-controlling interest	—	30,000
Stockholders' equity:		
Preferred stock, $0.01 par value: 2,000 shares authorized; none outstanding	—	—
Common stock, $0.01 par value: 400,000 shares authorized; 185,460 and 154,112 shares outstanding, respectively	1,855	1,541
Capital in excess of par value	18,549,871	1,211,206
Retained earnings	9,866,791	8,984,105
Treasury stock, at cost: 1,756 and 3,148 shares, respectively	(572,091)	(1,025,770)
Accumulated other comprehensive income (loss)	(231,895)	(180,380)
Total Synopsys stockholders' equity	27,614,531	8,990,702
Non-controlling interest	(345)	2,504
Total stockholders' equity	27,614,186	8,993,206
Total liabilities, redeemable non-controlling interest and stockholders' equity	$ 48,230,256	$ 13,073,561

See the accompanying *Notes to Condensed Consolidated Financial Statements (unaudited)*.

SYNOPSYS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in thousands, except per share amounts)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
Revenue:				
Time-based products	$ 892,364	$ 803,147	$ 2,548,928	$ 2,389,924
Upfront products	516,404	442,528	1,395,204	1,281,283
Total products revenue	1,408,768	1,245,675	3,944,132	3,671,207
Maintenance and service	330,969	280,074	855,186	820,243
Total revenue	1,739,737	1,525,749	4,799,318	4,491,450
Cost of revenue:				
Products	230,895	179,536	615,953	553,753
Maintenance and service	103,301	96,630	290,309	275,348
Amortization of acquired intangible assets	46,368	14,510	62,624	41,165
Total cost of revenue	380,564	290,676	968,886	870,266
Gross margin	1,359,173	1,235,073	3,830,432	3,621,184
Operating expenses:				
Research and development	625,301	508,872	1,732,496	1,527,542
Sales and marketing	259,480	211,491	683,700	640,117
General and administrative	280,550	150,437	584,133	396,464
Amortization of acquired intangible assets	28,573	4,062	36,569	12,152
Total operating expenses	1,193,904	874,862	3,036,898	2,576,275
Operating income	165,269	360,211	793,534	1,044,909
Interest expense	(146,502)	(11,742)	(251,977)	(20,547)
Other income (expense), net	170,543	43,526	335,061	166,617
Income before income taxes	189,310	391,995	876,618	1,190,979
Provision (benefit) for income taxes	(52,967)	(30,712)	(12,080)	37,634
Net income from continuing operations	242,277	422,707	888,698	1,153,345
Income (loss) from discontinued operations, net of income taxes	—	(17,813)	(3,900)	(13,155)
Net income	242,277	404,894	884,798	1,140,190
Less: Net income (loss) attributed to non-controlling interest and redeemable non-controlling interest	(232)	(3,161)	1,274	(9,084)
Net income attributed to Synopsys	$ 242,509	$ 408,055	$ 883,524	$ 1,149,274
Net income (loss) attributed to Synopsys:				
Continuing operations	$ 242,509	$ 425,868	$ 887,424	$ 1,162,429
Discontinued operations	—	(17,813)	(3,900)	(13,155)
Net income	$ 242,509	$ 408,055	$ 883,524	$ 1,149,274
Net income (loss) per share attributed to Synopsys - basic:				
Continuing operations	$ 1.51	$ 2.78	$ 5.67	$ 7.60
Discontinued operations	$ —	$ (0.12)	$ (0.03)	$ (0.08)
Basic net income per share	$ 1.51	$ 2.66	$ 5.64	$ 7.52
Net income (loss) per share attributed to Synopsys - diluted:				
Continuing operations	$ 1.50	$ 2.73	$ 5.61	$ 7.46
Discontinued operations	$ —	$ (0.12)	$ (0.02)	$ (0.09)
Diluted net income per share	$ 1.50	$ 2.61	$ 5.59	$ 7.37
Shares used in computing per share amounts:				
Basic	160,174	153,417	156,536	152,885
Diluted	161,682	156,131	158,176	155,863

See the accompanying *Notes to Condensed Consolidated Financial Statements (unaudited)*.

SYNOPSYS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
Net income	$ 242,277	$ 404,894	$ 884,798	$ 1,140,190
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	2,747	4,913	18,874	4,526
Change in unrealized gains (losses) on available-for-sale securities, net of tax of $0 for periods presented	(387)	885	(378)	1,764
Cash flow hedges:				
Deferred gains (losses), net of tax benefit (loss) of $(1,666) and $20,336 for the three and nine months ended July 31, 2025, respectively and of $(1,989) and $(1,970) for each of the same periods in fiscal 2024, respectively	5,598	4,181	(76,558)	7,656
Reclassification adjustment on deferred (gains) losses included in net income, net of tax of $(18) and $(2,204) for the three and nine months ended July 31, 2025, respectively, and of $348 and $(2,083), for each of the same periods in fiscal 2024, respectively	283	(2,078)	6,547	2,356
Other comprehensive income (loss), net of tax effects	8,241	7,901	(51,515)	16,302
Comprehensive income	250,518	412,795	833,283	1,156,492
Less: Net income (loss) attributed to non-controlling interest and redeemable non-controlling interest	(232)	(3,161)	1,274	(9,084)
Comprehensive income attributed to Synopsys	$ 250,750	$ 415,956	$ 832,009	$ 1,165,576

See the accompanying *Notes to Condensed Consolidated Financial Statements (unaudited)*.

SYNOPSYS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in thousands)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Synopsys Stockholders' Equity	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount							
Balance at April 30, 2025	155,146	$ 1,552	$ 1,219,021	$ 9,624,282	$ (689,001)	$ (240,136)	$ 9,915,718	$ (113)	$ 9,915,605
Net income				242,509			242,509	(232)	242,277
Other comprehensive income (loss), net of tax effects						8,241	8,241		8,241
Common stock issued upon the acquisition of Ansys	29,955	300	17,105,238				17,105,538		17,105,538
Assumption of equity awards in connection with the acquisition of Ansys			130,963				130,963		130,963
Common stock issued, net of shares withheld for employee taxes	359	3	(173,074)		116,910		(56,161)		(56,161)
Stock-based compensation			267,723				267,723		267,723
Balance at July 31, 2025	185,460	$ 1,855	$ 18,549,871	$ 9,866,791	$ (572,091)	$ (231,895)	$ 27,614,531	$ (345)	$ 27,614,186
Balance at October 31, 2024	154,112	$ 1,541	$ 1,211,206	$ 8,984,105	$ (1,025,770)	$ (180,380)	$ 8,990,702	$ 2,504	$ 8,993,206
Net income				883,524			883,524	2,112	885,636
Other comprehensive income (loss), net of tax effects						(51,515)	(51,515)		(51,515)
Common stock issued upon the acquisition of Ansys	29,955	300	17,105,238				17,105,538		17,105,538
Assumption of equity awards in connection with the acquisition of Ansys			130,963				130,963		130,963
Common stock issued, net of shares withheld for employee taxes	1,393	14	(558,370)		453,679		(104,677)		(104,677)
Stock-based compensation			655,200				655,200	709	655,909
Adjustments to redeemable non-controlling interest				(838)			(838)		(838)
Deconsolidation of non-controlling interest upon the sale of subsidiary			5,634				5,634	(5,670)	(36)
Balance at July 31, 2025	185,460	$ 1,855	$ 18,549,871	$ 9,866,791	$ (572,091)	$ (231,895)	$ 27,614,531	$ (345)	$ 27,614,186

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Synopsys Stockholders' Equity	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount							
Balance at April 30, 2024	153,204	$ 1,532	$ 1,182,829	$ 7,478,366	$ (1,321,554)	$ (188,013)	$ 7,153,160	$ 4,638	$ 7,157,798
Net income				408,055			408,055	(783)	407,272
Other comprehensive income (loss), net of tax effects						7,901	7,901		7,901
Common stock issued, net of shares withheld for employee taxes	409	4	(170,884)		133,119		(37,761)		(37,761)
Stock-based compensation			180,418				180,418	1,121	181,539
Adjustments to redeemable non-controlling interest				(2,377)			(2,377)		(2,377)
Balance at July 31, 2024	153,613	$ 1,536	$ 1,192,363	$ 7,884,044	$ (1,188,435)	$ (180,112)	$ 7,709,396	$ 4,976	$ 7,714,372
Balance at October 31, 2023	152,053	$ 1,521	$ 1,276,152	$ 6,741,699	$ (1,675,650)	$ (196,414)	$ 6,147,308	$ 5,950	$ 6,153,258
Net income				1,149,274			1,149,274	(2,154)	1,147,120
Other comprehensive income (loss), net of tax effects						16,302	16,302		16,302
Purchases of treasury stock	(74)	(1)	1		(45,000)		(45,000)		(45,000)
Equity forward contract, net			45,000				45,000		45,000
Common stock issued, net of shares withheld for employee taxes	1,634	16	(666,689)		532,215		(134,458)		(134,458)
Stock-based compensation			536,401				536,401	3,625	540,026
Adjustments for redeemable non-controlling interest				(6,929)			(6,929)		(6,929)
Recognition of non-controlling interest upon issuance of subsidiary stock			1,498				1,498	(2,445)	(947)
Balance at July 31, 2024	153,613	$ 1,536	$ 1,192,363	$ 7,884,044	$ (1,188,435)	$ (180,112)	$ 7,709,396	$ 4,976	$ 7,714,372

See the accompanying *Notes to Condensed Consolidated Financial Statements (unaudited)*.

SYNOPSYS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended July 31,	
	2025	2024
Cash flows from operating activities:		
Net income	$ 884,798	$ 1,140,190
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation	211,307	180,149
Reduction of operating lease right-of-use assets	80,789	72,196
Amortization of capitalized costs to obtain revenue contracts	38,920	57,071
Stock-based compensation	655,909	540,026
Allowance for credit losses	23,559	14,696
(Gain) loss on sale of strategic investments	3,635	(55,077)
Gain on sale of building	(51,385)	—
Loss on divestitures, net of transaction costs	8,299	—
Amortization of bridge financing costs	41,996	18,435
Amortization of debt issuance costs	6,790	—
Deferred income taxes	(326,610)	(276,840)
Other	(737)	(3,730)
Net changes in operating assets and liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	(27,989)	59,159
Inventories	(34,068)	(71,303)
Prepaid and other current assets	120,348	(350,652)
Other long-term assets	(427,793)	(137,159)
Accounts payable and accrued liabilities	31,384	17,532
Operating lease liabilities	(78,360)	(72,254)
Income taxes	(140,347)	(241,952)
Deferred revenue	(19,932)	(46,276)
Unrealized loss on settlement of interest rate treasury lock	(121,643)	—
Net cash provided by operating activities	878,870	844,211
Cash flows from investing activities:		
Proceeds from maturities of short-term investments	53,630	98,265
Proceeds from sales of short-term investments	148,809	200
Purchases of short-term investments	(47,558)	(97,181)
Proceeds from sales of strategic investments	3,470	55,696
Purchases of strategic investments	(4,086)	(1,240)
Purchases of property and equipment, net	(134,908)	(118,772)
Proceeds from sale of building	74,279	—
Acquisitions, net of cash acquired	(16,681,257)	(156,947)
Proceeds from business divestiture, net of cash divested	142,546	—
Other	(611)	—
Net cash used in investing activities	(16,445,686)	(219,979)
Cash flows from financing activities:		
Proceeds from debt, net of issuance costs	14,329,340	—
Repayment of debt	(2,579)	(2,607)
Payment of bridge financing and term loan costs	—	(72,265)
Issuances of common stock	138,101	143,148
Payments for taxes related to net share settlement of equity awards	(242,791)	(278,571)
Redemption of redeemable non-controlling interest	(30,000)	—
Other	(463)	(1,096)
Net cash provided by (used in) financing activities	14,191,608	(211,391)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8,649	5,458
Net change in cash, cash equivalents and restricted cash	(1,366,559)	418,299

Cash, cash equivalents and restricted cash, beginning of year, including cash from discontinued operations	3,898,729	1,441,187
Cash, cash equivalents and restricted cash, end of period, including cash from discontinued operations	2,532,170	1,859,486
Less: Cash, cash equivalents and restricted cash from discontinued operations	—	17,441
Cash, cash equivalents and restricted cash from continuing operations	$ 2,532,170	$ 1,842,045

See the accompanying *Notes to Condensed Consolidated Financial Statements (unaudited)*.

SYNOPSYS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Description of Business

Synopsys, Inc. (Synopsys, we, our or us) is the leader in engineering solutions from silicon to systems, enabling customers to rapidly innovate AI-powered products. We deliver trusted and comprehensive solutions spanning silicon design, silicon intellectual property (IP), simulation and analysis (S&A) as well as design services. We partner closely with our customers across a wide range of industries to maximize their R&D capability and productivity, powering innovation today that ignites the ingenuity of tomorrow.

We are a global leader in supplying the mission-critical EDA software that engineers use to design and test integrated circuits (ICs), also known as chips or silicon, and we are pioneering artificial intelligence (AI) driven chip design across the full-stack EDA suite to improve efficiency and accelerate the design, verification testing and manufacturing of advanced digital and analog chips. We provide software and hardware used to validate the electronic systems that incorporate chips and the software that runs on them, including cloud-based digital design flow to boost chip-design development productivity. We also provide technical services and support to help our customers develop advanced chips and electronic systems.

Following the completion of the Ansys Merger (as defined below), we are the global leader in engineering S&A software. Our Ansys® solutions portfolio is widely used by engineers, designers, researchers and students across a broad spectrum of industries and academia, including high-tech, aerospace and defense, automotive, energy, industrial equipment, materials and chemicals, consumer products, healthcare and construction. These products enable customers to analyze designs on-premises and/or via the cloud, providing a common platform for fast, efficient and cost-conscious product development, from design concept to final-stage testing, validation and deployment. These products and services are part of our Design Automation segment.

We also offer a broad and comprehensive portfolio of semiconductor IP solutions, which are pre-designed circuits that engineers use as components of larger chip designs to reduce integration risk and speed time to market. Our high quality, silicon-proven semiconductor IP includes logic libraries, embedded memories, analog IP, wired and wireless interface IP, security IP, embedded processors and subsystems. To accelerate IP integration and silicon bring-up, our IP Accelerated initiative provides architecture design expertise, hardening, and signal and power integrity analysis. These products and services are part of our Design IP segment.

Note 2. Summary of Significant Accounting Policies and Basis of Presentation

We have prepared the accompanying condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Pursuant to these rules and regulations, we have condensed or omitted certain information and footnote disclosures we normally include in our annual consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The condensed consolidated financial statements are unaudited but, in management's opinion, we have made all adjustments (consisting only of normal, recurring adjustments, except as otherwise indicated) necessary for a fair presentation of our quarterly results. Our interim period operating results do not necessarily indicate the results that may be expected for any other interim period or for the full fiscal year. These financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024 as filed with the SEC on December 19, 2024 (our Annual Report).

Use of Estimates. To prepare financial statements in conformity with U.S. GAAP, management must make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates and could have a material impact on our operating results and financial position.

Principles of Consolidation. The condensed consolidated financial statements include our accounts and the accounts of our wholly and majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year and Fiscal Quarter End. Historically, our fiscal year had been 52- or 53-week periods ending on the Saturday nearest to October 31. Fiscal 2024 was a 53-week year ending on November 2, 2024.

We have changed our fiscal year end from the Saturday nearest to October 31 and consisting of 52 or 53 fiscal weeks to a fiscal year end of October 31 each year. The fiscal year change became effective with our fiscal 2025, which began on November 3, 2024. Our fiscal quarters will end on January 31, April 30, July 31 and October 31 of each year.

The third quarter of fiscal 2025 and 2024 ended on July 31, 2025 and August 3, 2024, respectively. Our results of operations for the first nine months of fiscal 2025 and fiscal 2024 included 271 days and 280 days, respectively. For presentation purposes, the condensed consolidated financial statements and accompanying notes refer to the closest calendar month end.

Acquisition of Ansys. On July 17, 2025 (the Closing Date or Acquisition Date), we completed the acquisition of ANSYS, Inc. (Ansys), a provider of broad engineering simulation and analysis software and services for $199.91 in cash and 0.3399 of a share of our common stock in exchange for each ordinary share of Ansys for a total consideration of $34.9 billion.

We accounted for the acquisition of Ansys by applying the acquisition method of accounting for business combinations. The unaudited condensed consolidated financial statements in this Quarterly Report include the financial results of Ansys prospectively from the Acquisition Date. See Note 4. *Acquisition of Ansys* and Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Condensed Consolidated Financial Statements* for additional information.

Significant Accounting Policies. We updated our accounting policy for Revenue Recognition in the third quarter of fiscal 2025. There have been no other material changes to our significant accounting policies included in our Annual Report.

Revenue Recognition. S&A software solutions are offered as subscription solutions and also as perpetual licenses. Software subscription arrangements include bundles of time-based software licenses with support services, which includes rights to technical support and software updates that are provided over the support term and are transferred to the customer over time. In such subscription arrangements, the updates to time-based software licenses are not considered integral to maintaining the utility of the software. We consider the license and support services as separate performance obligations. In these instances, we allocate the total consideration received for the revenue arrangement to the separate performance obligations based on the standalone selling prices of the time-based software license and support service. The time-based software license revenue is presented as upfront products revenue, recognized at a point of time upon the later of the delivery date or the beginning of the license period, and the revenue related to the support service is presented as maintenance and service revenue and is recognized over the term of the arrangement. Perpetual license arrangements typically include a perpetual license sold with support services, which includes a stand-ready obligation to provide technical support and software updates over the support term. We allocate the total consideration received for the bundled perpetual and support service arrangements based on the standalone selling prices of the perpetual license and support service. Revenue from perpetual licenses is presented as upfront product revenue and is recognized at a point in time upon the later of the delivery date or the beginning of the license period. Revenue from support service is classified as maintenance and service revenue and is recognized ratably over the term of the contract, as we satisfy the support service performance obligation.

Recently Adopted Accounting Pronouncements

In June 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, which applies to all equity securities measured at fair value that are subject to contractual sale restrictions. This change prohibits entities from taking into account contractual restrictions on the sale of equity securities when estimating fair value and introduces required disclosures for such transactions. We adopted the standard as of the beginning of fiscal 2025 on a prospective basis and the adoption did not have a material impact on our condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the Chief Operating Decision Maker (CODM) and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The ASU is effective for our annual reports beginning in fiscal 2025, and interim period reports beginning in fiscal 2026. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and related disclosures. We will adopt this ASU for our annual report for the fiscal year ending October 31, 2025.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which enhances the transparency and decision usefulness of income tax disclosures primarily through changes to the rate reconciliation and income taxes paid information. The ASU will be effective for us beginning in fiscal 2026 and will be applied on a prospective basis. Early adoption is permitted. We are currently evaluating the impact of this ASU on our consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income-Expense Disaggregation (Subtopic 220-40): Disaggregation of Income Statement Expenses. The ASU requires the disclosure of additional information related to certain costs and expenses, including amounts of inventory purchases, employee compensation, and depreciation and amortization included in each income statement line item. The ASU also requires disclosure of the total amount of selling expenses and our definition of selling expenses. The ASU will be effective for our annual reports beginning in fiscal 2028, and interim period reports beginning in fiscal 2029 either on a prospective or retrospective basis. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and related disclosures.

Note 3. Discontinued Operations

On September 30, 2024, we completed the sale of our former Software Integrity business (the Software Integrity Divestiture) to entities controlled by funds affiliated with Clearlake Capital Group, L.P. and Francisco Partners (together, the Sponsors). The aggregate consideration for the sale was $1.65 billion, comprised of: (i) cash of $1.48 billion received upon closing; (ii) $121.5 million reflecting the present value of $125.0 million in deferred consideration receivable in equal installments over five fiscal quarters beginning on January 17, 2025, subject to acceleration at our option prior to the closing of the Ansys Merger; (iii) $22.2 million reflecting the fair value of contingent consideration of up to $475.0 million receivable upon the Sponsors achieving a specified rate of return in the event of one or more potential liquidity transactions; and (iv) additional consideration receivable of $27.1 million as a result of net working capital adjustments. As a result of the Software Integrity Divestiture, we derecognized net assets of $720.5 million and incurred transaction costs of $61.7 million, resulting in a pre-tax gain of $868.8 million in fiscal 2024.

In the second quarter of fiscal 2025, we finalized the working capital adjustments and received $20.0 million from the Sponsors. The remainder receivable balance of $7.1 million was recorded as a reduction to the previously recorded gain from the Software Integrity Divestiture. We recorded a total pre-tax gain, net of transaction costs, of $860.5 million from the Software Integrity Divestiture.

We have received the entire deferred consideration installment payments of $125.0 million as of July 31, 2025. There was no material change to the fair value of the contingent consideration receivable at the quarter end.

The financial results of the Software Integrity business were presented as income from discontinued operations, net of income taxes in our condensed consolidated statements of income. The following table presents the major components of financial results of our Software Integrity business for the periods presented:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
			(in thousands)	
Revenue	$ —	$ 127,917	$ —	$ 392,579
Cost of revenue	—	40,279	—	136,010
Operating expenses	—	91,854	—	262,745
Other income (expense), net	—	605	—	1,601
Income (loss) from discontinued operations	—	(3,611)	—	(4,575)
Loss on Software Integrity Divestiture	—	—	(8,299)	—
Income (loss) from discontinued operations before income taxes	—	(3,611)	(8,299)	(4,575)
Income tax provision (benefit)	—	14,202	(4,399)	8,580
Income (loss) from discontinued operations, net of income taxes	$ —	$ (17,813)	$ (3,900)	$ (13,155)

The following table presents significant non-cash items and capital expenditures of discontinued operations for the period presented:

	Nine Months Ended July 31,	
	2025	2024
	(in thousands)	
Amortization and depreciation	$ —	$ 16,317
Reduction of operating lease right-of-use assets	$ —	$ 2,162
Amortization of capitalized costs to obtain revenue contracts	$ —	$ 20,808
Stock-based compensation	$ —	$ 47,476
Deferred income taxes	$ (6,933)	$ 18,939
Purchases of property and equipment	$ —	$ 972

Note 4. Acquisition of Ansys

On July 17, 2025, we completed our acquisition of Ansys pursuant to the terms of the previously announced Agreement and Plan of Merger, dated as of January 15, 2024 (the Merger Agreement) by and among Synopsys, Ansys and ALTA Acquisition Corp. (Merger Sub), a Delaware corporation and a wholly owned subsidiary of Synopsys. Pursuant to the Merger Agreement, Merger Sub merged with and into Ansys (the Ansys Merger), with Ansys surviving the Ansys Merger as a wholly owned subsidiary of Synopsys. At the effective time of the Ansys Merger (the Effective Time), each share of common stock, par value $0.01 per share, of Ansys (Ansys Common Stock) issued and outstanding immediately prior to the Effective Time (subject to certain exceptions) was converted into the right to receive (i) 0.3399 (the Exchange Ratio) of a share of common stock, par value $0.01 per share, of Synopsys (Synopsys Common Stock) (in the aggregate, the Stock Consideration) and (ii) $199.91 in cash, without interest (the Per Share Cash Amount, and in the aggregate, the Cash Consideration) (the Stock Consideration and the Cash Consideration, collectively, the Merger Consideration). In addition, we assumed certain outstanding Ansys options and other outstanding unvested Ansys equity awards held by continuing Ansys employees.

The aggregate purchase consideration was approximately $34.9 billion, consisting of cash of $17.6 billion, Synopsys Common Stock with a fair value of $17.1 billion, and the balance related to the assumption of certain outstanding Ansys equity awards and the settlement of pre-existing relationships. We acquired Ansys to combine Synopsys' semiconductor electronic design automation expertise with Ansys' S&A capabilities to address the growing demand for integrated design and simulation tools across various industries.

We funded the Cash Consideration in the Ansys Merger through a combination of cash on hand, the net proceeds from the issuance of the Senior Notes, and the borrowings under the Term Loan Agreement, each as defined and discussed in Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Condensed Consolidated Financial Statements*.

The aggregate purchase consideration was preliminarily allocated as follows:

		(in thousands)
Cash for outstanding Ansys Common Stock[1]	$	17,613,185
Fair value of Synopsys Common Stock issued for outstanding Ansys Common Stock[2]		17,105,538
Fair value of assumed Ansys equity awards attributable to pre-combination services[3]		130,963
Settlement of pre-existing relationships		8,794
Total purchase consideration		34,858,480
Less: cash acquired		(931,740)
Total purchase consideration, net of cash acquired	$	33,926,740
Allocations		
Total current assets		902,639
Property and equipment		105,193
Goodwill		23,493,632
Intangible assets		12,990,000
Other long-term assets		256,210
Deferred revenue		(637,076)
Other current liabilities		(310,082)
Long-term deferred revenue		(34,070)
Long-term deferred tax liabilities		(2,677,401)
Other long-term liabilities		(162,305)
	$	33,926,740

(1) Represents the total cash paid to settle 88.1 million outstanding shares of Ansys Common Stock as of the Acquisition Date at $199.91 per share and a small portion for the settlement of fractional shares.
(2) Represents the fair value of 30.0 million shares of Synopsys Common Stock issued to settle 88.1 million outstanding shares of Ansys Common Stock. Synopsys issued 0.3399 of a share of Synopsys Common Stock for each Ansys share. The fair value of Synopsys Common Stock was $571.20 per share as of the Acquisition Date.
(3) Represents the fair value of assumed Ansys options and RSUs attributed to pre-combination services. See Note 15. Stock-Based Compensation for additional information.

We allocated the purchase price to tangible and identified intangible assets acquired and liabilities assumed based on their preliminary estimated fair values, which were determined using generally accepted valuation techniques based on estimates and assumptions made by management at the time of acquisition. These estimates and assumptions are believed to be reasonable, but they are inherently uncertain and may be subject to material change as additional information becomes available during the respective measurement period, which will not exceed 12 months from applicable acquisition date. The primary areas that are preliminary relate to the fair values of goodwill, intangible assets, certain tangible assets and liabilities, and income taxes.

Goodwill is primarily attributed to the assembled workforce and anticipated synergies and economies of scale expected from the integration of the Ansys business. The synergies include certain cost savings, operating efficiencies and other strategic benefits projected to be achieved as a result of the Ansys Merger. The goodwill was assigned to the Design Automation reporting unit and the amount recognized was not deductible for tax purposes.

The operating results of Ansys have been included in our condensed consolidated financial statements for the three and nine months ended July 31, 2025 from the Acquisition Date, and were not material to our financial results for either of these periods.

Transaction Costs

Transaction costs for acquisitions, primarily related to the Ansys Merger, were $114.9 million and $236.7 million during the three and nine months ended July 31, 2025, respectively. Transaction costs for acquisitions, including the Ansys Merger, were $53.0 million and $110.2 million during the three and nine months ended July 31, 2024, respectively. These costs mainly consisted of professional fees and administrative costs for closed and pending acquisitions and were expensed as incurred in our condensed consolidated statements of income.

Intangible Assets

The estimated fair value and weighted average useful life of the Ansys intangible assets were as follows:

	Fair value (in thousands)	Useful Lives (in years)
Core/developed technologies[1]	$ 6,500,000	6 - 9
Customer relationships[2]	5,100,000	9
Contract rights intangible[3]	440,000	2
Trademarks and trade names[4]	950,000	23
Total identified intangible assets	$ 12,990,000	

(1) Core/developed technology was identified from the products of Ansys and its preliminary fair value was determined using the relief-from-royalty method under the income approach. The relief-from-royalty method applies a royalty rate to projected income to quantify the benefit of owning the intangible asset rather than paying a royalty for use of the asset. The discount rate was determined at the time of measurement based on an analysis of the implied internal rate of return of the transaction, weighted-average cost of capital, and weighted-average return on assets. The economic useful life was determined based on the technology cycle related to each developed technology, as well as the cash-flows over the forecast period.

(2) Customer relationships represent the preliminary fair value of future projected revenue that will be derived from sales of products to existing Ansys customers. The fair value was determined using the multi-period excess earnings method under the income approach, which involves isolating the net earnings attributable to the asset being measured based on present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life. The economic useful life was determined based on historical customer turnover rates and the useful life of developed technology.

(3) Contract rights intangible which represents contracted but unsatisfied or partially unsatisfied performance obligations, primarily relates to the dollar value of purchase arrangements with customers. The preliminary fair value was determined using the multi-period excess earnings method under the income approach. The economic useful life is based on the time to fulfill the outstanding order backlog obligation.

(4)Trademarks and trade names refers to Ansys brand assets. The preliminary fair value was determined by applying the relief-from-royalty method under the income approach. This method is based on the application of a royalty rate to forecasted revenue attributable to Ansys brand assets. The economic useful life was determined based on the expected usage period of the brand assets and the anticipated cash flows over the forecast period.

We believe the amounts of purchased intangible assets recorded above represent the fair values of and approximate the amounts a market participant would pay for these intangible assets as of the date of the Ansys Merger.

The Optical Solutions Group and PowerArtist RTL Divestiture

Following the determination that it was a necessary step towards obtaining governmental approval of and successfully closing the Ansys Merger, on September 3, 2024, we signed a definitive agreement for the sale of our Optical Solutions Group (OSG) to Keysight Technologies, Inc. (such sale, the Optical Solutions Divestiture). Ansys has similarly entered into a definitive agreement with Keysight Technologies, Inc. for the sale of its PowerArtist RTL business (such sale, together with the Optical Solutions Divestiture, the Regulatory Divestitures). The Regulatory Divestitures are subject to customary closing conditions, including approval by regulatory authorities. The assets and liabilities of OSG and PowerArtist have been classified as assets held for sale in the condensed consolidated balance sheets as of the Acquisition Date. OSG and PowerArtist are included in our Design Automation segment.

The following table presents the major classes of assets and liabilities classified as held for sale as of July 31, 2025.

		(in thousands)
Assets:		
Accounts receivable, net	$	18,507
Inventories		281
Prepaid and other current assets		6,282
Property and equipment, net		576
Operating lease right-of-use assets, net		1,978
Goodwill		31,523
Intangible assets, net		15,170
Total current assets held for sale	$	74,317
Liabilities:		
Accounts payable and accrued liabilities	$	882
Operating lease liabilities		2,103
Deferred revenue		17,020
Total current liabilities held for sale	$	20,005

The Regulatory Divestitures did not represent a strategic shift in operations that would have a major effect on the Company's business and are also not material to our financial results, therefore, are not presented as discontinued operations. The measurement of assets held for sale to fair value less costs to sell resulted in a gain which will not be recognized until realized on the date of sale.

Supplemental Pro Forma Information (Unaudited)

The following unaudited pro forma financial information presents combined results of operations for each of the periods presented, as if Ansys had been acquired as of the beginning of fiscal year 2024.

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Pro forma total revenue	$ 2,290,354	$ 2,105,893	$ 6,666,029	$ 6,385,630
Pro forma net income (loss)	$ 214,539	$ 107,135	$ 294,183	$ (127,250)

The unaudited pro forma financial information reflects significant non-recurring adjustments, including transaction costs of $298.4 million, stock-based compensation costs of $71.5 million, and severance costs of $8.2 million. This information is provided for informational purposes only and is not necessarily indicative of our consolidated results of operations of the combined business had the acquisition actually occurred at the beginning of fiscal year 2024, or of the results of our future operations of the combined business.

Note 5. Revenue

Disaggregated Revenue

The following table shows the percentage of revenue by product groups:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
EDA	68.6 %	66.9 %	67.6 %	66.8 %
Design IP	24.6 %	30.4 %	28.0 %	30.9 %
Simulation and Analysis	4.5 %	— %	1.6 %	— %
Other	2.3 %	2.7 %	2.8 %	2.3 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing customers, resulting in receivables, contract assets, or contract liabilities (deferred revenue) on Synopsys's condensed consolidated balance sheets. For specific software, hardware, and IP agreements with payment plans, Synopsys records an unbilled receivable associated with revenue recognized upon transfer of control, as it holds an unconditional right to invoice and receive payment in the future for those transferred products or services.

A contract asset is recorded when revenue is recognized before Synopsys has the unconditional right to invoice or retains performance risk concerning that performance obligation. These contract assets transition to receivables when the rights become unconditional, generally upon the completion of a milestone. The contract assets listed below are included in prepaid and other current assets and other long-term assets in the condensed consolidated balance sheets.

Contract balances are as follows:

	As of	
	July 31, 2025	October 31, 2024
	(in thousands)	
Contract assets, net	$ 1,177,744	$ 757,075
Unbilled receivables	$ 44,936	$ 44,166
Deferred revenue	$ 2,374,834	$ 1,732,568

During the three and nine months ended July 31, 2025, we recognized revenue of $245.0 million and $1.4 billion, respectively, that was included in the deferred revenue balance as of October 31, 2024, including previously unfulfilled contracts that have expired and are no longer subject to an implied promise to provide future services.

Contracted but unsatisfied or partially unsatisfied performance obligations (backlog) were approximately $10.1 billion as of July 31, 2025, which includes $1.3 billion in non-cancellable Flexible Spending Account (FSA) commitments from customers where actual product selection and quantities of specific products or services are to be determined by customers at a later date. We have elected to exclude future sales-based royalty payments from the remaining performance obligations. Approximately 46% of the backlog as of July 31, 2025, excluding non-cancellable FSA, is expected to be recognized as revenue over the next 12 months, with the remainder to be recognized thereafter. The majority of the remaining backlog is expected to be recognized in the following three years.

During the three and nine months ended July 31, 2025, we recognized $44.5 million and $95.2 million, respectively, from performance obligations satisfied from sales-based royalties earned during the periods. During the three and nine months ended July 31, 2024, we recognized $21.1 million and $73.9 million, respectively, from performance obligations satisfied from sales-based royalties earned during the periods.

Costs of Obtaining a Contract with Customer

Capitalized commission costs, net of accumulated amortization, as of July 31, 2025 were $67.9 million, of which $1.4 million are included in prepaid and other current assets, and $66.5 million in other long-term assets in our condensed consolidated balance sheets. Amortization of these assets was $13.5 million and $38.9 million during the three and nine months ended July 31, 2025, respectively, and are included in sales and marketing expense in our condensed consolidated statements of income. Amortization of these assets was $12.6 million and $36.3 million during the three and nine months ended July 31, 2024, respectively, and are included in sales and marketing expense in our condensed consolidated statements of income.

Note 6. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill during the nine months ended July 31, 2025 are as follows:

		(in thousands)
Balance at October 31, 2024	$	3,448,850
Additions		23,493,632
Adjustments		(19,470)
Effect of foreign currency translation		22,711
Balance at July 31, 2025	$	26,945,723

The change in goodwill during the nine months ended July 31, 2025 resulted primarily from $23.5 billion related to the Ansys Merger. For additional information, refer to Note 4. *Acquisition of Ansys*.

Intangible Assets

Intangible assets as of July 31, 2025 consist of the following:

		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
				(in thousands)		
Core/developed technology	$	7,271,070	$	699,991	$	6,571,079
Customer relationships		5,399,231		269,100		5,130,131
Contract rights intangible		613,263		182,895		430,368
Trademarks and trade names		961,325		12,991		948,334
Total	$	14,244,889	$	1,164,977	$	13,079,912

Intangible assets as of October 31, 2024 consist of the following:

		Gross Carrying Amount		Accumulated Amortization and Impairment		Net Carrying Amount
				(in thousands)		
Core/developed technology	$	904,347	$	777,518	$	126,829
Customer relationships		314,140		247,025		67,115
Contract rights intangible		176,382		175,170		1,212
Trademarks and trade names		12,925		12,917		8
Total	$	1,407,794	$	1,212,630	$	195,164

Amortization expense related to intangible assets consists of the following:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Core/developed technology	$ 37,357	$ 13,447	$ 52,883	$ 38,373
Customer relationships	26,907	4,058	34,895	11,467
Contract rights intangible	9,011	1,063	9,741	3,465
Trademarks and trade names	1,666	4	1,674	12
Total	$ 74,941	$ 18,572	$ 99,193	$ 53,317

The following table presents the estimated future amortization of acquired intangible assets as of July 31, 2025:

Fiscal year	(in thousands)
Remainder of fiscal 2025	$ 405,134
2026	1,613,162
2027	1,544,552
2028	1,383,210
2029	1,380,773
2030 and thereafter	6,753,081
Total	$ 13,079,912

Note 7. Balance Sheet Components

	As of	
	July 31, 2025	October 31, 2024
	(in thousands)	
Other long-term assets:		
Deferred compensation plan assets	$ 426,862	$ 386,757
Contract assets, net	355,802	—
Capitalized commission, net	66,572	72,801
Other	269,640	124,142
Total	$ 1,118,876	$ 583,700
Accounts payable and accrued liabilities:		
Payroll and related benefits	$ 733,539	$ 624,823
Accrued income taxes	17,063	147,115
Other accrued liabilities	198,554	184,321
Interest payable	201,103	—
Accounts payable	132,945	207,333
Total	$ 1,283,204	$ 1,163,592
Other long-term liabilities:		
Deferred tax liability	$ 1,188,824	$ 36,557
Deferred compensation plan liabilities	426,862	386,757
Other	182,027	46,424
Total	$ 1,797,713	$ 469,738

Note 8. Financial Assets and Liabilities

Cash Equivalents and Short-term Investments

As of July 31, 2025, the balances of our cash equivalents and short-term investments are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less Than 12 Continuous Months	Gross Unrealized Losses 12 Continuous Months or Longer	Estimated Fair Value[(1)]
	(in thousands)				
Cash equivalents:					
Money market funds	$ 267,586	$ —	$ —	$ —	$ 267,586
Total:	$ 267,586	$ —	$ —	$ —	$ 267,586
Short-term investments:					
U.S. Treasury, agency & T-bills	$ 5,020	$ 1	$ (3)	$ —	$ 5,018
Municipal bonds	17,126	5	(4)	—	17,127
Corporate debt securities	44,905	17	(20)	—	44,902
Other	188	$ —	$ —	—	188
Total:	$ 67,239	$ 23	$ (27)	$ —	$ 67,235

[(1)] *See Note 9. Fair Value Measurements for further discussion on fair values.*

The contractual maturities of our available-for-sale debt securities as of July 31, 2025 are as follows:

	Amortized Cost	Fair Value
	(in thousands)	
1 year or less	$ 20,278	$ 20,292
1-5 years	46,961	46,943
Total	$ 67,239	$ 67,235

As of October 31, 2024, the balances of our cash equivalents and short-term investments are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less Than 12 Continuous Months	Gross Unrealized Losses 12 Continuous Months or Longer	Estimated Fair Value[(1)]
	(in thousands)				
Cash equivalents:					
Money market funds	$ 869,972	$ —	$ —	$ —	$ 869,972
U.S. Treasury, agency & T-bills	7,984	1	—	—	7,985
Total:	$ 877,956	$ 1	$ —	$ —	$ 877,957
Short-term investments:					
U.S. Treasury, agency & T-bills	$ 19,411	$ 44	$ (6)	$ —	$ 19,449
Corporate debt securities	105,024	349	(115)	(2)	105,256
Asset-backed securities	29,061	130	(7)	(20)	29,164
Total:	$ 153,496	$ 523	$ (128)	$ (22)	$ 153,869

[(1)] *See Note 9. Fair Value Measurements for further discussion on fair values.*

Restricted cash. We include amounts generally described as restricted cash in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown in the condensed consolidated statements of cash flows. Restricted cash is primarily associated with office leases and employee loan programs.

The following table provides a reconciliation of cash, cash equivalents and restricted cash included in the condensed consolidated balance sheets and the condensed consolidated statements of cash flows:

	As of	
	July 31, 2025	October 31, 2024
	(in thousands)	
Cash and cash equivalents	$ 2,526,475	$ 3,896,532
Restricted cash included in prepaid and other current assets	4,717	1,529
Restricted cash included in other long-term assets	978	668
Cash, cash equivalents and restricted cash	$ 2,532,170	$ 3,898,729

Non-marketable equity securities. Our portfolio of non-marketable equity securities consists of strategic investments in privately held companies. During the first quarter of fiscal 2024, we completed the sale of certain strategic investments in privately-held companies. The gain recognized from the sales was $55.1 million and included in other income (expense), net, in our condensed consolidated statements of income. There were no material impairments of non-marketable equity securities during the three and nine months ended July 31, 2025 and 2024.

Derivatives

We recognize derivative instruments as either assets or liabilities in the condensed consolidated balance sheets at fair value and provide qualitative and quantitative disclosures about such derivatives. We operate internationally and are exposed to potentially adverse movements in foreign currency exchange and interest rates. We enter into hedges in the form of foreign currency forward contracts to reduce our exposure to foreign currency rate changes on non-functional currency denominated forecasted transactions and balance sheet positions including: (1) certain assets and liabilities, (2) shipments forecasted to occur within approximately one month, (3) future billings and revenue on previously shipped orders, and (4) certain future intercompany invoices denominated in foreign currencies.

The majority of the forward contracts are short-term with maturity of up to 30 months at inception. We do not use foreign currency forward contracts for speculative or trading purposes. We enter into foreign exchange forward contracts with high credit quality financial institutions that are rated "A" or above and to date have not experienced nonperformance by counterparties. In addition, we mitigate credit risk in derivative transactions by permitting net settlement of transactions with the same counterparty and anticipate continued performance by all counterparties to such agreements.

The assets or liabilities associated with the forward contracts are recorded at fair value in other current assets or accrued liabilities in the condensed consolidated balance sheets. The accounting for gains and losses resulting from changes in fair value depends on the use of the foreign currency forward contract and whether it is designated and qualifies for hedge accounting. The cash flow impact upon settlement of the derivative contracts is included in net cash used in operating activities in the condensed consolidated statements of cash flows.

Additionally, in order to manage interest rate exposure related to anticipated debt transactions, in the first quarter of fiscal 2025, we entered into treasury rate lock agreements to hedge against unfavorable interest rate changes. The accounting for gains and losses resulting from changes in fair value depends on whether these are designated and qualify for hedge accounting. The assets or liabilities associated with these derivatives are recorded at fair value in other current assets or accrued liabilities in the condensed consolidated balance sheets. The cash flow impact upon settlement of these derivative contracts is included in net cash used in operating activities in the condensed consolidated statements of cash flows.

Cash Flow Hedging Activities

Certain foreign exchange forward contracts are designated and qualify as cash flow hedges. These contracts have durations of up to 30 months or less. Certain forward contracts are rolled over periodically to capture the full length of exposure to our foreign currency risk, which can be up to three years. To receive hedge accounting treatment, all hedging relationships are formally documented at the inception of the hedge, and the hedges must be highly effective in offsetting changes to future cash flows on the hedged transactions. The related gains or losses resulting from changes in fair value of these hedges is initially reported, net of tax, as a component of other comprehensive income (loss) in stockholders' equity and reclassified into revenue or operating expenses, as appropriate, at the time the hedged transactions affect earnings. We expect a majority of the hedge balance in other comprehensive income (loss) to be reclassified to the statements of income after the next 12 months.

We did not record any gains or losses related to discontinuation of foreign exchange forward contracts cash flow hedges during the nine months ended July 31, 2025 and 2024.

During the first quarter of fiscal 2025, we entered into 6-month interest rate hedge contracts (the 2025 Rate Lock Agreements) with notional value of $2.0 billion to lock the benchmark interest rate prior to expected debt issuances with 10-year and 30-year terms. The objective of the 2025 Rate Lock Agreements was to hedge the risk associated with the variability in interest rates due to the changes in the benchmark rate leading up to the closing of the intended financing on the notional amount being hedged. To receive hedge accounting treatment, the hedging relationships are formally documented at the inception of the hedge, and the hedges must be highly effective in offsetting changes to future cash flows on the hedged transactions. These derivatives are designated as cash flow hedges with unrealized gains and losses deferred in other comprehensive income (loss) (OCI). The 2025 Rate Lock Agreements terminated and settled in the second quarter of fiscal 2025, and we recorded the fair value of $121.6 million as a loss within OCI. The unrealized loss of $121.6 million is being amortized to interest expense over the life of the related debt. We expect $7.0 million of the unrealized loss to be amortized to interest expense over the next 12 months. As of July 31, 2025, the unamortized portion of the fair value of the 2025 Rate Lock Agreements was $118.7 million. We had no interest rate hedge contracts outstanding as of July 31, 2025.

During the second quarter of fiscal 2025, we entered into a deferred payment agreement with the counterparty bank to defer the cash settlement of 2025 Rate Lock Agreements over a period of 5.5 years with installments due semi-annually. The implied interest rate is 3.45%. This liability is recognized in our condensed consolidated balance sheets as short-term debt for the portion due within the next 12 months and as long-term debt for the remaining portion. There were no debt covenants applicable to the deferred payment agreement.

Non-designated Hedging Activities

Our foreign exchange forward contracts that are used to hedge non-functional currency denominated balance sheet assets and liabilities are not designated as hedging instruments. Accordingly, any gains or losses from changes in the fair value of the forward contracts are recorded in other income (expense), net. The gains and losses on these forward contracts generally offset the gains and losses associated with the underlying assets and liabilities, which are also recorded in other income (expense), net. The duration of the forward contracts for hedging our balance sheet exposure is approximately one month.

We also have certain foreign exchange forward contracts for hedging certain international revenues and expenses that are not designated as hedging instruments. Accordingly, any gains or losses from changes in the fair value of these forward contracts are recorded in other income (expense), net. The gains and losses on these forward contracts generally offset the gains and losses associated with the foreign currency in operating income. The duration of these forward contracts is usually less than one year. The overall goal of our hedging program is to minimize the impact of currency fluctuations on the net income over the fiscal year.

The effects of the non-designated foreign currency derivative instruments in the condensed consolidated statements of income are summarized as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Gains (losses) recorded in other income (expense), net	$ (5,298)	$ 955	$ 1,467	$ (110)

The notional amounts in the table below for foreign currency derivative instruments provide one measure of the transaction volume outstanding:

	As of	
	July 31, 2025	October 31, 2024
	(in thousands)	
Total gross notional amounts	$ 1,223,925	$ 1,686,341
Net fair value	$ 4,371	$ 1,819

Our exposure to the market gains or losses will vary over time as a function of currency exchange rates. The amounts ultimately realized upon settlement of these financial instruments, together with the gains and losses on the underlying exposures, will depend on actual market conditions during the remaining life of the instruments.

The following table represents the condensed consolidated balance sheets location and amount of foreign currency derivative instrument fair values segregated between designated and non-designated hedge instruments:

	Fair values of derivative instruments designated as hedging instruments	Fair values of derivative instruments not designated as hedging instruments
	(in thousands)	
Balance at July 31, 2025		
Other current assets	$ 10,422	$ 679
Accrued liabilities	$ 4,166	$ 2,564
Balance at October 31, 2024		
Other current assets	$ 8,839	$ 12
Accrued liabilities	$ 6,918	$ 114

The following table represents the location of the amount of gains and losses on derivative instrument fair values for designated hedge instruments, net of tax in the condensed consolidated statements of income:

	Location of gains (losses) recognized in OCI on derivatives	Amount of gains (losses) recognized in OCI on derivatives (effective portion)	Location of gains (losses) reclassified from OCI	Amount of gains (losses) reclassified from OCI (effective portion)
		(in thousands)		
Three months ended July 31, 2025				
Foreign exchange contracts	Revenue	$ 4,751	Revenue	$ 1,056
Foreign exchange contracts	Operating expenses	847	Operating expenses	(8)
Interest rate contracts	Interest expense	—	Interest expenses	(1,331)
Total		$ 5,598		$ (283)
Three months ended July 31, 2024				
Foreign exchange contracts	Revenue	$ 4,501	Revenue	$ 2,689
Foreign exchange contracts	Operating expenses	(320)	Operating expenses	(611)
Total		$ 4,181		$ 2,078
Nine months ended July 31, 2025				
Foreign exchange contracts	Revenue	$ 17,953	Revenue	$ 1,336
Foreign exchange contracts	Operating expenses	(1,295)	Operating expenses	(5,664)
Interest rate contracts	Interest expense	(93,216)	Interest expenses	(2,219)
Total		$ (76,558)		$ (6,547)
Nine months ended July 31, 2024				
Foreign exchange contracts	Revenue	$ 1,936	Revenue	$ (1,593)
Foreign exchange contracts	Operating expenses	5,720	Operating expenses	(763)
Total		$ 7,656		$ (2,356)

Note 9. Fair Value Measurements

ASC 820-10, Fair Value Measurements and Disclosures, defines fair value, establishes guidelines and enhances disclosure requirements for fair value measurements. The accounting guidance requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The accounting guidance also establishes a fair value hierarchy based on the independence of the source and objective evidence of the inputs used. There are three fair value hierarchies based upon the level of inputs that are significant to fair value measurement:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical instruments in active markets;

Level 2—Observable inputs other than quoted prices for identical instruments in active markets, quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-driven valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3—Unobservable inputs derived from fair valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

On a recurring basis, we measure the fair value of certain assets and liabilities, which include cash equivalents, short-term investments, marketable securities, non-qualified deferred compensation plan assets, contingent consideration receivable, and foreign currency derivative contracts.

Our cash equivalents, short-term investments and marketable securities are classified within Level 1 or Level 2 because they are valued using quoted market prices in an active market or alternative independent pricing sources and models utilizing market observable inputs.

Our non-qualified deferred compensation plan assets consist of money market and mutual funds invested in domestic and international marketable securities that are directly observable in active markets and are therefore classified within Level 1.

Our foreign currency derivative contracts are classified within Level 2 because these contracts are not actively traded, and the valuation inputs are based on quoted prices and market observable data of similar instruments.

Our borrowings under our Credit and Term Loan facilities are classified within Level 2 because these borrowings are not actively traded and have a variable interest rate structure based upon market rates currently available to us for debt with similar terms and maturities. See Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Condensed Consolidated Financial Statements* for more information on these borrowings.

Our contingent consideration receivable, which was recorded in connection with the Software Integrity Divestiture, was classified within Level 3 because it was estimated using significant inputs that were not observable in the market. See Note 3. *Discontinued Operations* of the *Notes to Condensed Consolidated Financial Statements* for additional information.

Assets/Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below as of July 31, 2025:

Description	Total	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Assets				
Cash equivalents:				
Money market funds	$ 267,586	$ 267,586	$ —	$ —
Short-term investments:				
U.S. Treasury, agency & T-bills	5,018	—	5,018	—
Municipal bonds	17,127	—	17,127	—
Corporate debt securities	44,902	—	44,902	—
Other	188	—	188	—
Prepaid and other current assets:				
Foreign currency derivative contracts	11,101	—	11,101	—
Contingent consideration receivable	22,202	—	—	22,202
Other long-term assets:				
Deferred compensation plan assets	426,862	426,862	—	—
Marketable equity securities	969	969	—	—
Total assets	$ 795,955	$ 695,417	$ 78,336	$ 22,202
Liabilities				
Accounts payable and accrued liabilities:				
Foreign currency derivative contracts	$ 6,730	$ —	$ 6,730	$ —
Other long-term liabilities:				
Deferred compensation plan liabilities	426,862	426,862	—	—
Total liabilities	$ 433,592	$ 426,862	$ 6,730	$ —

Assets and liabilities measured at fair value on a recurring basis are summarized below as of October 31, 2024:

Description	Total	Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Assets				
Cash equivalents:				
Money market funds	$ 869,972	$ 869,972	$ —	$ —
U.S. Treasury, agency & T-bills	7,985	—	7,985	—
Short-term investments:				
U.S. Treasury, agency & T-bills	19,449	—	19,449	—
Corporate debt securities	105,256	—	105,256	—
Asset-backed securities	29,164	—	29,164	—
Prepaid and other current assets:				
Foreign currency derivative contracts	8,851	—	8,851	—
Contingent consideration receivable	22,202	—	—	22,202
Other long-term assets:				
Deferred compensation plan assets	386,757	386,757	—	—
Total assets	$ 1,449,636	$ 1,256,729	$ 170,705	$ 22,202
Liabilities				
Accounts payable and accrued liabilities:				
Foreign currency derivative contracts	$ 7,032	$ —	$ 7,032	$ —
Other long-term liabilities:				
Deferred compensation plan liabilities	386,757	386,757	—	—
Total liabilities	$ 393,789	$ 386,757	$ 7,032	$ —

Assets/Liabilities Measured at Fair Value on a Non-Recurring Basis

Non-Marketable Equity Securities

Non-marketable equity securities are classified within Level 3 as they are valued using a combination of observable transaction price and unobservable inputs or data in an inactive market due to the absence of market price and inherent lack of liquidity.

Note 10. Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities

The following table summarizes our borrowings as of July 31, 2025:

	Effective Interest Rate	Amount (in thousands)
Fixed-rate 4.550% Senior Notes due on April 1, 2027	4.840 %	$ 1,000,000
Fixed-rate 4.650% Senior Notes due on April 1, 2028	4.850 %	1,000,000
Fixed-rate 4.850% Senior Notes due on April 1, 2030	4.980 %	2,000,000
Fixed-rate 5.000% Senior Notes due on April 1, 2032	5.150 %	1,500,000
Fixed-rate 5.150% Senior Notes due on April 1, 2035	5.270 %	2,400,000
Fixed-rate 5.700% Senior Notes due on April 1, 2055	5.800 %	2,100,000
Term Loan due on July 17, 2027	5.670 %	1,450,000
Term Loan due on July 17, 2028	5.770 %	2,850,000
Total		14,300,000
Unamortized discount and issuance costs		(94,474)
Total Senior Notes and Term Loan		14,205,526
Deferred payment on settlement of interest rate treasury lock		121,643
Other borrowings		12,964
Total		$ 14,340,133
Reported as:		
Short-term debt		$ 22,117
Long-term debt		14,318,016
Total		$ 14,340,133

Senior Notes:

On March 17, 2025, we issued $10.0 billion in aggregate principal amount of senior, unsecured and unsubordinated long-term notes, including $1.0 billion aggregate principal amount of 4.550% Senior Notes due April 1, 2027 (the 2027 Senior Notes), $1.0 billion aggregate principal amount of 4.650% Senior Notes due April 1, 2028 (the 2028 Senior Notes), $2.0 billion aggregate principal amount of 4.850% Senior Notes due April 1, 2030,(the 2030 Senior Notes), $1.5 billion aggregate principal amount of 5.000% Senior Notes due April 1, 2032 (the 2032 Senior Notes), $2.4 billion aggregate principal amount of 5.150% Senior Notes due April 1, 2035 (the 2035 Senior Notes) and $2.1 billion aggregate principal amount of 5.700% Senior Notes due April 1, 2055 (the 2055 Senior Notes and together with the 2027 Senior Notes, 2028 Senior Notes, 2030 Senior Notes, 2032 Senior Notes and 2035 Senior Notes, the Senior Notes). Our total proceeds were approximately $9.9 billion, net of original issuance discount of $17.0 million and total issuance costs of $70.2 million. Interest on the Senior Notes is payable semi-annually on April 1 and October 1 of each year, beginning on October 1, 2025. The discount and issuance costs on our Senior Notes are amortized to interest expense over the terms of the respective notes using the effective interest method. The effective rates for the Senior Notes include the interest on the notes, the accretion of the discount and the amortization of issuance costs.

The Senior Notes were issued under an indenture, dated as of March 17, 2025 (the Base Indenture), as supplemented by the first supplemental indenture, dated as of March 17, 2025 (the Supplemental Indenture and, together with the Base Indenture, the Indenture), each between Synopsys and U.S. Bank Trust Company, National Association, as trustee.

The net proceeds of the Senior Notes were used to fund a portion of the Cash Consideration in the Ansys Merger, pay related transaction fees and expenses, as well as repay Ansys' outstanding indebtedness.

At any time and from time to time prior to their respective par call dates (as defined in the Indenture and applicable series of Senior Notes or, in the case of the 2027 Senior Notes, prior to the maturity date), Synopsys may redeem the applicable series of the Senior Notes at its option, in whole or in part, at any time and from time to time, at the "make-whole" redemption price (calculated as set forth in the Indenture and applicable series of Senior Notes), plus, in each case, accrued and unpaid interest, if any, on the Senior Notes being redeemed to, but excluding, the redemption date. In addition, on or after the applicable par call date, Synopsys may redeem the 2028 Senior Notes, 2030 Senior Notes, 2032 Senior Notes, 2035 Senior Notes or 2055 Senior Notes at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed plus accrued and unpaid interest, if any, thereon to, but excluding, the applicable redemption date.

The Indenture contains covenants limiting Synopsys' ability to create certain liens and enter into certain sale and leaseback transactions. These covenants are subject to important limitations and exceptions as set forth in the Indenture.

Based on the trading prices of the Senior Notes, the fair value of our Senior Notes was $10.0 billion as of July 31, 2025. While the Senior Notes are recorded at cost, the fair value of long-term debt was determined based on observable market prices in less active markets and categorized as Level 2 for purposes of the fair value measurement hierarchy.

As of July 31, 2025, we were in compliance with all of our covenants under the Indenture.

During the first quarter of fiscal 2025, we entered into 6-month interest rate hedge contracts with an aggregate notional amount of $2.0 billion to manage the variability in cash flows due to changes in benchmark interest rates related to the Senior Notes. These interest rate hedge contracts were terminated and settled during the second quarter of fiscal 2025, and we entered into a deferred payment agreement with the counterparty bank to defer the cash settlement. See Note 8. *Financial Assets and Liabilities* of the *Notes to Condensed Consolidated Financial Statements* for more information on these cash flow hedging activities.

Bridge Commitment:

On January 15, 2024, we entered into the Bridge Commitment Letter with certain financial institutions that committed to provide, subject to the satisfaction of customary closing conditions, the bridge commitment (the Bridge Commitment) for the purpose of financing a portion of the aggregate Cash Consideration in the Ansys Merger and paying related fees and expenses in connection with the Ansys Merger and the other transactions contemplated by the Merger Agreement.

On October 3, 2024, we reduced the Bridge Commitment by $1.1 billion to $10.6 billion following the closing of the Software Integrity Divestiture. On March 17, 2025, we further reduced the Bridge Commitment by $9.9 billion following the issuance of the Senior Notes. On the Acquisition Date, we terminated the approximately $690.0 million in remaining Bridge Commitment, reducing total Bridge Commitment to $0.

Term Loan:

On February 13, 2024, we entered into a term loan facility credit agreement (the Term Loan Agreement) in connection with the financing of the Ansys Merger. On July 17, 2025, we borrowed the full $4.3 billion available under the Term Loan Agreement to fund a portion of the Cash Consideration in the Ansys Merger and to pay transaction fees, premiums and expenses related to the Ansys Merger.

The Term Loan Agreement provides for two tranches of senior unsecured term loans: a $1.45 billion tranche (Tranche 1) that matures on July 17, 2027 and a $2.85 billion tranche (Tranche 2) that matures on July 17, 2028. The outstanding balance under the Term Loan Agreement as of July 31, 2025 was $4.3 billion.

Under the Term Loan Agreement, borrowings bear interest on the principal amount outstanding at a floating rate based on, at Synopsys' election, (i) the Adjusted Term SOFR Rate (as defined in the Term Loan Agreement) plus an applicable margin based on the credit ratings of Synopsys ranging from 0.875% to 1.375% (in the case of Tranche 1) or 1.000% to 1.500% (in the case of Tranche 2) or (ii) the ABR (as defined in the Term Loan Agreement) plus an applicable margin based on the credit ratings of Synopsys ranging from 0.000% to 0.375% (in the case of Tranche 1) or 0.000% to 0.500% (in the case of Tranche 2).

The Term Loan Agreement contains a financial covenant requiring that Synopsys maintain a maximum consolidated leverage ratio, as well as certain other non-financial covenants. As of July 31, 2025, we were in compliance with the financial covenant.

Revolving Credit Facilities:

On February 13, 2024, we entered into a Sixth Amendment Agreement (the Sixth Amendment), which amended and restated our previous revolving credit agreement, dated as of December 14, 2022 (as amended and restated, the Revolving Credit Agreement).

The Revolving Credit Agreement provides an unsecured $850.0 million committed multicurrency revolving credit facility and an unsecured uncommitted incremental revolving loan facility of up to $150.0 million. The maturity date of the revolving credit facility is December 14, 2027, which may be extended at our option.

Under the Sixth Amendment, certain amendments became effective on February 13, 2024 and certain additional amendments became effective on the Acquisition Date. The Sixth Amendment amended the financial covenant to allow netting of the cash proceeds of certain debt incurred to finance the Ansys Merger as well as certain other modifications set forth therein. The Sixth Amendment, among other things, also amended: (i) the applicable margin used to determine the interest that accrues on loans and the facility fee payable under the revolving credit facility to be based on our credit ratings, (ii) the financial covenant thresholds under the financial covenant in the Revolving Credit Agreement requiring us to maintain a maximum consolidated leverage ratio and (iii) certain conditions to borrowing, other non-financial covenants and events of default.

The Revolving Credit Agreement contains a financial covenant requiring us to maintain a maximum consolidated leverage ratio, as well as other non-financial covenants. As of July 31, 2025, we were in compliance with the financial covenant.

Interest under the Revolving Credit Agreement accrues on dollar-denominated loans at a floating rate based on, at Synopsys' election, (i) the Adjusted Term SOFR Rate plus an applicable margin based on our credit ratings ranging from 0.795% to 1.200% or (ii) the ABR plus an applicable margin based on our credit ratings ranging from 0.000% to 0.200%. In addition to the interest on any outstanding loans, Synopsys is also required to pay a facility fee on the entire portion of the revolving credit facility ranging from 0.080% to 0.175% based on the credit ratings of Synopsys on the daily amount of the revolving commitment.

There was no outstanding balance under the Revolving Credit Agreement as of July 31, 2025 and October 31, 2024.

Other Borrowings:

In July 2018, we entered into a 12-year 220.0 million Renminbi (approximately $33.0 million) credit agreement with a lender in China to support our facilities expansion. Borrowings bear interest at a floating rate based on the 5-year Loan Prime Rate plus 0.74%. As of July 31, 2025, we had $13.0 million outstanding balance under the agreement.

The carrying amount of the short-term and long-term debt approximates the estimated fair value.

The future principal payments of debt as of July 31, 2025 are as follows:

Fiscal year	Principal Payments (in thousands)
Remainder of fiscal 2025	$ 11,058
2026	24,710
2027	2,474,710
2028	3,874,710
2029	24,710
2030 and thereafter	8,024,709
Total	$ 14,434,607

Note 11. Leases

We have operating lease arrangements for office space, data center, equipment and other corporate assets. These leases have various expiration dates through December 31, 2042, some of which include options to extend the leases for up to 15 years. We consider the lease renewal options in determining the lease term and include associated potential option payments in lease payments when it is reasonably certain that the renewal options will be exercised.

The components of our lease expense during the period presented are as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Operating lease expense [1]	$ 29,398	$ 23,800	$ 80,513	$ 67,848
Variable lease expense [2]	8,686	5,182	22,243	16,761
Total lease expense	$ 38,084	$ 28,982	$ 102,756	$ 84,609

[1] Operating lease expense includes immaterial amounts of short-term leases, net of sublease income.
[2] Variable lease expense includes payments to lessors that are not fixed or determinable at lease commencement date. These payments primarily consist of maintenance, property taxes, insurance and variable indexed based payments.

Supplemental cash flow information during the period presented is as follows:

	Nine Months Ended July 31,	
	2025	2024
	(in thousands)	
Cash paid for amounts included in the measurement of operating lease liabilities[1]	$ 79,819	$ 74,715
ROU assets obtained in exchange for operating lease liabilities[2]	$ 110,069	$ 64,790

(1) Cash paid for amounts included in the measurement of operating lease liabilities included cash from discontinued operations of $4.3 million during the nine months ended July 31, 2024.
(2) ROU assets obtained in exchange for operating lease liabilities included ROU assets from discontinued operations of $0.7 million during the nine months ended July 31, 2024.

Lease term and discount rate information related to our operating leases as of the end of the period presented are as follows:

	As of	
	July 31, 2025	October 31, 2024
Weighted-average remaining lease term (in years)	6.81	7.59
Weighted-average discount rate	3.33 %	2.86 %

The following table represents the maturities of our future lease payments due under operating leases as of July 31, 2025:

Fiscal year	Lease Payments (in thousands)
Remainder of fiscal 2025	$ 34,397
2026	152,997
2027	149,967
2028	136,922
2029	127,192
2030 and thereafter	294,037
Total future minimum lease payments	895,512
Less: Imputed interest	95,331
Total lease liabilities	$ 800,181

In addition, the sublease income from facilities leased by us, due to us as of July 31, 2025 are as follows:

Fiscal year	Lease Receipts (in thousands)
Remainder of fiscal 2025	$ 4,604
2026	18,767
2027	19,689
2028	20,280
2029	20,888
2030 and thereafter	17,867
Total	$ 102,095

Note 12. Redeemable Non-controlling Interest

During the second quarter of fiscal 2022, we acquired a 75% equity interest in OpenLight Photonics, Inc. (OpenLight) for cash consideration of $90.0 million. The remaining 25% equity interest in OpenLight was held by Juniper Networks, Inc. (the Minority Investor) from their contribution of IP and certain tangible assets.

The agreement with the Minority Investor contained redemption features whereby the interest held by the Minority Investor was redeemable either (1) at the option of the Minority Investor on or after the third anniversary of the acquisition or sooner in certain circumstances or (2) at our option beginning on the third anniversary of the acquisition. This option was exercisable at the greater of fair value at the time of redemption or $30.0 million. The fair value of the option was initially valued at $10.1 million, resulting in a total consideration of $100.1 million.

As of the end of fiscal 2024, upon issuance of new OpenLight stock, our ownership interest in OpenLight was reduced to 71% and Juniper's was reduced to 24%. On December 23, 2024, we exercised the call option to purchase the remaining ownership interest held by Juniper at a redemption price of $30.0 million, bringing our ownership interest in OpenLight to 95%.

Subsequently on December 30, 2024, we divested our entire ownership interest in OpenLight. We had previously recorded an impairment charge of $53.5 million related to acquired intangible assets in OpenLight in fiscal 2024. See Note 6. *Goodwill and Intangible Assets* of the *Notes to Consolidated Financial Statements* in our Annual Report for more information. The goodwill related to the OpenLight acquisition was assigned to our Design Automation reporting unit. The resulting loss on the OpenLight divestiture, included in other income (expense), net in the condensed consolidated statements of income, was not material to our results of operation.

During the first quarter of fiscal 2025, prior to the exercise of the call option, OpenLight incurred a net loss of $3.5 million, of which $0.8 million was attributable to redeemable non-controlling interest. We have excluded the financial results of OpenLight from our condensed consolidated financial statements from the date of sale.

Note 13. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), on an after-tax basis where applicable, are as follows:

	As of	
	July 31, 2025	October 31, 2024
	(in thousands)	
Cumulative currency translation adjustments	$ (143,080)	$ (161,954)
Unrealized gains (losses) on derivative instruments, net of taxes	(88,811)	(18,800)
Unrealized gains (losses) on available-for-sale securities, net of taxes	(4)	374
Total	$ (231,895)	$ (180,380)

The effect of amounts reclassified out of each component of accumulated other comprehensive income (loss) into net income is as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Reclassifications:				
Gains (losses) on cash flow hedges, net of taxes				
Revenues	$ 1,056	$ 2,689	$ 1,336	$ (1,593)
Operating expenses	(8)	(611)	(5,664)	(763)
Interest expense	(1,331)	—	(2,219)	—
Total	$ (283)	$ 2,078	$ (6,547)	$ (2,356)

Amounts reclassified during the nine months ended July 31, 2025 and 2024 primarily consisted of gains (losses) from our cash flow hedging activities. See Note 8. *Financial Assets and Liabilities* of the *Notes to Condensed Consolidated Financial Statements.*

Note 14. Stock Repurchase Program

In fiscal 2022, our Board of Directors approved a stock repurchase program (the Program) with authorization to purchase up to $1.5 billion of our common stock. As of July 31, 2025, $194.3 million remained available for future repurchases under the Program. However, in connection with the Ansys Merger, we have suspended the Program until we reduce our debt levels.

Stock repurchase activities as well as the reissuance of treasury stock for employee stock-based compensation purposes are as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024[1]
	(in thousands)			
Total shares repurchased	—	—	—	74
Total cost of the repurchased shares	$ —	$ —	$ —	$ 45,000
Reissuance of treasury stock	359	409	1,393	1,634

[1] *Included the 73,903 shares and $45.0 million equity forward contract from the August 2023 Accelerated Share Repurchase settled in November 2023.*

Note 15. Stock-Based Compensation

As of the Acquisition Date, we assumed outstanding equity incentive awards under the following Ansys equity incentive plans: (i) the Fourth Amended and Restated Ansys, Inc. 1996 Stock Option and Grant Plan, (ii) the Fifth Amended and Restated Ansys, Inc. 1996 Stock Option and Grant Plan, and (iii) the Ansys, Inc. 2021 Equity and Incentive Compensation Plan (each, an Assumed Equity Plan, and collectively the Assumed Equity Plans). The awards under the Assumed Equity Plans, previously issued in the form of stock options and RSUs, were generally settled as follows:

(1) Each award of Ansys restricted stock units (RSUs) held by non-employee directors and specified employees that were outstanding immediately prior to the Acquisition Date (the specified RSUs), including any RSUs deferred as part of Ansys' director deferred compensation program, was canceled and terminated and converted into the right to receive the Merger Consideration as of the Acquisition Date.

(2) Each award of Ansys stock options and RSUs (other than specified RSUs) that was outstanding and unvested immediately prior to the Acquisition Date was assumed by us (each, an Assumed Option and Assumed RSU, and collectively, the Assumed Equity Awards) and converted to stock options exercisable and RSUs settleable in the number of shares of our common stock equal to the product of (i) the number of Ansys shares underlying such Assumed Equity Awards as of immediately prior to the Acquisition Date multiplied by (ii) the conversion ratio defined in the Merger Agreement. Any Ansys performance-based RSUs that were assumed by us will only be

subject to time-based vesting. The number of Ansys shares underlying the performance-based RSUs for which the performance period was not complete as of the Acquisition Date was based on the target level of performance, and the number of Ansys shares underlying the performance-based RSUs for which the performance period was complete as of the Acquisition Date was based on the actual level of performance. The Assumed Equity Awards generally retain all of the rights, terms and conditions of the respective plans under which they were originally granted, including the same service-based vesting schedule, applicable thereto.

As of the Acquisition Date, the estimated fair value of the Assumed Equity Awards was $639.7 million, of which $131.0 million was recognized as goodwill and the balance of $508.7 million will be recognized as stock-based compensation expense over the remainder term of the Assumed Equity Awards. The fair value of the Assumed Equity Awards for services rendered through the Acquisition Date was recognized as a component of the purchase consideration, with the remaining fair value related to the post-combination services to be recorded as stock-based compensation over the remaining vesting period. A total of 1.1 million shares of our common stock underlying the Assumed Equity Awards that will be recognized as stock-based compensation expense have an estimated weighted average fair value at the Acquisition Date of $453.83 per share.

During the three months ended July 31, 2025, stock-based compensation expense included $67.2 million related to the Assumed Equity Awards in connection with the Ansys Merger. As of July 31, 2025, we had $432.5 million of total unrecognized stock-based compensation expense relating to RSUs underlying the outstanding Assumed Equity Awards, which is expected to be recognized over a weighted-average period of 1.74 years.

The compensation cost recognized in the condensed consolidated statements of income for our stock compensation arrangements is as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Cost of products	$ 22,943	$ 14,645	$ 66,470	$ 44,824
Cost of maintenance and service	10,222	9,677	28,715	28,126
Research and development expense	113,861	89,279	326,274	269,087
Sales and marketing expense	45,564	30,251	117,214	91,811
General and administrative expense	75,133	20,502	117,236	58,702
Stock-based compensation expense from continuing operations before taxes	267,723	164,354	655,909	492,550
Stock-based compensation expense from discontinued operations before taxes	—	17,185	—	47,476
Total stock-based compensation expense before taxes	267,723	181,539	655,909	540,026
Income tax benefit	(38,686)	(29,972)	(94,779)	(89,158)
Stock-based compensation expense after taxes	$ 229,037	$ 151,567	$ 561,130	$ 450,868

During the three and nine months ended July 31, 2025 and 2024, we recognized stock-based compensation expense relating to RSUs granted to senior executives with certain market, performance and service conditions (market-based RSUs). The grant date fair value of the market-based RSUs and the assumptions used in the Monte Carlo simulation model to determine the grant date fair value during the periods are as follows:

	Nine Months Ended July 31,	
	2025	2024
Expected life (in years)	2.67 - 2.79	2.89
Risk-free interest rate	3.90% - 4.39%	4.41%
Volatility	33.40% - 34.72%	34.03%
Grant date fair value	$409.94 - $464.17	$600.29

As of July 31, 2025, we had $1.7 billion of total unrecognized stock-based compensation expense relating to options, RSUs and restricted stock awards, which is expected to be recognized over a weighted-average period of 2.0 years. As of July 31, 2025, we had $109.2 million of unrecognized stock-based compensation expense relating to our Employee Stock Purchase Plan, which is expected to be recognized over a period of approximately 2.0 years.

The intrinsic values of equity awards exercised during the periods are as follows:

	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Nine Months Ended July 31, 2025	Nine Months Ended July 31, 2024
	(in thousands)			
Intrinsic value of awards exercised	$ 31,834	$ 90,973	$ 86,671	$ 166,993

Note 16. Net Income (Loss) Per Share

We compute basic net income (loss) per share by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share reflects the dilution from potential common shares outstanding such as stock options and unvested RSUs and awards during the period using the treasury stock method.

The table below reconciles the weighted average common shares used to calculate basic net income (loss) per share with the weighted average common shares used to calculate diluted net income (loss) per share:

	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Nine Months Ended July 31, 2025	Nine Months Ended July 31, 2024
	(in thousands, except per share amounts)			
Numerator:				
Net income from continuing operations attributed to Synopsys	$ 242,509	$ 425,868	$ 887,424	$ 1,162,429
Net income (loss) from discontinued operations attributed to Synopsys	—	(17,813)	(3,900)	(13,155)
Net income attributed to Synopsys	$ 242,509	$ 408,055	$ 883,524	$ 1,149,274
Denominator:				
Weighted average common shares for basic net income per share	160,174	153,417	156,536	152,885
Dilutive effect of common share equivalents from equity-based compensation	1,508	2,714	1,640	2,978
Weighted average common shares for diluted net income per share	161,682	156,131	158,176	155,863
Net income (loss) per share attributed to Synopsys - basic:				
Continuing operations	$ 1.51	$ 2.78	$ 5.67	$ 7.60
Discontinued operations	$ —	$ (0.12)	$ (0.03)	$ (0.08)
Basic net income per share	$ 1.51	$ 2.66	$ 5.64	$ 7.52
Net income (loss) per share attributed to Synopsys - diluted:				
Continuing operations	$ 1.50	$ 2.73	$ 5.61	$ 7.46
Discontinued operations	$ —	$ (0.12)	$ (0.02)	$ (0.09)
Diluted net income per share	$ 1.50	$ 2.61	$ 5.59	$ 7.37
Anti-dilutive employee stock-based awards excluded	479	211	430	203

Note 17. Segment Disclosure

Segment reporting is based upon the “management approach,” i.e., how management organizes our operating segments for which separate financial information is (1) available and (2) evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance. Our CODM is our CEO.

We have two reportable segments: (1) Design Automation, which includes our advanced silicon design, verification products and services, S&A solutions, system integration products and services, digital, custom and field programmable gate array (FPGA) IC design software, verification software and hardware products, manufacturing software products and other; and (2) Design IP, which includes our interface, foundation, security, and embedded processor IP, IP subsystems, and IP implementation services.

We completed our assessment of our organizational structure after the Ansys Merger and concluded that Ansys will be included within our Design Automation segment based on how our CODM will evaluate the financial results in making operational decisions, allocating resources and assessing performance.

The financial information provided to and used by the CODM to assist in making operational decisions, allocating resources, and assessing performance includes consolidated financial information as well as revenue, adjusted operating income, and adjusted operating margin information for the Design Automation and Design IP segments, accompanied by disaggregated information relating to revenue by geographic region.

The Software Integrity business constituted its own reportable segment under Topic 280. In accordance with applicable accounting guidance, the results of the Software Integrity business were presented as discontinued operations in the condensed consolidated statements of income and, as such, have been excluded from both continuing operations and segment results for all periods presented. See Note 3. *Discontinued Operations* of the *Notes to Condensed Consolidated Financial Statements*.

Information by reportable segment is as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Total Segments:				
Revenue	$ 1,739,737	$ 1,525,749	$ 4,799,318	$ 4,491,450
Adjusted operating income	669,778	610,589	1,810,265	1,758,823
Adjusted operating margin	38 %	40 %	38 %	39 %
Design Automation:				
Revenue	$ 1,312,166	$ 1,062,666	$ 3,454,617	$ 3,102,938
Adjusted operating income	583,755	440,864	1,447,181	1,218,574
Adjusted operating margin	44 %	41 %	42 %	39 %
Design IP:				
Revenue	$ 427,571	$ 463,083	$ 1,344,701	$ 1,388,512
Adjusted operating income	86,023	169,725	363,084	540,249
Adjusted operating margin	20 %	37 %	27 %	39 %

Certain operating expenses are not allocated to the segments and are managed at a consolidated level. The unallocated expenses managed at a consolidated level, including amortization of acquired intangible assets, stock-based compensation, changes in the fair value of deferred compensation plan, and acquisition/divestiture related items, are presented in the table below to provide a reconciliation of the total adjusted operating income from segments to our consolidated operating income from continuing operations:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Total segment adjusted operating income	$ 669,778	$ 610,589	$ 1,810,265	$ 1,758,823
Reconciling items:				
Amortization of acquired intangible assets	(74,941)	(18,572)	(99,193)	(53,317)
Stock-based compensation expense	(267,723)	(164,354)	(655,909)	(492,550)
Deferred compensation plan	(43,417)	(25,780)	(42,949)	(76,276)
Acquisition/divestiture related items	(118,428)	(41,672)	(218,680)	(91,771)
Total operating income	$ 165,269	$ 360,211	$ 793,534	$ 1,044,909

The CODM does not use total assets by segment to evaluate segment performance or allocate resources. As a result, total assets by segment are not disclosed.

In allocating revenue to particular geographic areas, the CODM considers where individual “seats” or licenses to our products are located. Revenue is defined as revenue from external customers. Revenue related to operations in the United States and other geographic areas are:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Revenue:				
United States	$ 816,194	$ 660,479	$ 2,076,203	$ 2,015,066
Europe	178,595	144,631	527,109	429,377
China	247,288	266,699	578,742	729,583
Korea	202,117	194,817	710,097	569,538
Other	295,543	259,123	907,167	747,886
Consolidated	$ 1,739,737	$ 1,525,749	$ 4,799,318	$ 4,491,450

Geographic revenue data for multi-regional, multi-product transactions reflect internal allocations and are therefore subject to certain assumptions and to our allocation methodology.

Note 18. Other Income (Expense), Net

The following table presents the components of other income (expense), net:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Interest income	$ 131,417	$ 15,717	$ 257,027	$ 40,508
Gains (losses) on assets related to deferred compensation plan	43,417	25,780	42,949	76,276
Foreign currency exchange gains (losses)	1,221	329	1,106	3,438
Gain (loss) on sale of strategic investments	(1,200)	—	(3,635)	55,077
Gain on sale of building	—	—	51,385	—
Other, net	(4,312)	1,700	(13,771)	(8,682)
Total	$ 170,543	$ 43,526	$ 335,061	$ 166,617

Assets Held for Sale

During the second quarter of fiscal 2025, we completed the sale of an office building for cash consideration of $74.3 million, net of selling costs. We recognized a pre-tax gain on sale of $51.4 million, which was included in other income (expense), net in the condensed consolidated statements of income.

Note 19. Income Taxes

Effective Tax Rate

We estimate our annual effective tax rate at the end of each fiscal quarter. The effective tax rate reflects our estimations of annual pre-tax income, the geographic mix of pre-tax income, interpretations of applicable tax laws and the potential outcomes of audits.

The following table presents the provision for income taxes and the effective tax rates:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025	2024	2025	2024
	(in thousands)			
Income before income taxes	$ 189,310	$ 391,995	$ 876,618	$ 1,190,979
Provision (benefit) for income taxes	$ (52,967)	$ (30,712)	$ (12,080)	$ 37,634
Effective tax rate	(28.0)%	(7.8)%	(1.4)%	3.2 %

Our effective tax rate decreased in the three months ended July 31, 2025, as compared to the same period in fiscal 2024, primarily due to the tax benefits from a full valuation allowance release against California research credits.

Our effective tax rate for the nine months ended July 31, 2025, is lower than the statutory federal corporate tax rate of 21% primarily due to the capital loss on the sale of our ownership in OpenLight in the first quarter of 2025, tax benefits from the release of a full valuation allowance against California research credits, U.S. federal research tax credits, foreign-derived intangible income deduction, excess tax benefits from stock-based compensation and U.S. foreign tax credits, partially offset by state taxes, capitalized transaction costs and the effect of non-deductible stock-based compensation.

The timing of the resolution of income tax examinations, and the amounts and timing of various tax payments that are part of the settlement process, are highly uncertain. Variations in such amounts and/or timing could cause large fluctuations in the balance sheet classification of current and non-current assets and liabilities. During the next 12 months, it is reasonably possible that certain audits and ongoing tax litigation will be resolved, or that the statute of limitations on certain state and foreign income and withholding taxes will expire, or both. Given the uncertainty as to ultimate settlement terms, the timing of payment and the impact of such settlements on other uncertain tax positions, we estimate a potential decrease in underlying unrecognized tax benefits to be between $0 and $9.0 million.

Non-U.S. Examinations

One of our Korean subsidiaries, Ansys Korea, is currently involved in various stages of Tax Tribunal and Korea's High Court appeals regarding Korea's National Tax Service assessments of withholding taxes against Ansys Korea for 2017-2023. In connection with this matter, we have recorded the net impact of the unrecognized tax benefit and offsetting foreign tax credit.

We are under examinations by tax authorities in certain jurisdictions. No material assessments have been proposed in these examinations.

Legislative Developments

On July 4, 2025, President Donald J. Trump signed H.R. 1, the One Big Beautiful Bill Act (OBBB) into law. The OBBB includes many changes to corporate income tax law and will go into effect in fiscal 2026 and fiscal 2027 for Synopsys. We are currently evaluating the impacts of OBBB.

Effective in fiscal 2024, we are subject to the new 15% corporate alternative minimum tax (CAMT) enacted as part of the Inflation Reduction Act of 2022 (IR Act). We do not expect to be subject to CAMT in fiscal 2025, due to our regular tax liability exceeding CAMT. The details of the computation will be subject to final regulations issued by the U.S. Department of the Treasury. We will monitor regulatory developments and will continue to evaluate the impact, if any, of the CAMT.

The IR Act generally imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. In general, the total taxable value of shares repurchased is reduced by the fair market value of any newly issued shares during the taxable year. There has been no impact to our consolidated financial statements for this.

On June 27, 2024, California enacted SB-167, which suspends the use of California net operating loss and limits the use of California research tax credits to $5 million for our fiscal 2025-2027. On June 29, 2024, California enacted SB-175, which provides a refund mechanism effective beginning in our fiscal 2025 for the incremental tax that was paid as a result of SB-167.

The Organization for Economic Co-operation and Development (OECD) has a two-pillar solution to address tax challenges arising from digitalization of the economy. This two-pillar solution includes the Pillar Two Model Rules (Pillar Two) which define global minimum tax rules and imposes a 15% minimum tax rate. Various countries have started to enact new laws related to Pillar Two, including certain new laws effective beginning in fiscal 2025. As of July 31, 2025, the impact of Pillar 2 is not material.

Note 20. Contingencies

Legal Proceedings

We are subject to routine legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of our business. The ultimate outcome of any litigation is often uncertain and unfavorable outcomes could have a negative impact on our results of operations and financial condition. We regularly review the status of each significant matter and assess its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount is estimable, we accrue a liability for the estimated loss. Legal proceedings are inherently uncertain and as circumstances change, it is possible that the amount of any accrued liability may increase, decrease or be eliminated.

We have determined that no disclosure of estimated loss is required for a claim against us because: (1) there is not a reasonable possibility that a loss exceeding amounts already recognized (if any) may be incurred with respect to such claim; (2) a reasonably possible loss or range of loss cannot be estimated; or (3) such estimate is immaterial.

Tax Matters

We undergo examination from time to time by U.S. and foreign authorities for non-income based taxes, such as sales, use and value-added taxes, and are currently under examination by tax authorities in certain jurisdictions. If the potential loss from such examinations is considered probable and the amount or the range of loss could be estimated, we would accrue a liability for the estimated expense.

In addition to the foregoing, we are, from time to time, party to various other claims and legal proceedings in the ordinary course of our business, including with tax and other governmental authorities. For a description of certain of these other matters, see Note 19. *Income Taxes* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report on Form 10-Q.

Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*

This Quarterly Report on Form 10-Q (this Quarterly Report) includes forward-looking statements, which involve risks, uncertainties and other factors that could cause Synopsys, Inc.'s (Synopsys, we, our or us) actual results, time frames or achievements to differ materially from those expressed or implied in such forward-looking statements. Readers are urged to carefully review and consider the various disclosures regarding these risks and uncertainties made in this Quarterly Report, including those identified below in Part II, Item 1A, Risk Factors, and in other documents we file from time to time with the Securities and Exchange Commission (SEC). Forward-looking statements include any statements that are not statements of historical fact and include, but are not limited to, statements concerning strategies related to our products, technology and services; business and market outlook, opportunities, strategies and technological trends, such as artificial intelligence (AI); acquisitions and their expected impact, such as our recent acquisition of ANSYS, Inc. (Ansys), including unexpected difficulties or expenditures relating thereto, our ability to successfully integrate and to realize the anticipated synergies, on a timely basis or at all, and the diversion of management time on integration-related matters; planned dispositions and their expected impact, including the Regulatory Divestitures (as defined below), and their potential impact on our ability to realize the benefits of the Ansys Merger; the level of, and obligations associated with, our indebtedness, including the debts incurred in connection with the Ansys Merger (as defined below); our plan to reallocate resources in our Design IP segment to higher growth opportunities; the anticipated impact of China export control restrictions, including the Q3 2025 BIS Restrictions (as defined below); the potential impact of the uncertain macroeconomic environment on our financial results, including, but not limited to, the effects of sustained global inflationary pressures and elevated interest rates, potential economic slowdowns or recessions, supply chain disruptions, geopolitical pressures, including, among others, the unknown impact of current and future U.S. and foreign trade regulations, government actions and regulatory changes, such as export control restrictions and tariffs, and regional or global military conflicts, and fluctuations in foreign exchange rates, and associated global economic conditions; customer concentration, demand and market expansion; our planned product releases and capabilities; industry growth rates; the expected realization of our contracted but unsatisfied or partially unsatisfied performance obligations (backlog); software trends; planned stock repurchases; our expected tax rate; and the impact and result of pending legal, administrative and tax proceedings. Forward-looking statements may be identified by words including, but not limited to, “may,” “will,” “could,” “would,” “can,” “should,” “anticipate,” “expect,” “intend,” “believe,” “estimate,” “project,” “continue,” “forecast,” "likely," "potential," "seek," or the negatives of such terms and similar expressions. The information included herein represents our estimates and assumptions as of the date of this filing. Unless required by law, we undertake no obligation to update publicly any forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. All subsequent written or oral forward-looking statements attributable to Synopsys or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

The following summary and overview of our financial condition and results of operations are qualified in their entirety by the more complete discussions and should be read together with our condensed consolidated financial statements and the related notes thereto contained in Part I, Item 1 of this Quarterly Report, the risk factors set forth in Part II, Item 1A of this Quarterly Report, and with our audited consolidated financial statements and the related notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended October 31, 2024, as filed with the SEC on December 19, 2024 (our Annual Report).

Overview

Unless otherwise noted, this Management’s Discussion and Analysis of Financial Condition and Results of Operations relates solely to our continuing operations and does not include the operations of our former Software Integrity business. See Note 3. *Discontinued Operations* of the *Notes to Condensed Consolidated Financial Statements* for additional information about the sale of our former Software Integrity business (the Software Integrity Divestiture).

Financial Performance Summary

For the third quarter of fiscal 2025, our results reflect strength in our Design Automation segment, including strong demand for our hardware products, offset by weakness in our Design IP segment, due to several headwinds, including China export control restrictions, such as the Q3 2025 BIS Restrictions, which disrupted customer design starts in China, weaker than expected demand from a major foundry customer, and certain roadmap and resource decisions that did not yield their intended results. In response to this weakness in our Design IP segment, we will be taking actions to sharpen our execution and reallocate resources to the highest growth opportunities.

The following table sets forth some of our key quarterly unaudited financial information:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2025*	2024	2025*	2024
	(in millions, except per share amounts)			
Revenue	$ 1,739.7	$ 1,525.7	$ 4,799.3	$ 4,491.5
Cost of revenue	$ 380.6	$ 290.7	$ 968.9	$ 870.3
Operating expenses	$ 1,193.9	$ 874.9	$ 3,036.9	$ 2,576.3
Operating income	$ 165.3	$ 360.2	$ 793.5	$ 1,044.9
Net income from continuing operations attributed to Synopsys	$ 242.5	$ 425.9	$ 887.4	$ 1,162.4
Net income (loss) from discontinued operations attributed to Synopsys	$ —	$ (17.8)	$ (3.9)	$ (13.2)
Diluted net income (loss) per share attributed to Synopsys:				
Continuing operations	$ 1.50	$ 2.73	$ 5.61	$ 7.46
Discontinued operations	$ —	$ (0.12)	$ (0.02)	$ (0.09)

**The operating results of Ansys, which have been included in our financial results for the three and nine months ended July 31, 2025 for the period from July 17, 2025 through July 31, 2025, were not material to our overall results.*

Financial performance summary for the three months ended July 31, 2025 compared to the same period of fiscal 2024:

- Revenues were $1.7 billion, an increase of $214.0 million or 14%, primarily due to revenue growth across a majority of products and geographies, offset by weakness in our Design IP segment due to several headwinds, including China export control restrictions, such as the Q3 2025 BIS Restrictions, weaker than expected demand from a major foundry customer, and certain roadmap and resource decisions that did not yield their intended results.

- Total cost of revenue and operating expenses was $1.6 billion, an increase of $408.9 million or 35%, primarily due to increases of $196.8 million in employee-related costs resulting from headcount increases through organic growth, $65.7 million in legal, consulting and other professional fees mainly in connection with the Ansys Merger, and $63.7 million of amortization expense related to intangible assets acquired from the Ansys Merger.

Financial performance summary for the nine months ended July 31, 2025 compared to the same period of fiscal 2024:

- Revenues were $4.8 billion, an increase of $307.8 million or 7%, primarily due to revenue growth across a majority of products and geographies, partially offset by the impact of the extra week in the first quarter of fiscal 2024 of approximately $63.2 million, and weakness in our Design IP segment due to several headwinds, including China export control restrictions, such as the Q3 2025 BIS Restrictions, weaker than expected demand from a major foundry customer, and certain roadmap and resource decisions that did not yield their intended results.

- Total cost of revenue and operating expenses was $4.0 billion, an increase of $559.2 million or 16% primarily due to increases of $330.2 million in employee-related costs resulting from headcount increases through organic growth, $121.3 million in legal, consulting and other professional fees mainly in connection with the Ansys Merger, and $63.7 million of amortization expense related to intangible assets acquired from the Ansys Merger.

Business Summary

Synopsys delivers industry-leading silicon design, IP, simulation and analysis (S&A) solutions as well as design services. We partner closely with our customers across a wide range of industries to maximize their R&D capability and productivity, powering innovation today that ignites the ingenuity of tomorrow. For more information about our business segments and product groups, see Part I, Item 1, *Business* in our Annual Report.

We have consistently grown our revenue since 2005, despite periods of global economic uncertainty. We achieved these results because of our solid execution, leading technologies and strong customer relationships, and because we generally recognize our revenue for software licenses over the arrangement period, which typically approximates three years. See Note 2. *Summary of Significant Accounting Policies and Basis of Presentation* of the *Notes to Consolidated Financial Statements* in our Annual Report for a discussion on our revenue recognition policy. The revenue we recognize in a particular period generally results from selling efforts in prior periods rather than the current period. As a result, decreases as well as increases in customer spending do not immediately affect our revenue in a significant way.

Our growth strategy is focused on expanding our total addressable market by maximizing the capabilities of R&D teams across industries spanning semiconductor, high-tech, industrial, aerospace, and more with engineering solutions from silicon to systems. Our priorities are to maintain and expand our technology leadership, drive sustainable growth and efficiently scale to accelerate our strategy. Our revenue growth from period to period is expected to vary based on the mix of our time-based and upfront products. Our upfront products have grown at a faster rate than our time-based products in recent periods, which has resulted in, and may in the future result in, increased fluctuation in our business, operating results and overall financial position on a quarterly basis. Such fluctuation may be more pronounced depending on demand from our larger customers. See Part II, Item 1A, *Risk Factors,* "*Our operating results may fluctuate in the future, which may adversely affect our stock price"* of this Quarterly Report for further discussion on potential fluctuations in our operating results. Based on our leading technologies, customer relationships, business model, diligent expense management, and acquisition strategy, we believe that we will continue to execute our strategies successfully.

Acquisition of Ansys

On July 17, 2025 (the Acquisition Date), we completed our acquisition of ANSYS, Inc. (Ansys) pursuant to the terms of the previously announced Agreement and Plan of Merger, dated as of January 15, 2024 (the Merger Agreement) by and among Synopsys, Ansys and ALTA Acquisition Corp. (Merger Sub), a Delaware corporation and a wholly owned subsidiary of Synopsys (the Ansys Merger). See Note 4. *Acquisition of Ansys* of the *Notes to Condensed Consolidated Financial Statements* for more information on the Ansys Merger.

For more on risks related to the Ansys Merger, see Part II, Item 1A, *Risk Factors*, “*Risks Related to the Ansys Merger*" of this Quarterly Report.

Impact of the Current Macroeconomic and Geopolitical Environment

Uncertainty in the macroeconomic environment, including the effects of, among other things, changes in U.S. and global trade policy, including the recently proposed and enacted tariffs by the U.S. and other governments, sustained global inflationary pressures and elevated interest rates, potential economic slowdowns or recessions, supply chain disruptions, geopolitical pressures, fluctuations in foreign exchange rates, and associated global economic conditions, have resulted in increased volatility in global markets. While we have seen continued strength in the artificial intelligence and high-performance computing sectors, certain industries such as industrial, automotive and consumer electronics have recovered more slowly from recent macroeconomic uncertainty. The current uncertain macroeconomic environment has led some of our customers to postpone their decision-making, delay their drawdowns under non-cancellable commitments, decrease their spending and/or delay their payments to us.

We expect growth across our geographies in fiscal 2025 with the exception of China, where we are continuing to experience a challenging economic environment due to the collective impact of macroeconomic factors and Trade Restrictions (as defined below). See the discussion below under the heading "Developments in Export Control Regulations" and in Part II, Item 1A, *Risk Factors, "We are subject to governmental export and import requirements that could subject us to liability and restrict our ability to sell our products and services, which could impair our ability to compete in international markets"* of this Quarterly Report for further discussion of the impact of Trade Restrictions, including export control regulations, on Synopsys.

We are also actively monitoring the recent changes in U.S. and global trade policy, such as the recently proposed and enacted tariffs by the U.S. government. Certain countries have responded to the U.S. tariffs by imposing or threatening retaliatory tariffs. There may be additional changes to tariff levels and other aspects of global trade policy in fiscal 2025 in the U.S. and other countries due to global trade negotiations and other factors. While we are actively monitoring these changes in global trade policy and the effects they may have on our business and broader macroeconomic environment, they have not had a material impact on our business, operating results or financial condition to date.

We are also monitoring other geopolitical pressures around the world, including, among others, changes in China-Taiwan and U.S.-China relations, the conflicts in Ukraine and the Middle East and other regional or global military conflicts. Any significant disruption caused by these or other geopolitical pressures or conflicts could materially affect our employees, business, operating results, financial condition or customers in those regions of the world. For example, Synopsys has employees, operations, customers and strategic partners in the Middle East. While we are actively monitoring the conflicts in the Middle East, at this time they have not had a material impact on our business, operating results or financial condition to date.

While our time-based model provides stability to our business, operating results and overall financial position, the broader implications of these macroeconomic or geopolitical events, particularly in the long term, remain uncertain. Further, the negative impact of these events or disruptions may be deferred due to our business model. See Part II, Item 1A, *Risk Factors,* "*Uncertainty in the macroeconomic environment, and its potential impact on the semiconductor and electronics industries, may negatively affect our business, operating results and financial condition*" and "*Our operating results may fluctuate in the future, which may adversely affect our stock price"* of this Quarterly Report for further discussion of the impact of global economic and geopolitical uncertainty on our business, operations and financial condition and potential fluctuations in our operating results, respectively.

Developments in Export Control Regulations

The Bureau of Industry and Security of the U.S. Department of Commerce (BIS) has continued to publish changes to U.S. export control regulations (the U.S. Export Regulations), including, among other things, the inclusion of certain Chinese technology companies on the Entity List, restrictions on the export of electronic computer-aided design (ECAD) software specially designed for the development of ICs with Gate-All-Around Field-Effect Transistor structures, as well as controls on ECAD software for advanced semiconductor packaging involving multiple chips or chiplets, and certain other restrictions on China's access to certain semiconductor and advanced computing technology. U.S.-China relations remain fluid, in particular with respect to trade policy and export restrictions relating to dual-use technologies. For example, on May 29, 2025, Synopsys received a so-called "is-informed" letter from the BIS imposing a license requirement for the export, reexport, or in-country transfer of EDA software and technology classified under export control classification numbers (ECCNs) 3D991 and 3E991 when a party to the transaction is located in China or is a Chinese "military end user," wherever located (such restrictions, the Q3 2025 BIS Restrictions). The Q3 2025 BIS Restrictions were subsequently rescinded on July 2, 2025.

China export control restrictions, including the Q3 2025 BIS Restrictions, have negatively impacted our business in China, including in our Design IP segment, and may continue to impact design starts or other aspects of our business in China in the future. The evolving nature of U.S. Export Regulations, including the potential for new and expanded license requirements of this or similar nature, creates uncertainty regarding the current and future impacts on our business. We anticipate additional changes to the U.S. Export Regulations or other U.S. or non-U.S. export, sanctions, or similar trade requirements (collectively, the Trade Restrictions) in the future, but we cannot forecast the scope or timing of such changes, nor the impact on our business. We will continue to monitor such developments, including potential additional Trade Restrictions, new or expanded license requirements, and other regulatory or policy changes by the U.S. and foreign governments.

For more on risks related to government export and import restrictions such as the U.S. government's Entity List and other U.S. or non-U.S. Export Regulations, see Part I, Item 1A, *Risk Factors*, "*We are subject to governmental export and import requirements that could subject us to liability and restrict our ability to sell our products and services, which could impair our ability to compete in international markets*."

Business Segments

Design Automation. This segment includes our advanced silicon design, verification products and services, S&A solutions, and system integration products. This segment also includes digital, custom and field programmable gate array (FPGA) integrated circuit (IC) design software, verification software and hardware products, system integration products and services, and manufacturing software products. Designers use our EDA products to accelerate and automate the chip design process, reduce errors and enable more powerful and robust designs, with improved productivity for faster time to market. Engineers use our S&A solutions to virtually test and optimize designs across various physics domains, such as structural analysis, thermal analysis, and computational fluid dynamics (CFD).

Design IP. This segment includes our interface, foundation, security, and embedded processor IP, IP subsystems, and IP implementation services that serve companies primarily in the semiconductor and electronics industries. We are a leading provider of high-quality, silicon-proven IP solutions for system-on-chips (SoCs). This includes IP that has been optimized to address specific application requirements for the mobile, automotive, digital home, Internet of Things and AI/data center markets, enabling designers to quickly develop SoCs in these areas.

Fiscal Year and Fiscal Quarter End

Historically, our fiscal years had been 52- or 53-week periods ending on the Saturday nearest to October 31. Fiscal 2024 was a 53-week year ending on November 2, 2024.

We have changed our fiscal year end from the Saturday nearest to October 31 and consisting of 52 or 53 fiscal weeks to a fiscal year end of October 31 each year. The fiscal year change became effective with our fiscal 2025, which began on November 3, 2024. Our fiscal quarters will end on January 31, April 30, July 31 and October 31 of each year.

The third quarter of fiscal 2025 and 2024 ended on July 31, 2025 and August 3, 2024, respectively. Our results of operations for the first nine months of fiscal 2025 and fiscal 2024 included 271 days and 280 days, respectively. The extra week in the first quarter of fiscal 2024 resulted in approximately $63.2 million of additional revenue, and approximately $52.5 million of additional expenses, including approximately $10.6 million in stock-based compensation costs from continuing operations.

For presentation purposes, this Quarterly Report refers to the closest calendar month end for the third quarter of fiscal 2024.

Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). In preparing these financial statements, we make estimates and assumptions that can affect the reported amounts of assets, liabilities, revenues and expenses, and net income. On an ongoing basis, we evaluate our estimates based on historical experience and various other assumptions we believe are reasonable under the circumstances. Our actual results may differ from these estimates.

The accounting policies that most frequently require us to make estimates and assumptions and therefore are critical to understanding our results of operations, are Revenue Recognition and Business Combinations. We updated our critical accounting estimates for Business Combinations in the third quarter of fiscal 2025. There have been no material changes in our critical accounting estimates other than those related to Business Combinations during the nine months ended July 31, 2025 since our Annual Report for fiscal 2024.

Business Combinations

We allocate the purchase price of acquired companies to the tangible assets acquired, liabilities assumed and intangible assets acquired based upon their estimated fair values on the acquisition date with the exception of contract assets and contract liabilities (deferred revenue) which are recognized and measured on the acquisition date in accordance with our "Revenue Recognition" policy in Note 2. *Summary of Significant Accounting Policies and Basis of Presentation*, as if we had originated the contracts. The excess of the purchase price over the fair values of these net tangible and intangible assets acquired is recorded as goodwill.

Accounting for business combinations requires management to make significant estimates and assumptions for the valuation of intangible assets. Although we believe the assumptions and estimates we have made are reasonable, they are based in part on historical experience, market conditions and information obtained from management of the acquired companies and are inherently uncertain. Examples of critical estimates in valuing certain of the intangible assets we have acquired or may acquire in the future include, but are not limited to:

- future expected cash flows which includes estimates of software license sales, subscriptions, support agreements and consulting contracts;
- projected expenses which include cost of revenue, research and development and selling, general and administrative expenses (including estimated expenses required to generate the revenues attributable to different intangible assets);
- historical and expected customer attrition rates and anticipated growth in revenue from acquired customers;
- royalty rates applied to acquired developed technology platforms and other intangible assets;
- expected obsolescence rates and estimated useful lives of technology-related intangible assets;

- the expected use of the acquired assets; and
- discount rates used to discount expected future cash flows to present value, which are typically derived from the implied rate of return on the transaction and a weighted-average cost of capital analysis with adjustments made to reflect inherent risks of the individual assets being valued;

The fair value of the definite-lived intangibles was determined using variations of the income approach.

With our acquisition of Ansys, the fair value of developed technologies and trade names was determined by applying the relief from royalty method under the income approach. The relief from royalty method applies a royalty rate to projected income to quantify the benefit of owning the intangible asset rather than paying a royalty for use of the asset. The economic useful life for developed technology was determined based on historical technology obsolescence patterns and prospective technological developments. The estimated economic useful life of the trade names was determined based on the expected probability of continued use of the brand asset. We assumed royalty rates ranging from 35.0% to 45.0% for existing technology, and 2.5% for trade names. The present value of operating cash flows from the existing technology and trade names was determined using discount rate of approximately 10.0%.

Customer relationships represent the fair value of the existing relationships with the acquired company's customers. Their fair value was determined using the multi-period excess earnings method under the income approach, which involves isolating the net earnings attributable to the asset being measured based on the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the asset over its remaining useful life. The economic useful life was determined based on historical customer turnover rates. Projected income from existing customer relationships considered customer retention rates (i.e. gross retention and net retention including upsell) ranging from 85.0% to 105.0% for the direct sales channel and 70.0% to 90.0% for the indirect sales channel. The present value of operating cash flows from existing customers was determined using a discount rate of approximately 10.0%.

Contract rights intangible (i.e. order backlog) represents contracted but unsatisfied or partially unsatisfied performance obligations, primarily related to the dollar value of purchase arrangements with customers, effective as of a given point in time, that are based on mutually agreed terms. The fair value was determined by using the multi-period excess earnings method under the income approach. The economic useful life is based on the time to achieve 90.0% of cumulative undiscounted cash flows. The present value of operating cash flows from order backlog was determined using a discount rate of approximately 5.9%.

We believe that our preliminary estimates and assumptions related to the fair value of acquired intangible assets are reasonable, but significant judgment is involved. As a result, during the measurement period, which will not exceed one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of the purchase price of our acquisitions, whichever comes first, any subsequent adjustments are recorded to our Consolidated Statements of Income or Condensed Consolidated Statement of Income.

Results of Operations

Revenue

Our revenues are generated from two business segments: the Design Automation segment and the Design IP segment. See Note 17. *Segment Disclosure* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report for more information about our reportable segments and revenue by geographic regions.

Further disaggregation of the revenues into various products and services within these two segments is summarized as follows:

Design Automation Segment

- EDA solutions include digital, custom and FPGA IC design software, verification software and hardware products, system integration products and services, and obligations to provide unspecified updates and support services. EDA products and services are typically sold through Technology Subscription License (TSL) arrangements that grant customers the right to access and use all of the licensed products at the outset of an arrangement; software updates are generally made available throughout the entire term of the arrangement. The duration of our TSL contracts is generally three years, though it may vary for specific arrangements. We have concluded that the software licenses in TSL contracts are not distinct from the obligation to provide unspecified software updates to the licensed software throughout the license term, because the multiple software licenses and support represent inputs to a single, combined offering, and timely, relevant software updates are integral to maintaining the utility of the software licenses. We recognize revenue for the combined performance obligation under TSL contracts ratably over the term of the license.

- In the case of arrangements involving the sale of hardware products, we generally have two performance obligations. The first performance obligation is to transfer the hardware product, which includes software integral to the functionality of the hardware product. The second performance obligation is to provide maintenance on the hardware and its embedded software, which includes rights to technical support, hardware repairs and software updates that are all provided over the same term and have the same time-based pattern of transfer to the customer. The portion of the transaction price allocated to the hardware product is generally recognized as revenue at the time of shipment because the customer obtains control of the product at that point in time. We have concluded that control generally transfers at that point in time because the customer has the ability to direct the use of the asset and an obligation to pay for the hardware. The portion of the transaction price allocated to the maintenance obligation is recognized as revenue ratably over the maintenance term.
- Revenue from Professional Service contracts is recognized over time, generally using costs incurred or hours expended to measure progress. We have a history of reasonably estimating project status and the costs necessary to complete projects. A number of internal and external factors can affect these estimates, including labor rates, utilization and efficiency variances and specification and testing requirement changes.
- Simulation and analysis (S&A) solutions allow engineers to virtually test and optimize designs across various physics domains, such as structural analysis, thermal analysis, and CFD. S&A software solutions are offered as subscription solutions and also as perpetual licenses. Software subscription arrangements include bundles of time-based software licenses with support services, which includes rights to technical support and software updates that are provided over the support term and are transferred to the customer over time. In such subscription arrangements, the updates to time-based software licenses are not considered integral to maintaining the utility of the software. We consider the license and support services as separate performance obligations. In these instances, we allocate the total consideration received for the revenue arrangement to the separate performance obligations based on the standalone selling prices of the time-based software license and support service. The time-based software license revenue is presented as upfront products revenue, recognized at a point of time upon the later of the delivery date or the beginning of the license period, and the revenue related to the support service is presented as maintenance and service revenue and is recognized over the term of the arrangement. Perpetual license arrangements typically include a perpetual license sold with support services, which includes a stand-ready obligation to provide technical support and software updates over the support term. We allocate the total consideration received for the bundled perpetual and support service arrangements based on the standalone selling prices of the perpetual license and support service. Revenue from perpetual licenses is presented as upfront product revenue and is recognized at a point in time upon the later of the delivery date or the beginning of the license period. Revenue from support service is classified as maintenance and service revenue and is recognized ratably over the term of the contract, as we satisfy the support service performance obligation.

Design IP Segment

- Design IP includes our interface, foundation, security, and embedded processor IP, IP subsystems, and IP implementation services. These arrangements generally have two performance obligations which consist of transferring of the licensed IP and providing related support, which includes rights to technical support and software updates that are provided over the support term and are transferred to the customer over time. Revenue allocated to the IP licenses is recognized at a point in time upon the later of the delivery date or the beginning of the license period, and revenue allocated to support is recognized over the support term. Royalties are recognized as revenue in the quarter in which the applicable customer sells its products that incorporate our IP. Payments for IP contracts are generally received upon delivery of the IP. Revenue related to the customization of certain IP is recognized over time, generally using costs incurred or hours expended to measure progress.

Our customer arrangements can involve multiple products and various license rights, and our customers negotiate with us over many aspects of these arrangements. For example, they generally request a broader portfolio of solutions, support and services and seek more favorable terms such as expanded license usage, future purchase rights and other unique rights at an overall lower total cost. No single factor typically drives our customers' buying decisions, and we compete on all fronts to serve customers in highly competitive markets. Customers generally negotiate the total value of the arrangement rather than just unit pricing or volumes.

Total Revenue

	July 31,			
	2025	2024	$ Change	% Change
		(dollars in millions)		
Three months ended				
Design Automation	$ 1,312.1	$ 1,062.6	$ 249.5	23 %
Design IP	427.6	463.1	(35.5)	(8)%
Total	$ 1,739.7	$ 1,525.7	$ 214.0	14 %
Nine months ended				
Design Automation	$ 3,454.6	$ 3,103.0	$ 351.6	11 %
Design IP	1,344.7	1,388.5	(43.8)	(3)%
Total	$ 4,799.3	$ 4,491.5	$ 307.8	7 %

Our revenues are subject to fluctuations, primarily due to customer requirements including customer demand, timing requirements and the value of contract renewals. For example, we experience fluctuations in our revenues due to factors such as the timing of IP product sales, Flexible Spending Account (FSA) drawdowns, royalties, and hardware products sales. As revenues from IP products sales and hardware products sales are recognized upfront, customer demand and timing requirements for such IP products and hardware products could result in increased variability of our total revenues.

Contracted but unsatisfied or partially unsatisfied performance obligations (backlog) as of July 31, 2025 were $10.1 billion, which includes $1.3 billion in non-cancellable FSA commitments from customers where actual product selection and quantities of specific products or services are to be determined by customers at a later date. We have elected to exclude future sales-based royalty payments from the remaining performance obligations. Approximately 46% of the backlog as of July 31, 2025, excluding non-cancellable FSA, is expected to be recognized as revenue over the next 12 months, with the remainder recognized thereafter. The majority of the remaining backlog is expected to be recognized in the following three years.

The amount and composition of unsatisfied performance obligations will fluctuate period to period. We do not believe the amount of unsatisfied performance obligations is indicative of future sales or revenue, or that such obligations at the end of any given period correlates with actual sales performance of a particular geography or particular products and services. For more information regarding our revenue during the three and nine months ended July 31, 2025, including our contract balances as of such date, see Note 5. *Revenue* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report.

The increase in total revenues for the three and nine months ended July 31, 2025 compared to the same periods in fiscal 2024 was primarily due to revenue growth of our business across a majority of product groups and geographies, offset by weakness in our Design IP segment due to several headwinds, including China export control restrictions, such as the Q3 2025 BIS Restrictions, weaker than expected demand from a major foundry customer, and certain roadmap and resource decisions that did not yield their intended results. The increase for the nine-month period was also partially offset by the impact of the extra week in the first quarter of fiscal 2024 of approximately $63.2 million.

For a discussion of revenue by geographic areas, see Note 17. *Segment Disclosure* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report.

Time-Based Products Revenue

	July 31, 2025	July 31, 2024	$ Change	% Change
	(dollars in millions)			
Three months ended	$ 892.4	$ 803.1	$ 89.3	11 %
Percentage of total revenue	51 %	53 %		
Nine months ended	$ 2,548.9	$ 2,389.9	$ 159.0	7 %
Percentage of total revenue	53 %	53 %		

The increase in time-based products revenue for the three and nine months ended July 31, 2025 compared to the same periods in fiscal 2024 was primarily attributable to an increase in TSL license revenue from arrangements booked in prior periods. The increase for the nine-month period was partially offset by the impact of the extra week in the first quarter of fiscal 2024.

Upfront Products Revenue

	July 31, 2025	July 31, 2024	$ Change	% Change
	(dollars in millions)			
Three months ended	$ 516.4	$ 442.5	$ 73.9	17 %
Percentage of total revenue	30 %	29 %		
Nine months ended	$ 1,395.2	$ 1,281.3	$ 113.9	9 %
Percentage of total revenue	29 %	29 %		

Changes in upfront products revenue are generally attributable to normal fluctuations in the extent and timing of customer requirements, which can drive the amount of upfront orders and revenue in any particular period.

The increase in upfront products revenue for the three and nine months ended July 31, 2025 compared to the same periods in fiscal 2024 was primarily due to an increase in the sale of hardware products, driven by higher demand from customers.

Upfront products revenue as a percentage of total revenue will likely fluctuate based on the timing of IP and hardware product sales. Such fluctuations will continue to be impacted by the timing of shipments and FSA drawdowns due to customer requirements.

Maintenance and Service Revenue

	July 31, 2025	July 31, 2024	$ Change	% Change
	(dollars in millions)			
Three months ended				
Maintenance revenue	$ 193.6	$ 105.8	$ 87.8	83 %
Professional service and other revenue	137.4	174.3	(36.9)	(21)%
Total	$ 331.0	$ 280.1	$ 50.9	18 %
Percentage of total revenue	19 %	18 %		
Nine months ended				
Maintenance revenue	$ 428.6	$ 318.0	$ 110.6	35 %
Professional service and other revenue	426.6	502.2	(75.6)	(15)%
Total	$ 855.2	$ 820.2	$ 35.0	4 %
Percentage of total revenue	18 %	18 %		

The increase in maintenance revenue for the three and nine months ended July 31, 2025 compared to the same periods in fiscal 2024 was primarily due to an increase in the volume of arrangements that include maintenance largely due to contributions from Ansys following the completion of the Ansys Merger.

The decrease in professional service and other revenue for the three and nine months ended July 31, 2025 compared to the same periods in fiscal 2024 was primarily due to the timing of IP customization projects.

Cost of Revenue

	July 31,			
	2025	2024	$ Change	% Change
	(dollars in millions)			
Three months ended				
Cost of products revenue	$ 230.9	$ 179.5	$ 51.4	29 %
Cost of maintenance and service revenue	103.3	96.6	6.7	7 %
Amortization of acquired intangible assets	46.4	14.5	31.9	220 %
Total	$ 380.6	$ 290.6	$ 90.0	31 %
Percentage of total revenue	22 %	19 %		
Nine months ended				
Cost of products revenue	$ 616.0	$ 553.8	$ 62.2	11 %
Cost of maintenance and service revenue	290.3	275.3	15.0	5 %
Amortization of acquired intangible assets	62.6	41.2	21.4	52 %
Total	$ 968.9	$ 870.3	$ 98.6	11 %
Percentage of total revenue	20 %	19 %		

We divide cost of revenue into three categories: cost of products revenue, cost of maintenance and service revenue, and amortization of acquired intangible assets.

Cost of products revenue. Cost of products revenue includes costs related to products sold and software licensed, hardware-related costs including inventory provisions, allocated operating costs related to product support and distribution, and royalties paid to third-party vendors.

Cost of maintenance and service revenue. Cost of maintenance and service revenue includes costs to deliver our maintenance services, such as hotline and on-site support, production services and documentation of maintenance updates.

Amortization of acquired intangible assets. Amortization of acquired intangible assets, included in cost of revenue, consists of the amortization and impairment charges of core/developed technology and certain contract rights intangible assets related to acquisitions.

The increase in cost of revenue for the three months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to increases of $35.7 million in hardware-related costs including inventory provisions, $31.9 million in amortization of acquired technology-related and contract rights intangible assets mainly in connection with the Ansys Merger, and $24.1 million in employee-related costs as a result of headcount increases from organic growth, partially offset by a decrease of $5.2 million in costs to fulfill IP consulting arrangements.

The increase in cost of revenue for the nine months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to increases of $53.8 million in employee-related costs as a result of headcount increases from organic growth, $39.5 million in hardware-related costs including inventory provisions, and $21.4 million in amortization of acquired technology-related and contract rights intangible assets mainly in connection with the Ansys Merger, partially offset by decreases of $8.6 million in costs to fulfill IP consulting arrangements, $4.9 million in IT and facility costs, and $2.0 million in the change in the fair value of our executive deferred compensation plan assets.

Operating Expenses

Research and Development

	July 31,			
	2025	2024	$ Change	% Change
	(dollars in millions)			
Three months ended	$ 625.3	$ 508.9	$ 116.4	23 %
Percentage of total revenue	36 %	33 %		
Nine months ended	$ 1,732.5	$ 1,527.5	$ 205.0	13 %
Percentage of total revenue	36 %	34 %		

The increase in research and development expenses for the three months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to increases of $82.2 million in employee-related costs as a result of headcount increases from organic growth as we continue to expand and enhance our product portfolio and, to a lesser extent, from the Ansys Merger, $12.2 million in the change in the fair value of our executive deferred compensation plan assets, $11.9 million in IT and facility costs, and $10.7 million in consultant and contractor costs.

The increase in research and development expenses for the nine months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to increases of $164.7 million in employee-related costs as a result of headcount increases from organic growth, as we continue to expand and enhance our product portfolio, $28.8 million in IT and facility costs, and $26.3 million in consultant and contractor costs, partially offset by a decrease of $15.4 million in the change in the fair value of our executive deferred compensation plan assets.

Sales and Marketing

	July 31,			
	2025	2024	$ Change	% Change
	(dollars in millions)			
Three months ended	$ 259.5	$ 211.5	$ 48.0	23 %
Percentage of total revenue	15 %	14 %		
Nine months ended	$ 683.7	$ 640.1	$ 43.6	7 %
Percentage of total revenue	14 %	14 %		

The increase in sales and marketing expenses for the three months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to increases of $33.5 million in employee-related costs due to headcount increases from organic growth as well as from the Ansys Merger, $8.8 million in IT and facility costs, and $2.6 million in the change in the fair value of our executive deferred compensation plan assets.

The increase in sales and marketing expenses for the nine months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to increases of $47.2 million in employee-related costs due to headcount increases from organic growth as well as from the Ansys Merger, and $5.5 million in IT and facility costs, partially offset by a decrease of $12.9 million in the change in the fair value of our executive deferred compensation plan assets.

General and Administrative

	July 31,			
	2025	2024	$ Change	% Change
	(dollars in millions)			
Three months ended	$ 280.6	$ 150.4	$ 130.2	87 %
Percentage of total revenue	16 %	10 %		
Nine months ended	$ 584.1	$ 396.5	$ 187.6	47 %
Percentage of total revenue	12 %	9 %		

The increase in general and administrative expenses for the three months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to increases of $65.7 million in legal, consulting and other professional fees mainly in connection with the Ansys Merger, $57.0 million in employee-related costs primarily related to the

Ansys Merger, $2.7 million in depreciation and maintenance expense, and $2.1 million in the change in the fair value of our executive deferred compensation plan assets.

The increase in general and administrative expenses for the nine months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to increases of $121.3 million in legal, consulting and other professional fees mainly in connection with the Ansys Merger, $64.5 million in employee-related costs primarily related to the Ansys Merger, and $4.6 million in depreciation and maintenance expense, partially offset by a decrease of $3.0 million in the change in the fair value of our executive deferred compensation plan assets.

Amortization of Acquired Intangible Assets

Amortization of acquired intangible assets, included in operating expenses, consists of the amortization of trademarks, trade names and customer relationships intangible assets related to acquisitions.

	July 31,			
	2025	2024	$ Change	% Change
		(dollars in millions)		
Three months ended	28.6	4.1	24.5	598 %
Percentage of total revenue	2 %	— %		
Nine months ended	36.6	12.2	24.4	200 %
Percentage of total revenue	1 %	— %		

The increase in amortization of acquired intangible assets for the three and nine months ended July 31, 2025 compared to the same periods in fiscal 2024 was primarily due to amortization expense related to intangible assets acquired from the Ansys Merger. See Note 6. *Goodwill and Intangible Assets* of the *Notes to Condensed Consolidated Financial Statements* for a schedule of future amortization amounts.

Interest Expense

	July 31,			
	2025	2024	$ Change	% Change
		(dollars in millions)		
Three months ended	(146.5)	$ (11.7)	$ (134.8)	1,152 %
Percentage of total revenue	(8)%	(1)%		
Nine months ended	$ (252.0)	$ (20.5)	$ (231.5)	1,129 %
Percentage of total revenue	(5)%	— %		

The increase in interest expense for the three and nine months ended July 31, 2025 as compared to the same periods in fiscal 2024 was primarily due to interest on the Senior Notes issued in the second quarter of fiscal 2025 and the borrowing under the Term Loan Agreement in the third quarter of fiscal 2025 in connection with the Ansys Merger. See Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Condensed Consolidated Financial Statements* for further detail on our debt obligations.

Other Income (Expense), Net

	July 31, 2025	July 31, 2024	$ Change	% Change
	(dollars in millions)			
Three months ended				
Interest income	$ 131.4	$ 15.7	$ 115.7	737 %
Gains (losses) on assets related to deferred compensation plan	43.4	25.8	17.6	68 %
Foreign currency exchange gains (losses)	1.2	0.3	0.9	300 %
Gain (loss) on sale of strategic investments	(1.2)	—	(1.2)	(100)%
Other, net	(4.3)	1.7	(6.0)	(353)%
Total	$ 170.5	$ 43.5	$ 127.0	292 %
Nine months ended				
Interest income	$ 257.0	$ 40.5	$ 216.5	535 %
Gains (losses) on assets related to deferred compensation plan	42.9	76.3	(33.4)	(44)%
Foreign currency exchange gains (losses)	1.1	3.4	(2.3)	(68)%
Gain (loss) on sale of strategic investments	(3.6)	55.1	(58.7)	(107)%
Gain on sale of building	51.4	—	51.4	100 %
Other, net	(13.7)	(8.7)	(5.0)	57 %
Total	$ 335.1	$ 166.6	$ 168.5	101 %

The increase in other income (expense) for the three months ended July 31, 2025 as compared to the same period in fiscal 2024 was primarily due to higher interest income as a result of higher average cash balances and an increase in the change in fair value of our executive deferred compensation plan assets.

The increase in other income (expense) for the nine months ended July 31, 2025 as compared to the same period in fiscal 2024 was primarily due to higher interest income as a result of higher average cash balances and the gain recognized from the sale of an office building, partially offset by the impact of gain recognized from the sale of strategic investments in the first quarter of fiscal 2024 and a decrease in the change in fair value of our executive deferred compensation plan assets.

Segment Operating Results

We do not allocate certain operating expenses managed at a consolidated level to our reportable segments. These unallocated expenses consist primarily of amortization of acquired intangible assets, stock-based compensation expense, changes in the fair value of deferred compensation plan, and acquisition/divestiture related items. See Note 17. *Segment Disclosure* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report for more information.

Design Automation Segment

	July 31, 2025	July 31, 2024	Change	% Change
	(dollars in millions)			
Three months ended				
Adjusted operating income	$ 583.8	$ 440.9	$ 142.9	32 %
Adjusted operating margin	44 %	41 %	3 %	7 %
Nine months ended				
Adjusted operating income	$ 1,447.2	$ 1,218.6	$ 228.6	19 %
Adjusted operating margin	42 %	39 %	3 %	8 %

The increase in adjusted operating income for the three and nine months ended July 31, 2025 compared to the same periods in fiscal 2024 was primarily due to an increase in revenue from our hardware business and arrangements booked in prior periods.

Design IP Segment

	July 31,			
	2025	2024	Change	% Change
	(dollars in millions)			
Three months ended				
Adjusted operating income	$ 86.0	$ 169.7	$ (83.7)	(49)%
Adjusted operating margin	20 %	37 %	(17)%	(46)%
Nine months ended				
Adjusted operating income	$ 363.1	$ 540.2	$ (177.1)	(33)%
Adjusted operating margin	27 %	39 %	(12)%	(31)%

The decrease in adjusted operating income for the three and nine months ended July 31, 2025 compared to the same periods in fiscal 2024 was primarily due to lower revenue from the impact of China export control restrictions, including the Q3 2025 BIS Restrictions, weaker than expected demand from a major foundry customer, and certain roadmap and resource decisions that did not yield their intended results, as well as an increase in employee-related costs due to headcount increases.

Income Taxes

Our effective tax rate, decreased in the three months ended July 31, 2025, as compared to the same period in fiscal 2024, primarily due to the tax benefits from a full valuation allowance release against California research credits.

Our effective tax rate decreased in the nine months ended July 31, 2025, as compared to the same period in fiscal 2024, primarily due to capital loss on the sale of our ownership in OpenLight in the first quarter of 2025 and tax benefits from a full valuation allowance release against California research credits.

See Note 19. *Income Taxes* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report for further discussion.

Liquidity and Capital Resources

Our principal sources of liquidity are funds generated from our business operations and funds that may be drawn down under our revolving credit and term loan facilities.

As of July 31, 2025, we held $2.6 billion in cash, cash equivalents and short-term investments. We also held $5.7 million in restricted cash primarily associated with deposits for office leases and employee loan programs. Our cash equivalents consisted primarily of taxable money market mutual funds, time deposits and highly liquid investments with maturities of three months or less. Our short-term investments include U.S. government and municipal obligations, investment-grade available-for-sale debt and asset backed securities with an overall weighted-average credit rating of approximately AA.

As of July 31, 2025, approximately $1.3 billion of our cash and cash equivalents were domiciled in various foreign jurisdictions. We have provided for foreign withholding taxes on the undistributed earnings of certain of our foreign subsidiaries to the extent such earnings are no longer considered to be indefinitely reinvested in the operations of those subsidiaries.

Our debt and liquidity needs increased as a result of completing the Ansys Merger. We funded the Cash Consideration in the Ansys Merger from the issuance of the Senior Notes and the borrowings under the Term Loan Agreement. See Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report for further discussion.

As of July 31, 2025, $194.3 million remained available for future stock repurchases under our stock repurchase program (the Program). In connection with the Ansys Merger, we have suspended the Program until we reduce our debt levels.

During the second quarter of fiscal 2025, we entered into a deferred payment agreement to defer the cash settlement of the 2025 Rate Lock Agreements over a period of 5.5 years. As of July 31, 2025, we had $121.6 million outstanding balance under the deferred payment agreement related to the 2025 Rate Lock agreements. See Note

8. *Financial Assets and Liabilities* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report for further discussion.

During the third quarter of fiscal 2025, we borrowed the full $4.3 billion available under the Term Loan Agreement to fund a portion of the Cash Consideration and to pay transaction fees, premiums and expenses related to the Ansys Merger. As of July 31, 2025, the outstanding balance under the Term Loan Agreement was $4.3 billion. See Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report for further discussion.

As of July 31, 2025, we had $1.4 billion of purchase obligations, with $1.0 billion payable within 12 months. Although open purchase orders are considered enforceable and legally binding, the terms may allow us the option to cancel, reschedule and adjust our requirements based on our business needs prior to the delivery of goods or performance of services.

There were no other significant changes to our material cash requirements, including contractual and other obligations, as presented in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in our Annual Report.

Based on past performance and current expectations, we believe that our existing cash, cash equivalents and short-term investments and sources of liquidity, as well as the debt financing, will be sufficient to satisfy our cash requirements, including repayment of outstanding debt, over the next twelve-month period and beyond. Our future cash requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities, the timing and extent of our spending to support our research and development efforts, and our investments in or acquisitions of businesses, applications or technologies.

The following sections discuss changes in our condensed consolidated statements of cash flows and other commitments of our liquidity and capital resources during the nine months ended July 31, 2025.

Cash Flows

Our condensed consolidated statements of cash flows include cash flows related to the Software Integrity business. Significant non-cash items and capital expenditures of discontinued operations related to our Software Integrity business are presented separately in Note 3. *Discontinued Operations* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report.

	Nine Months Ended July 31,		
	2025	**2024**	**$ Change**
	(dollars in millions)		
Cash provided by operating activities	$ 878.9	$ 844.2	$ 34.7
Cash used in investing activities	(16,445.7)	(220.0)	(16,225.7)
Cash provided by (used in) financing activities	14,191.6	(211.4)	14,403.0

Cash Provided by Operating Activities

We expect cash from our operating activities to fluctuate as a result of a number of factors, including the timing of billings and collections, operating results, and the timing and amount of tax and other liability payments. Cash provided by operations is dependent primarily upon the payment terms of our license agreements. We generally receive cash from upfront arrangements much sooner than from time-based products, in which the license fee is typically paid either quarterly or annually over the term of the license.

The increase in cash provided by operating activities for the nine months ended July 31, 2025 compared to the same period in fiscal 2024 was primarily due to lower disbursements for operations, including tax payments, partially offset by lower net income of $255.4 million and the unrealized loss from settlement of the interest rate treasury lock of $121.6 million in the second quarter of fiscal 2025.

Cash Used in Investing Activities

The increase in net cash used in investing activities for the nine months ended July 31, 2025 compared to the same period in fiscal 2024 was driven by higher cash paid for acquisitions, net of cash acquired, of $16.5 billion mainly for the Ansys Merger, partially offset by proceeds of $142.5 million received in connection with the Software Integrity

Divestiture, higher net proceeds of $98.5 million from the sales, purchases and maturities of investments, and proceeds of $74.3 million from the sale of an office building in the second quarter of fiscal year 2025.

Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities was $14.2 billion for the nine months ended July 31, 2025 compared to net cash used in financing activities of $211.4 million for the same period in fiscal 2024. The cash provided by financing activities for the nine months ended July 31, 2025 was driven by the net proceeds of $14.3 billion from the issuance of Senior Notes and the borrowing under the Term Loan Agreement. The cash used in financing activities for the nine months ended July 31, 2024 was primarily driven by the taxes paid for net share settlements of $278.6 million and the payment of bridge financing costs of $72.3 million, partially offset by the issuance of common stock of $143.1 million.

Bridge Commitment Letter, Term Loan, Revolving Credit Facilities and Senior Notes

On January 15, 2024, we entered into the Bridge Commitment Letter with certain financial institutions that committed to provide, subject to the satisfaction of customary closing conditions, the bridge commitment (the Bridge Commitment) for the purpose of financing a portion of the aggregate Cash Consideration in the Ansys Merger and paying related fees and expenses in connection with the Ansys Merger and the other transactions contemplated by the Merger Agreement. On October 3, 2024, we reduced the Bridge Commitment by $1.1 billion to $10.6 billion following the closing of the Software Integrity Divestiture. On March 17, 2025, we further reduced the Bridge Commitment by $9.9 billion following the issuance of the Senior Notes. On the Acquisition Date, we terminated the approximately $690.0 million in remaining Bridge Commitment, reducing total Bridge Commitment to $0.

On February 13, 2024, we entered into a term loan facility credit agreement (the Term Loan Agreement) in connection with the financing of the Ansys Merger. On July 17, 2025, we borrowed the full $4.3 billion available under the Term Loan Agreement to fund a portion of the Cash Consideration and to pay transaction fees, premiums and expenses related to the Ansys Merger.

The Term Loan Agreement provides for two tranches of senior unsecured term loans: a $1.45 billion tranche (Tranche 1) that matures on July 17, 2027 and a $2.85 billion tranche (Tranche 2) that matures on July 17, 2028. The outstanding balance under the Term Loan Agreement as of July 31, 2025 was $4.3 billion.

Under the Term Loan Agreement, borrowings bear interest on the principal amount outstanding at a floating rate based on, at Synopsys' election, (i) the Adjusted Term SOFR Rate (as defined in the Term Loan Agreement) plus an applicable margin based on the credit ratings of Synopsys ranging from 0.875% to 1.375% (in the case of Tranche 1) or 1.000% to 1.500% (in the case of Tranche 2) or (ii) the ABR (as defined in the Term Loan Agreement) plus an applicable margin based on the credit ratings of Synopsys ranging from 0.000% to 0.375% (in the case of Tranche 1) or 0.000% to 0.500% (in the case of Tranche 2).

The Term Loan Agreement contains a financial covenant requiring that Synopsys maintain a maximum consolidated leverage ratio, as well as other non-financial covenants. As of July 31, 2025, we were in compliance with the financial covenant.

On February 13, 2024, we entered into a Sixth Amendment Agreement (the Sixth Amendment), which amended and restated our previous revolving credit agreement, dated as of December 14, 2022 (as amended and restated, the Revolving Credit Agreement).

Under the Sixth Amendment, certain amendments became effective on February 13, 2024 and certain additional amendments became effective on the Acquisition Date. The Sixth Amendment amended the financial covenant to allow netting of the cash proceeds of certain debt incurred to finance the Ansys Merger as well as certain other modifications set forth therein. The Sixth Amendment, among other things, also amended: (i) the applicable margin used to determine the interest that accrues on loans and the facility fee payable under the revolving credit facility to be based on our credit ratings, (ii) the financial covenant thresholds under the financial covenant in the Revolving Credit Agreement requiring us to maintain a maximum consolidated leverage ratio and (iii) certain conditions to borrowing, other non-financial covenants and events of default.

The Revolving Credit Agreement provides an unsecured $850.0 million committed multicurrency revolving credit facility and an unsecured uncommitted incremental revolving loan facility of up to $150.0 million. The maturity date of the revolving credit facility is December 14, 2027, which may be extended at our option. There was no outstanding balance under the Revolving Credit Agreement as of July 31, 2025.

Interest under the Revolving Credit Agreement accrues on dollar-denominated loans at a floating rate based on, at Synopsys' election, (i) the Adjusted Term SOFR Rate plus an applicable margin based on our credit ratings ranging from 0.795% to 1.200% or (ii) the ABR plus an applicable margin based on our credit ratings ranging from 0.000% to 0.200%. In addition to the interest on any outstanding loans, Synopsys is also required to pay a facility fee on the entire portion of the revolving credit facility ranging from 0.080% to 0.175% based on the credit ratings of Synopsys on the daily amount of the revolving commitment.

The Revolving Credit Agreement contains a financial covenant requiring us to maintain a maximum consolidated leverage ratio, as well as other non-financial covenants. As of July 31, 2025, we were in compliance with the financial covenant.

In July 2018, we entered into a 12-year 220.0 million Renminbi (approximately $33.0 million) credit agreement with a lender in China to support our facilities expansion. Borrowings bear interest at a floating rate based on the 5 year Loan Prime Rate plus 0.74%. As of July 31, 2025, we had $13.0 million outstanding balance under the agreement.

In March 2025, we issued $10.0 billion aggregate principal amount of senior notes (the Senior Notes). Our total proceeds were approximately $9.9 billion, net of original issuance discount of $17.0 million and total issuance costs of $70.2 million. The net proceeds of the Senior Notes were used to fund a portion of the Cash Consideration in the Ansys Merger, pay related transaction fees and expenses, as well as repay Ansys' outstanding indebtedness.

See Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report for further discussion.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

See Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Condensed Consolidated Financial Statements* and Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in Part I of this Quarterly Report regarding borrowings under our Term Loan Agreement and Revolving Credit Agreement.

As of July 31, 2025, our exposure to market risk had not changed materially since November 2, 2024.

As of July 31, 2025, we had approximately $9.9 billion of Senior Notes, net of unamortized discount and issuance costs, outstanding. The Senior Notes have fixed annual interest rates, and therefore we do not have economic interest rate exposure on these debt obligations. However, the fair values of the Senior Notes are exposed to interest rate risk. Generally, the fair values of the Senior Notes will increase as interest rates fall and decrease as interest rates rise.

For more information on financial market risks related to changes in interest rates and foreign currency rates, reference is made to Item 7A, *Quantitative and Qualitative Disclosures About Market Risk* contained in Part II of our Annual Report.

Item 4. *Controls and Procedures*

(a) *Evaluation of Disclosure Controls and Procedures.* As of July 31, 2025, Synopsys carried out an evaluation under the supervision and with the participation of Synopsys' management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of Synopsys' disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Regardless of how well designed and operated, there are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, not absolute, assurance of achieving their control objectives. Our compliance programs and compliance training for employees may not prevent our employees or contractors from breaching or circumventing our policies or violating applicable laws and regulations. Our CEO and CFO have concluded that, as of July 31, 2025, Synopsys' disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports Synopsys files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required, and that such information is accumulated and communicated to Synopsys' management, including the CEO and CFO, to allow timely decisions regarding its required disclosure.

(b) *Changes in Internal Control over Financial Reporting.* There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We are currently in the process of integrating the Ansys operations, control processes and information systems into our systems and control environment. We believe that we have taken the necessary steps to monitor and maintain appropriate internal controls over financial reporting during this integration.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

We are subject to routine legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of our business. The ultimate outcome of any litigation is often uncertain and unfavorable outcomes could have a negative impact on our results of operations and financial condition. Regardless of outcome, litigation can have an adverse impact on Synopsys because of the defense costs, diversion of management resources and other factors.

We regularly review the status of each significant matter and assess its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount is estimable, we accrue a liability for the estimated loss. Legal proceedings are inherently uncertain and as circumstances change, it is possible that the amount of any accrued liability may increase, decrease or be eliminated.

We are not aware of any legal proceedings that would materially impact our business, operating results or financial condition.

Item 1A. *Risk Factors*

Risk Factor Summary

Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to, the following:

Industry Risks

- *Uncertainty in the macroeconomic environment, and its potential impact on the semiconductor and electronics industries, may negatively affect our business, operating results and financial condition.*
- *The growth of our business depends primarily on the semiconductor and electronics industries.*
- *We operate in highly competitive industries, and if we do not continue to meet our customers' demand for innovative technology at lower costs, our products may not be competitive or may become obsolete.*
- *We are subject to governmental export and import requirements that could subject us to liability and restrict our ability to sell our products and services, which could impair our ability to compete in international markets.*
- *Consolidation among our customers and within the industries in which we operate, as well as our dependence on a relatively small number of large customers, may negatively impact our operating results.*

Business Operations Risks

- *The global nature of our operations exposes us to increased risks and compliance obligations.*
- *Our operating results may fluctuate in the future, which may adversely affect our stock price.*
- *We may not realize the potential financial or strategic benefits of the transactions we complete, including the Ansys Merger, or find suitable target businesses and technology to acquire.*
- *Cybersecurity threats or other security breaches could compromise sensitive information belonging to us or our customers and could harm our business and our reputation.*
- *If we fail to protect our proprietary technology, our business will be harmed.*
- *We may not be successful in our AI initiatives, which could adversely affect our business, operating results or financial condition.*
- *If we fail to timely recruit and/or retain senior management and key employees globally, our business may be harmed.*
- *We may pursue new product and technology initiatives or expand into adjacent markets, and if we fail to successfully carry out these initiatives, we could be adversely impacted.*
- *We may have to invest more resources in research and development than anticipated, which could increase our operating expenses and negatively affect our operating results.*
- *Product errors or defects could expose us to liability and harm our reputation and we could lose market share.*
- *Our hardware products, which primarily consist of prototyping and emulation systems, subject us to distinct risks.*
- *From time to time, we are subject to claims that our products infringe on third-party intellectual property rights.*
- *We may not be able to continue to obtain licenses to third-party software and intellectual property on reasonable terms or at all, which may disrupt our business and harm our financial results.*
- *Liquidity requirements in our U.S. operations may require us to raise cash in uncertain capital markets, which could negatively affect our financial condition.*

Risks Related to the Ansys Merger

- *We continue to be subject to certain divestiture commitments that, if not timely performed, could adversely affect our ability to realize the benefits of the Ansys Merger.*
- *Failure to realize the benefits expected from the Ansys Merger could adversely affect our business, operating results and financial condition.*
- *Our significant debt may limit our financial flexibility following the Ansys Merger.*

- *The covenants contained in the agreements governing our indebtedness following the Ansys Merger may impose restrictions on us and certain of our subsidiaries that may affect our ability to operate our businesses.*

Legal and Regulatory Risks

- *Changes in tax laws and regulations or interpretations thereof, or any change in the application of existing laws and regulations may adversely affect our effective tax rates and financial results.*
- *Our business is subject to evolving corporate governance and public disclosure regulations and expectations that could expose us to numerous risks.*
- *We may be subject to litigation proceedings that could harm our business.*

General Risks

- *Catastrophic events and the effects of climate change, pandemics or other unexpected events may disrupt our business and harm our operating results.*

Factors that May Affect Future Results

Descriptions of risks associated with our business are set forth below. Some of these risks are highlighted in the following discussion and in *Management's Discussion and Analysis of Financial Condition* and *Results of Operations*, *Legal Proceedings*, *Controls and Procedures* and *Quantitative and Qualitative Disclosures About Market Risk* of this Quarterly Report. The occurrence of any of these risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, operating results and stock price. These risks and uncertainties could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this Quarterly Report. Investors should carefully consider all relevant risks before investing in our common stock.

Industry Risks

Uncertainty in the macroeconomic environment, and its potential impact on the semiconductor and electronics industries, may negatively affect our business, operating results and financial condition.

Uncertainty in the macroeconomic environment, including the effects of, among other things, changes in U.S. and global trade policy, including the recently proposed and enacted tariffs by the U.S. and other governments, sustained global inflationary pressures and elevated interest rates, potential economic slowdowns or recessions, supply chain disruptions, geopolitical pressures, fluctuations in foreign exchange rates and associated global economic conditions, have resulted in volatility in credit, equity and foreign currency markets. This uncertain macroeconomic environment has led some of our customers to postpone their decision-making, delay their drawdowns under non-cancellable commitments, decrease their spending and/or delay their payments to us. Such caution by customers has, among other things, limited our ability to maintain or increase our sales or recognize revenue from committed contracts.

If these macroeconomic uncertainties persist or if economic conditions deteriorate, then the global economy, including the semiconductor and electronics industries that are the core customers for our Design Automation and Design IP segments, could fail to grow. Additionally, uncertain macroeconomic conditions could also have the effect of increasing other risks and uncertainties facing our business, which could have a material adverse effect on our operating results and financial condition. Such risks that may be heightened by uncertain macroeconomic conditions include, among others, China’s stated policy of becoming a global leader in the semiconductor industry, which may lead to increased competition or further disruption of international trade relationships, including, but not limited to, additional government trade restrictions. For more on risks related to government export and import restrictions, see “*We are subject to governmental export and import requirements that could subject us to liability and restrict our ability to sell our products and services, which could impair our ability to compete in international markets.*”

Adverse economic conditions affect demand for devices that our products help create, such as the ICs incorporated in personal computers, smartphones, automobiles, servers and more. Longer-term reduced demand for these or other products could result in reduced demand for design solutions and significant decreases in our average selling prices and product sales over time. Future economic downturns could also adversely affect our business, operating results and financial condition. In addition, if our customers or distributors build elevated inventory levels, we could experience a decrease in demand for our products. If any of these events or disruptions were to occur, the demand for our products and services could be adversely affected along with our business, operating results and financial condition. Additionally, due to our business model, the negative impact of these events or disruptions may not be immediately realized.

Further economic uncertainty could also adversely affect the banking and financial services industry and result in bank failures or credit downgrades of the banks we rely on for foreign currency forward contracts, credit and banking transactions, and deposit services, or cause them to default on their obligations. Additionally, the banking and financial services industries are subject to complex laws and are heavily regulated. There is uncertainty regarding how proposed, contemplated or future changes to the laws, policies and regulations governing the banking and financial services industry could affect our business. A deterioration of conditions in worldwide credit markets could limit our ability to obtain external financing to fund our operations, capital expenditures or pending acquisitions. In addition, difficult economic conditions may also result in a higher rate of losses on our accounts receivable due to credit defaults. Any of the foregoing could cause adverse effects on our business, operating results and financial condition, and could cause our stock price to decline.

The growth of our business depends primarily on the semiconductor and electronics industries.

The growth of the EDA industry as a whole and our sales in our Design Automation and Design IP segments are primarily dependent on the semiconductor and electronics industries. A substantial portion of our business and revenue depends upon the commencement of new design projects by semiconductor manufacturers, systems companies and their customers. The increasing complexity of designs of SoCs, ICs, electronic systems and customers' concerns about managing costs have previously led to, and in the future could lead to, a decrease in design starts and design activity in general. For example, in response to this increasing complexity, some customers have chosen to focus on one discrete phase of the design process or opt for less advanced, but less risky, manufacturing processes that may not require the most advanced EDA products. If growth in the semiconductor and electronics industries slows or stalls, including, among other things, due to changes in U.S. and global trade policy, including the recently proposed and enacted tariffs by the U.S. government, the expansion of Trade Restrictions (as defined below), sustained global inflationary pressures and elevated interest rates, a continued or worsening global supply chain disruption, geopolitical pressures or economic slowdowns or recessions, then demand for our products and services could decrease and our business, operating results and financial condition could be adversely affected. Additionally, as the EDA industry has matured, stronger competition has emerged from companies better able to compete as sole source vendors. This increased competition could cause our revenue growth rate to decline and exert downward pressure on our operating margins, which would have an adverse effect on our business and financial condition.

Furthermore, the semiconductor and electronics industries have become increasingly complex and interconnected ecosystems. Many of our customers outsource the manufacturing of their semiconductor designs to foundries. Our customers also frequently incorporate third-party IP, whether provided by us or other vendors, into their designs to improve the efficiency of their design process. We work closely with major foundries to ensure that our EDA, IP and manufacturing solutions are compatible with their manufacturing processes. Similarly, we work closely with other major providers of semiconductor IP, particularly microprocessor IP, to optimize our EDA tools for use with their IP designs and to ensure that their IP and our own IP products work effectively together, as we may each provide for the design of separate components on the same chip. If we fail to optimize our EDA and IP solutions for use with major foundries' manufacturing processes or major IP providers' products, or if our access to such foundry processes or third-party IP products is hampered, then our solutions may become less desirable to our customers, resulting in an adverse effect on our business and financial condition.

We operate in highly competitive industries, and if we do not continue to meet our customers' demand for innovative technology at lower costs, our products may not be competitive or may become obsolete.

In our Design Automation segment, we compete against EDA vendors that offer a variety of products and services, such as Cadence Design Systems, Inc. and Siemens EDA. We also compete with other EDA vendors, including new entrants to the marketplace, that offer products focused on one or more discrete phases of the IC design process, as well as a wide variety of S&A vendors. Moreover, some of our customers internally develop design tools and capabilities that compete with our products. In our Design IP segment, we compete against a growing number of silicon IP providers as well as our customers' internally developed IP.

The industries in which we operate are highly competitive, with new competitors entering these markets both domestically and internationally. For example, China has implemented national policies favoring Chinese companies and has formed government-backed investment funds as it seeks to build independent EDA capabilities and compete internationally in the semiconductor industry. The demand for our products and services is dynamic and depends on a number of factors, including, among other things, demand for our customers' products, design starts and our customers' budgetary constraints. Technology in these industries evolves rapidly and is characterized by frequent product introductions and improvements as well as changes in industry standards and customer requirements. The adoption of AI technologies have brought new demands and also challenges in terms of disruption to both our business models and existing technology offerings. For example, in response to recent market trends and underperformance of our Design IP segment, we plan to reallocate resources in our IP business to certain higher growth opportunities. Our efforts in reallocating these resources and developing such new technology solutions may not succeed. Semiconductor device functionality requirements continually increase while feature widths decrease, which substantially increases the complexity, cost and risk of chip design and manufacturing. At the same time, our customers and potential customers continue to demand a lower total cost of design, which can lead to the consolidation of their purchases from one vendor. In order to succeed in this environment, we must successfully meet our customers' technology requirements and increase the value of our products, while also striving to reduce their overall costs and our own operating costs.

We compete principally on the basis of technology, product quality and features, license or usage terms, post-contract customer support, interoperability among products, and price and payment terms. Specifically, we believe the following competitive factors affect our success:

- Our ability to anticipate and lead critical development cycles and technological shifts, innovate rapidly and efficiently, improve our existing software and hardware products, and successfully develop or acquire such new products;
- Our ability to offer products that provide both a high level of integration into a comprehensive platform and a high level of individual product performance;
- Our ability to enhance the value of our offerings through more favorable terms;
- Our ability to manage an efficient supply chain to ensure hardware product availability;
- Our ability to compete on the basis of payment terms; and
- Our ability to provide engineering and design consulting for our products.

If we fail to successfully manage any of these competitive factors, fail to successfully balance the conflicting demands for innovative technology and lower overall costs, or fail to address new competitive forces, our business, operating results and financial condition may be adversely affected.

We are subject to governmental export and import requirements that could subject us to liability and restrict our ability to sell our products and services, which could impair our ability to compete in international markets.

We are subject to export controls, laws and regulations that restrict selling, shipping or transmitting certain of our products and services and transferring certain of our technology outside the United States. These requirements also restrict domestic release of software and technology to certain foreign nationals. In addition, we are subject to customs and other import requirements that regulate imports that may be important for our business.

Any failure to comply with the U.S. Export Regulations or other U.S. or non-U.S. export, sanctions, or similar trade requirements (collectively, the Trade Restrictions) could subject us to substantial civil and criminal penalties, including fines and the possible loss of the ability to engage in exporting and other international transactions. Due to the nature of our business and technology, governmental agencies from time to time review certain transactions for compliance with applicable Trade Restrictions. For example, we have received administrative subpoenas from BIS requesting production of information and documentation relating to transactions with certain Chinese entities.

The Trade Restrictions have evolved significantly and may continue to evolve in ways that may adversely impact our business or the business of our customers. In particular, the United States has published significant changes to Trade Restrictions and we anticipate additional changes to Trade Restrictions in the future. For example, the United States government has implemented controls on advanced computing ICs, computer commodities that contain such ICs, and certain semiconductor manufacturing items, as well as controls on transactions involving items for supercomputer and semiconductor manufacturing end-users. These controls expand the scope of foreign-produced items subject to license requirements for certain entities on the Entity List maintained by the BIS. Future changes to the Trade Restrictions, including changes in the enforcement and scope of such regulations, or the implementation of new or expanded license requirements similar to those imposed by the "is-informed" letter in May 2025, may create delays in the introduction of our products or services in international markets or could prevent our customers with international operations from deploying our products or services globally. In some cases, such changes also could prevent the export or import of our products to certain destinations or persons. Trade Restrictions also may encourage customers or other parties to substitute or develop alternative products that are not subject to such restrictions.

Consolidation among our customers and within the industries in which we operate, as well as our dependence on a relatively small number of large customers, may negatively impact our operating results.

A number of business combinations and strategic partnerships among our customers in the semiconductor, electronics and S&A-targeted industries have occurred over the last several years, and more could occur in the future. Consolidation among our customers could lead to fewer customers or the loss of customers, increased customer bargaining power or reduced customer spending on products and services. Further, we depend on a relatively small number of large customers, and on such customers continuing to renew licenses and purchase additional products from us, for a large portion of our revenues. For example, challenges with a major foundry customer have negatively impacted our financial results for fiscal year 2025. Consolidation among our customers, particularly our large customers, could also reduce demand for our products and services if customers streamline research and development or operations, or reduce or delay purchasing decisions. Our customers operate in highly competitive industries due to, among other factors, continued pressure from current and new competitors and technological change in their industries. Failure by our customers to successfully manage these competitive factors could adversely affect their business, operating results and financial condition, which could result in reduced spending on our products or services. Reduced customer spending or the loss of customers, particularly our large customers, could adversely affect our business, operating results and financial condition.

In addition, we and our competitors may acquire businesses and technologies to complement and expand our respective product offerings. Consolidated competitors could have considerable financial resources and channel influence as well as broad geographic reach, which may enable them to be more competitive in, among other things, product differentiation, breadth of technology portfolio, pricing, marketing, services or support. Such consolidations or acquisitions could negatively impact our business, operating results and financial condition.

Business Operations Risks

The global nature of our operations exposes us to increased risks and compliance obligations.

We derive roughly half of our revenue from sales outside the United States, and we expect our orders and revenue to continue to depend on sales to customers outside the U.S. We have also continually expanded our non-U.S. operations. This strategy requires us to recruit and retain qualified technical and managerial employees, manage multiple remote locations performing complex software development projects, and ensure intellectual property protection outside of the U.S. Our international operations and sales subject us to a number of increased risks, including, among others:

- Economic slowdowns, recessions or uncertainty in financial markets, including, among other things, the impact of sustained global inflationary pressures and elevated interest rates;
- Uncertain economic, legal and political conditions in China, Europe, the Middle East and other regions where we do business, including, for example, changes in China-Taiwan or U.S.-China relations, regional or global military conflicts, and related sanctions and financial penalties imposed on participants in such conflicts;
- Government trade restrictions, including tariffs, export controls, economic sanctions or other trade barriers, and changes to existing trade arrangements, including the unknown impact of current and future U.S. and Chinese trade regulations;
- Ineffective or weaker legal protection of intellectual property rights;
- Difficulties in adapting to cultural differences in the conduct of business, which may include business practices in which we are prohibited from engaging by the Foreign Corrupt Practices Act or other anti-corruption laws; and
- Financial risks such as longer payment cycles, changes in currency exchange rates and difficulty in collecting accounts receivable.

Furthermore, if any of the foreign economies in which we do business deteriorate or if we fail to effectively manage our global operations, our business and operating results will be harmed. There is inherent risk, based on the complex relationships between certain Asian countries such as China and the United States, that political, diplomatic or military events could result in trade disruptions, including tariffs, trade embargoes, export restrictions and other trade barriers. A significant trade disruption, export restriction, or the establishment or increase of any trade barrier in any area where we do business could reduce customer demand and cause customers to search for substitute products and services, make our products and services more expensive or unavailable for customers, increase the cost of our products and services, have a negative impact on customer confidence and spending, make our products less competitive, or otherwise have an adverse impact on our backlog, future revenue and profits and our customers' and suppliers' business, operating results and financial condition. For example and as described above, the ongoing geopolitical and economic uncertainty between the U.S. and China, the unknown impact of current and future U.S. and Chinese trade regulations, including tariffs, and other geopolitical risks with respect to China and Taiwan may cause disruptions in the markets and industries we serve and our supply chain, decreased demand from customers for products using our solutions or other disruptions, which could, directly or indirectly, materially harm our business, operating results and financial condition. For more on risks related to government export and import restrictions, see "*We are subject to governmental export and import requirements that could subject us to liability and restrict our ability to sell our products and services, which could impair our ability to compete in international markets.*"

In response to the U.S. imposing tariffs and trade barriers or taking other actions, other countries, such as China, have in the past and may in the future impose tariffs and trade barriers that could limit our ability to offer our products and services in such jurisdictions. Current and potential customers who are concerned or affected by such tariffs or restrictions may respond by developing their own products or replacing our solutions, including seeking alternatives from foreign competitors or open-source solutions not subject to these restrictions, which would have an adverse effect on our business. In addition, government or customer efforts, attitudes, laws or policies regarding technology independence may lead to non-U.S. customers favoring their domestic technology solutions that could compete with or replace our products, which would also have an adverse effect on our business.

In addition to tariffs and other trade barriers, our global operations are subject to numerous U.S. and foreign laws and regulations such as those related to anti-corruption, tax, corporate governance, imports and exports, economic sanctions, financial and other disclosures, privacy and labor relations. These laws and regulations are complex and may have differing or conflicting legal standards, making compliance difficult and costly. In addition, there is uncertainty regarding how proposed, contemplated or future changes to these complex laws and regulations could affect our business. We may incur substantial expense in complying with the new obligations to be imposed by these laws and regulations, and we may be required to make significant changes in our business operations, all of which may adversely affect our revenues and our business overall. If we violate these laws and regulations, we could be subject to fines, penalties or criminal sanctions, and may be prohibited from conducting business in one or more countries. Any violation individually or in the aggregate could have a material adverse effect on our operations and financial condition.

Our financial results are also affected by fluctuations in foreign currency exchange rates. A weakening U.S. dollar relative to other currencies increases expenses of our foreign subsidiaries when they are translated into U.S. dollars in our consolidated statements of income. Likewise, a strengthening U.S. dollar relative to other currencies, including the renminbi or Yen, reduces revenue of our foreign subsidiaries upon translation and consolidation. Exchange rates are subject to significant and rapid fluctuations due to a number of factors, including interest rate changes and political and economic uncertainty. Therefore, we cannot predict the prospective impact of exchange rate fluctuations. We may be unable to hedge all of our foreign currency risk, which could have a negative impact on our operating results.

Our operating results may fluctuate in the future, which may adversely affect our stock price.

Our operating results are subject to quarterly and annual fluctuations, which may adversely affect our stock price. Our historical results should not be viewed as indicative of our future performance due to these periodic fluctuations.

Many factors have in the past and may in the future cause our backlog, revenue or earnings to fluctuate, including, among other things:

- Changes in demand for our products and services—especially products, such as hardware and IP, generating upfront revenue—due to fluctuations in demand for our customers' products and due to constraints in our customers' budgets for research and development as well as EDA, IP and S&A products and services;
- Changes in demand for our products due to customers reducing their expenditures, which may be a result of customer cost-cutting measures or insolvency or bankruptcy, sustained global inflationary pressures and elevated interest rates or other reasons;

- Product competition in the EDA, IP, semiconductor or S&A-targeted industries, which can change rapidly due to industry or customer consolidation and technological innovation;
- Our ability to innovate and introduce new products and services or effectively reallocate resources across our businesses to target the highest growth opportunities and meet customer demand;
- Failures or delays in completing sales due to our lengthy sales cycle, which often includes a substantial customer evaluation and approval process because of the complexity of our products and services;
- Our ability to implement effective cost control measures and business transformation initiatives, including those related to our workforce;
- Our dependence on a relatively small number of large customers for a large portion of our revenue, and the impact of timing requirements and the value of contract renewals;
- Such key customers continuing to renew licenses and purchase additional products from us;
- Changes to the amount, composition and valuation of, and any impairments to or write-offs of, our assets or strategic investments;
- Changes in the mix of our products sold, as increased sales of our products with lower gross margins, such as our hardware products, may reduce our overall margins;
- Expenses related to our acquisition and integration of businesses and technologies, including our expenses related to the Ansys Merger;
- Changes in tax rules, as well as changes to our effective tax rate, including the tax effects of infrequent or unusual transactions and tax audit settlements;
- Delays, increased costs or quality issues resulting from our reliance on third parties to manufacture our hardware products, which includes a sole supplier for certain hardware components;
- Natural variability in the timing of IP drawdowns, which can be difficult to predict;
- General economic and political conditions that affect the semiconductor and electronics industries, such as disruptions to international trade relationships, including tariffs, changes in Trade Restrictions, or other trade barriers affecting our or our suppliers' products; and
- Changes in accounting standards, which may impact the way we recognize our revenue and costs and impact our earnings.

The timing of revenue recognition may also cause our revenue and earnings to fluctuate. The timing of revenue recognition is affected by factors including:

- Cancellations or changes in levels of orders or the mix between upfront products revenue and time-based products revenue;
- Delay of one or more orders for a particular period, particularly orders generating upfront products revenue, such as hardware;
- Delay in the completion of professional services projects that require significant modification or customization and are accounted for using the percentage of completion method;
- Delay in the completion and delivery of IP products in development as to which customers have paid for early access;
- Customer contract amendments or renewals that provide discounts or defer revenue to later periods; and
- The levels of our hardware and IP revenues, which are generally recognized upfront and are primarily dependent upon our ability to provide the latest technology and meet customer requirements.

These factors, or any other factors or risks discussed herein, could negatively impact our backlog, revenue or earnings and cause our stock price to decline. Additionally, our results may fail to meet or exceed the expectations of securities analysts and investors, or such analysts may change their recommendation regarding our stock, which could cause our stock price to decline. Our stock price has been, and may continue to be, volatile, which may make it more difficult for our stockholders to sell their shares at a time or a price that is favorable to them.

We may not realize the potential financial or strategic benefits of the transactions we complete, including the Ansys Merger, or find suitable target businesses and technology to acquire.

Acquisitions and strategic investments are an important part of our growth strategy. We have completed a significant number of acquisitions in recent years, including the Ansys Merger, which was completed on July 17, 2025. We expect to make additional acquisitions and strategic investments in the future, but we may not find suitable acquisition or investment targets, or we may not be able to consummate desired acquisitions or investments due to, among other things, financial constraints, unfavorable credit markets, commercially unacceptable terms, failure to obtain regulatory approvals, competitive bid dynamics, outbound investment restrictions or other risks, which could harm our operating results.

Any acquisitions and strategic investments we may undertake are difficult, time-consuming, and pose a number of risks, including, but not limited to:

- Potential negative impact on our net income resulting from acquisition or investment-related costs or on our earnings per share;
- Failure of acquired products to achieve projected sales;
- Problems in integrating the acquired products with our products;
- Difficulties entering into new markets in which we are inexperienced or our competitors have stronger positions;
- Potential downward pressure on operating margins due to lower operating margins of acquired businesses, increased headcount costs, and other expenses associated with adding and supporting new products;
- Difficulties in retaining and integrating key employees;
- Substantial reductions of our cash resources and/or the incurrence of debt, which may be at higher than anticipated interest rates;
- Failure to realize expected synergies or cost savings;
- Difficulties in integrating or expanding sales, marketing and distribution functions and administrative systems, including IT and human resources systems;
- Dilution of our current stockholders through the issuance of common stock as a part of transaction consideration;
- Difficulties in negotiating, governing and realizing value from strategic investments;
- Assumption of unknown liabilities, including tax, litigation, cybersecurity and commercial-related risks, and the related expenses and diversion of resources;
- Incurrence of costs and use of additional resources to remedy issues identified prior to or after an acquisition;
- Disruption of ongoing business operations, including diversion of management’s attention and uncertainty for employees and customers, particularly during the post-acquisition integration process;
- Potential negative impacts on our relationships with customers, distributors and business partners;
- Exposure to new operational risks, regulations and business customs to the extent acquired businesses are located in regions where we are not currently conducting business;
- The need to implement controls, processes and policies appropriate for a public company at acquired companies that may have previously lacked such controls, processes and policies in areas such as cybersecurity, IT, privacy and more; and
- Requirements imposed by government regulators in connection with their review of an acquisition, including required divestitures or restrictions on the conduct of our business or the acquired business, such as the pending sales to Keysight Technologies, Inc. of our Optical Solutions Group (such sale, the Optical Solutions Divestiture) and the Ansys PowerArtist RTL business (such sale, together with the Optical Solutions Divestiture, the Regulatory Divestitures).

In the case of the Ansys Merger, the foregoing risks may be magnified due to the scale of the Ansys Merger. In addition, current and future changes to the U.S. and foreign regulatory approval processes and requirements related to acquisitions or divestitures, such as the Regulatory Divestitures, may cause approvals to take longer than anticipated, not be forthcoming or contain burdensome conditions, which may prevent our planned transactions or jeopardize, delay or reduce the anticipated benefits of such transactions, such as the Ansys Merger, and impede the integration of such acquisitions and execution of our business strategy. For more on the risks related to the Regulatory Divestitures and their potential to adversely affect our ability to realize the benefits of the Ansys Merger, see "*We continue to be subject to certain divestiture commitments that, if not timely performed, could adversely affect our ability to realize the benefits of the Ansys Merger*."

We have also divested and may in the future divest certain product lines or technologies that no longer fit our long-term strategies. Divestitures may adversely impact our business, operating results and financial condition if we are unable to achieve the anticipated benefits or cost savings from such divestitures, or if we are unable to offset impacts from the loss of revenue associated with the divested product lines or technologies. For example, if we sell or otherwise dispose of certain product lines or assets, we may be unable to do so on satisfactory terms within our anticipated timeframe or at all. Further, whether such divestitures are ultimately consummated or not, their pendency could have a number of negative effects on our current business, including disrupting our regular operations, diverting the attention of our workforce and management team and increasing undesired workforce turnover. It could also disrupt existing business relationships, make it harder to develop new business relationships, or otherwise negatively impact the way that we operate our business.

If we do not manage the foregoing risks, the transactions that we complete or are unable to complete, including the Regulatory Divestitures, may have an adverse effect on our business, operating results and financial condition.

Cybersecurity threats or other security breaches could compromise sensitive information belonging to us or our customers and could harm our business and our reputation.

We store sensitive data, including intellectual property, our proprietary business information and that of our customers, and personal information, in our data centers, on our networks or on the cloud. In addition, our operations depend upon our information technology (IT) systems. We maintain a variety of information security policies, procedures, and controls to protect our business and proprietary information, prevent data loss and other security breaches and incidents, keep our IT systems operational and reduce the impact of a security breach or incident, but these security measures cannot provide and have not provided absolute security. In the normal course of business, our systems are and have been the target of malicious cyberattack attempts and have been and may be subject to compromise due to employee error, malfeasance or other disruptions that have and could result in unauthorized disclosure or loss of sensitive information. To date, we have not identified material cyber security incidents or incurred any material expenses with any incidents. However, any breach or compromise could adversely impact our business and operations, expose us or our customers to litigation, investigations, loss of data, increase costs, or result in loss of customer confidence and damage to our reputation, any of which could adversely affect our business and our ability to sell our products and services.

Industry incidences of cyberattacks and other cybersecurity breaches have increased and are likely to continue to increase. We are using an increasing number of third-party software solutions, including cloud-based solutions, which increase potential threat vectors, such as by exploitation of misconfigurations or vulnerabilities. We also use third-party vendors that provide software or hardware, have access to our network, and/or store sensitive data, and these third parties are subject to their own cybersecurity threats. Our standard vendor terms and conditions include provisions requiring the use of appropriate security measures to prevent unauthorized use or disclosure of our data, as well as other safeguards. Despite these measures, there is no guarantee that a compromise of our third-party vendors will not occur and in turn result in a compromise of our own IT systems or data. In addition, if we select a vendor that uses cloud storage as part of their service or product offerings, or if we are selected as a vendor for our cloud-based solutions, our proprietary information could be misappropriated by third parties despite our attempts to validate the security of such services. Many employees continue to work remotely based on a hybrid work model, which magnifies the importance of maintaining the integrity of our remote access security measures. We also periodically acquire new businesses with less mature security programs, and it takes significant time, effort and expense to align security practices to meet our information security policies, procedures and controls. During this time, we may also experience increased incidences of cyberattacks or other security breaches.

The techniques used to obtain unauthorized access to networks or to sabotage systems of companies such as ours change frequently, increasingly leverage technologies such as AI, and generally are not recognized until launched against a target. We may be unable to anticipate these emerging techniques, react in a timely manner, or implement adequate preventative measures, or we may not have sufficient logging available to fully investigate the incident. Our security measures vary in maturity across the business and may be and have been circumvented. For example, we have identified instances where employees have used non-approved applications for business purposes, some of which do not meet our security standards. In addition, we discovered unauthorized third-party access to our products and product license files hosted on our SolvNet Plus customer license and product delivery system in 2015. Any security breach of our own or a third-party vendor's systems could cause us to be non-compliant with applicable laws or regulations, subject us to legal claims or proceedings, disrupt our operations, damage our reputation, and cause a loss of confidence in our products and services, any of which could adversely affect our business and our ability to sell our products and services.

Our software products and hosted solutions are also targeted by hackers and may be compromised by, among other things, phishing, exploits of our code or our system configurations, malicious code such as viruses and worms, distributed denial-of-service attacks, sophisticated attacks conducted or sponsored by nation-states, advanced persistent threat intrusions, ransomware and other malware. We leverage many security best practices throughout the software development lifecycle, but our security development practices vary in maturity across the business and may not be effective against all cybersecurity threats. Furthermore, due to geopolitical incidents, including regional military conflicts, state-supported and geopolitical-related cybersecurity incidents against companies such as ours may increase. Attacks on our products could potentially disrupt the proper functioning of our software, cause errors in the output of our customers' work, allow unauthorized access to our or our customers' proprietary information or cause other destructive outcomes.

If we fail to protect our proprietary technology, our business will be harmed.

Our success depends in part upon protecting our proprietary technology. Our efforts to protect our technology may be costly and unsuccessful. We rely on agreements with customers, employees and other third parties as well as intellectual property laws worldwide to protect our proprietary technology. These agreements may be breached, and we may not have adequate remedies for any breach. Additionally, despite our measures to prevent piracy, other parties may attempt to illegally copy or use our products, which could result in lost revenue if their efforts are successful. Some foreign countries do not currently provide effective legal protection for intellectual property and our ability to prevent the unauthorized use of our products in those countries is therefore limited. Our trade secrets may also be stolen, otherwise become known, or be independently developed by competitors.

From time to time, we may need to commence litigation or other legal proceedings in order to assert claims of infringement of our intellectual property, defend our products from piracy, protect our trade secrets or know-how, or determine the enforceability, scope and validity of the propriety rights of others.

If we do not obtain or maintain appropriate patent, copyright or trade secret protection for any reason, or cannot fully defend our intellectual property rights in certain jurisdictions, our business and operating results would be harmed. In addition, intellectual property litigation is lengthy, expensive and uncertain. Legal fees related to such litigation will increase our operating expenses and may reduce our net income.

We may not be successful in our AI initiatives, which could adversely affect our business, operating results or financial condition.

We have incorporated, and are continuing to develop and deploy, AI into our products and the operations of our business. While these AI initiatives can present significant benefits, the AI landscape is rapidly evolving and may create risks and challenges for our business. If we fail to develop and timely offer products with AI features, if such products fail to meet our customers' demands, if these products fail to operate as expected, or if our competitors incorporate AI into their products more quickly or more successfully than we do, we may experience brand or reputational harm and lose our competitive position, our products may become obsolete, and our business, operating results or financial condition could be adversely affected.

While AI technology may drive future growth in the semiconductor and electronics industries as well as our business, worldwide markets for AI-enabled products may not develop in the manner or time periods we anticipate, or at all. If domestic or global economies worsen, overall spending on the development of AI-related products may decrease, which would adversely impact demand for our products in these markets. Even if the demand for AI-enabled products develops in the manner or in the time periods we anticipate, if we do not have timely, competitively priced, market-accepted products available to meet our customers' needs to develop products for the AI markets, we may miss a significant opportunity and our business, operating results and financial condition could be materially and adversely affected. In addition, because the markets for AI-related products are still emerging, demand for these products may be unpredictable and may vary significantly from one period to another.

The technologies underlying AI and its uses are expected to be subject to new laws and regulations or new applications of existing laws and regulations, including in the areas of intellectual property, privacy, data protection and cybersecurity, among others. In addition, unfavorable developments with evolving laws and regulations affecting

AI-related products may limit global adoption, impede our strategy and negatively impact our long-term expectations in this area. For example, there is significant uncertainty in the U.S. courts as to how AI technologies affect IP ownership, including copyright protections, and the use of AI-related technology in the development of our products or implementation of AI features in our products could expose us or our customers to claims of copyright infringement or misappropriation. We may not be able to anticipate how to respond to or comply with these rapidly evolving frameworks, and we may need to expend resources to adjust our offerings in certain jurisdictions if the legal frameworks are inconsistent across jurisdictions. The cost of complying with such frameworks could be significant and may increase our operating expenses. Because AI technology is highly complex and rapidly developing, it is not possible to predict all legal, operational or technological risks that may arise relating to the use of AI.

If we fail to timely recruit and/or retain senior management and key employees globally, our business may be harmed.

We depend in large part upon the services of our senior management team and key employees to drive our future success, and certain of these personnel depart our company from time to time, with the frequency and number of such departures varying widely. For example, we have in the past experienced significant changes to our executive leadership team due to planned succession and other departures. The departure of key employees could result in significant disruptions to our operations, including, among other things, adversely affecting the timeliness of our product releases, the successful implementation and completion of our initiatives, the adequacy of our internal control over financial reporting, and our business, operating results and financial condition.

To be successful, we must also attract senior management and key employees who join us organically and through acquisitions, such as the Ansys Merger. There are a limited number of qualified engineers. Competition for these individuals and other qualified employees is intense and has increased globally, including in major markets such as Asia. Our employees are often recruited aggressively by our competitors and our customers worldwide. Any failure to recruit and/or retain senior management and key employees could harm our business, operating results and financial condition. Additionally, efforts to recruit and/or retain such employees could be costly and negatively impact our operating expenses.

We issue equity awards from employee equity plans as a key component of our overall compensation. We face pressure to limit the use of such equity-based compensation due to dilutive effects on stockholders. If we are unable to offer attractive compensation packages in the future, it could limit our ability to attract and retain senior management and key employees.

We may pursue new product and technology initiatives or expand into adjacent markets, and if we fail to successfully carry out these initiatives, we could be adversely impacted.

As part of the evolution of our business, we have made substantial investments to develop new products and enhancements to existing products through our acquisitions and research and development efforts. If we are unable to anticipate technological changes in our industry by introducing new or enhanced products in a timely and cost-effective manner, or if we fail to introduce products that meet market demand, we may lose our competitive position, our products may become obsolete, and our business, operating results or financial condition could be adversely affected.

Additionally, we have in the past and may in the future invest in efforts to expand into adjacent markets. These efforts may not be successful due to a variety of factors, including, but not limited to, our ability to:

- Attract a new customer base, including in industries in which we have less experience;
- Successfully develop new sales and marketing strategies to meet customer requirements;
- Accurately predict, prepare for and promptly respond to technological developments in new fields;
- Compete with new and existing competitors, many of which may have more financial resources, industry experience, brand recognition, relevant intellectual property rights or established customer relationships than we do;
- Balance our investment in adjacent markets with investment in our existing products and services; and
- Attract and retain employees with expertise in new fields.

Difficulties in any of our new product development efforts or our efforts to enter adjacent markets, including as a result of delays or disruptions, or export control or other trade and investment restrictions, could adversely affect our business, operating results and financial condition.

We may have to invest more resources in research and development than anticipated, which could increase our operating expenses and negatively affect our operating results.

We devote substantial resources to research and development. We may be required to invest significantly greater resources than anticipated due to certain competitive factors, including, among others, the emergence of new competitors, technological advances in the semiconductor industry or by competitors, our acquisitions or our entry into new markets. If we are required to invest significantly greater resources than anticipated without a corresponding increase in revenue, our operating results could decline. If customers reduce or slow the need to upgrade or enhance their product offerings, our revenue and operating results may be adversely affected. Additionally, our periodic research and development expenses may be independent of our level of revenue, which could negatively impact our financial results. New products may not adequately address the changing needs of the marketplace. New software products may contain undetected errors, defects or vulnerabilities. The occurrence of any defects or errors in our products could result in lost or delayed market acceptance and sales of our products, delays in payment by customers, loss of customers or market share, product returns, damage to our reputation, diversion of our resources, increased service and warranty expenses or financial concessions, increased insurance costs and potential liability for damages. Finally, there can be no guarantee that our research and development investments will result in products that create additional revenue.

Product errors or defects could expose us to liability and harm our reputation and we could lose market share.

Software products frequently contain errors or defects, especially when first introduced, when new versions are released, or when integrated with technologies developed by acquired companies. Product errors, including those resulting from third-party suppliers, could affect the performance or interoperability of our products, could delay the development or release of new products or new versions of products and could adversely affect market acceptance or perception of our products. In addition, any allegations of manufacturability issues resulting from use of our IP products could, even if untrue, adversely affect our reputation and our customers' willingness to license IP products from us. Any such errors or delays in releasing new products or new versions of products or allegations of unsatisfactory performance could cause us to lose customers, increase our service costs, subject us to liability for damages and divert our resources from other tasks, any one of which could materially and adversely affect our business, operating results and financial condition.

Our hardware products, which primarily consist of prototyping and emulation systems, subject us to distinct risks.

The growth in sales of our hardware products subjects us to risks, including, but not limited to:

- Delays in production and delivery of our hardware products, including due to, among other things, difficulty scaling production capacity and yield to meet customer demand, or a dependence on a sole supplier for certain hardware products, which may reduce our control over product availability, quality and pricing;
- Increasingly variable revenue and less predictable revenue forecasts, due to fluctuations in hardware revenue, which is recognized upfront upon shipment, as opposed to most sales of software products for which revenue is recognized over time;
- Potential reductions in overall margins, as the gross margin for our hardware products, is typically lower than those of our software products and may be subject to certain trade regulation, including tariffs;
- Longer sales cycles, which create risks of insufficient, excess or obsolete inventory and variations in inventory valuation, which can adversely affect our business, operating results and financial condition;
- Decreases or delays in customer purchases in favor of next-generation releases or competitive products, which may lead to excess or obsolete inventory or require us to discount our older hardware products;
- Longer warranty periods than those of our software products, which may require us to replace hardware components under warranty, thus increasing our costs; and

- Potential impacts on our supply chain, including the effects of changes in U.S. and global trade policy, including the recently proposed and enacted tariffs by the U.S. and other governments, sustained global inflationary pressures and elevated interest rates, or global semiconductor shortages.

From time to time, we are subject to claims that our products infringe on third-party intellectual property rights.

We are from time to time subject to claims alleging our infringement of third-party intellectual property rights, including patent rights. Under our customer agreements and other license agreements, we agree in many cases to indemnify our customers if our products are alleged to infringe on a third party's intellectual property rights. Infringement claims have in the past and could in the future result in costly and time-consuming litigation, require us to enter into royalty arrangements, subject us to damages or injunctions restricting our sale of products, invalidate a patent or family of patents, require us to refund license fees to our customers or to forgo future payments, or require us to redesign certain of our products, any one of which could harm our business and operating results.

We may not be able to continue to obtain licenses to third-party software and intellectual property on reasonable terms or at all, which may disrupt our business and harm our financial results.

We license third-party software and other intellectual property for use in product research and development and, in several instances, for inclusion in our products. We also license third-party software, including the software of our competitors, to test the interoperability of our products with other industry products and in connection with our professional services. These licenses may need to be renegotiated or renewed from time to time, or we may need to obtain new licenses in the future. Third parties may stop adequately supporting or maintaining their technology, or they or their technology may be acquired by our competitors. If we are unable to obtain licenses to these third-party software and intellectual property on reasonable terms or at all, we may not be able to sell the affected products, our customers' use of the products may be interrupted, or our product development processes and professional services offerings may be disrupted, which could in turn harm our financial results, our customers, and our reputation.

The inclusion of third-party intellectual property in our products can also subject us and our customers to infringement claims. We may not be able to sufficiently limit our potential liability contractually. Regardless of outcome, infringement claims may require us to use significant resources and may divert management's attention from the operation of our business.

Some of our products and technology, including those we acquire, have in the past and may in the future include software licensed under open source licenses. Some open source licenses could require us, under certain circumstances, to make available or grant licenses to any modifications or derivative works we create based on the open source software. The risks associated with open source usage may not be eliminated despite our best efforts and may, if not properly addressed, result in unanticipated obligations that harm our business.

Liquidity requirements in our U.S. operations may require us to raise cash in uncertain capital markets, which could negatively affect our financial condition.

As of July 31, 2025, approximately 51% of our worldwide cash and cash equivalents balance is held by our international subsidiaries. We intend to meet our U.S. cash spending needs, including servicing our Senior Notes and the term loans we issued to fund the Ansys Merger, primarily through our existing U.S. cash balances, ongoing U.S. cash flows, or available credit under our revolving credit facility. Should our cash spending needs in the U.S. rise and exceed these liquidity sources, we may be required to incur additional debt at higher than anticipated interest rates or access other funding sources, which could negatively affect our operating results, capital structure or the market price of our common stock.

Risks Related to the Ansys Merger

We continue to be subject to certain divestiture commitments that, if not timely performed, could adversely affect our ability to realize the benefits of the Ansys Merger.

We completed the Ansys Merger on July 17, 2025, upon the receipt of governmental approvals, including certain antitrust and foreign investment approvals. As a condition to obtaining such approvals, we committed to various regulatory agencies that we would complete the Regulatory Divestitures no later than certain specified dates. The State Administration for Market Regulation of the People's Republic of China (SAMR) has not yet completed its final process step of approving the buyer in the Regulatory Divestitures, and therefore we were unable to complete such divestitures before the U.S. Federal Trade Commission (FTC) deadline in the original, non-final consent order. We expect to receive a final consent order from the FTC now requiring us to complete the Regulatory Divestitures no later than October 26, 2025, as well as an interim hold separate order broadly restricting us from integrating Ansys until such completion occurs.

Any continuing post-closing regulatory requirements could delay and may adversely affect our ability to realize certain benefits expected from the Ansys Merger and may have an adverse effect on our business, operating results and financial condition. There can be no assurance of the outcome or timing of the SAMR process. In the event that the Regulatory Divestitures are not completed by the applicable deadlines, we may be subject to potential fines and other civil penalties. It is also possible that the FTC will determine not to extend the original deadline for completing the Regulatory Divestitures, and instead seek fines and civil penalties against us for failing to meet such deadline. Further delays in completing the Regulatory Divestitures could adversely affect our ability to realize the benefits expected from the Ansys Merger. For more on the risks related to our ability to realize the benefits from the Ansys Merger, see "*Failure to realize the benefits expected from the Ansys Merger could adversely affect our business, operating results and financial condition.*"

Failure to realize the benefits expected from the Ansys Merger could adversely affect our business, operating results and financial condition.

The anticipated benefits we expect from the Ansys Merger are based on projections and assumptions about our combined business with Ansys, which may not materialize as expected or which may prove to be inaccurate. Our business, operating results and financial condition could be adversely affected if we are unable to realize the anticipated benefits from the Ansys Merger on a timely basis, if at all, including, among other things, realizing the anticipated cost and revenue synergies from the Ansys Merger in the anticipated amounts or within the anticipated timeframes or cost expectations, if at all. Achieving the benefits of the Ansys Merger will depend, in part, on our ability to integrate the business and operations of Ansys successfully and efficiently with our business. The challenges involved in this integration, which may be complex and time-consuming, include, among others, the following:

- avoiding business disruptions, preserving customer and other important relationships of Ansys and attracting new business and operational relationships;
- coordinating and integrating independent research and development and engineering teams across technologies and product platforms to enhance product development while reducing costs;
- integrating financial forecasting and controls, procedures and reporting cycles;
- consolidating and integrating corporate, IT, cybersecurity, finance and administrative infrastructures;
- coordinating branding, sales and marketing efforts to effectively position the combined company's capabilities and the direction of product development;
- integrating Ansys' systems, operations and product lines;
- meeting obligations that we will have to counterparties of Ansys that arise as a result of the change in control of Ansys; and
- integrating employees and related HR systems and benefits, maintaining employee productivity and retaining key employees.

If we do not successfully manage these issues and the other challenges inherent in integrating an acquired business, and/or if the integration of the business and operations of Ansys cannot be undertaken on a timely basis due to delays in completing the Regulatory Divestitures as described above in the risk factor titled "*We continue to be subject to certain divestiture commitments that, if not timely performed, could adversely affect our ability to realize the benefits of the Ansys Merger,*" then we may not achieve the anticipated benefits of the Ansys Merger on our anticipated timeframe, if at all, and our business, revenue, expenses, operating results, financial condition and stock price could be materially adversely affected.

Our significant debt may limit our financial flexibility following the Ansys Merger.

We have incurred a substantial amount of debt in connection with the Ansys Merger, including the Senior Notes and the $4.3 billion term loan. Accordingly, as of July 31, 2025, we had approximately $14.3 billion of total debt.

Following the Ansys Merger, our substantial indebtedness incurred in connection with the Ansys Merger could have adverse effects on our business, operating results and financial condition, including, among other things:

- increasing our vulnerability to changing economic, regulatory and industry conditions;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry;
- placing us at a competitive disadvantage compared to our competitors with less indebtedness;
- increasing our interest expense and potentially requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing the availability of cash to fund our business needs;
- limiting our ability to return equity through our stock repurchase program or pay dividends to our stockholders; and
- limiting our ability to borrow additional funds in the future to fund growth, acquisitions, working capital, capital expenditures or other purposes.

Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness following the Ansys Merger will depend on, among other factors, our financial position and performance as well as prevailing market conditions and other factors beyond our control. We may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures and meet other liquidity needs. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital or debt refinancing on terms that may be onerous. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, which, if not cured or waived, could accelerate the repayment obligations under all of our outstanding debt, which could have a material adverse effect on our business, operating results or financial condition.

In addition, the level and quality of our earnings, operations, business and management, among other things, will impact the determination of our credit ratings by credit rating agencies. A decrease in the ratings assigned to us may negatively impact our access to the debt capital markets and increase our cost of borrowing. There can be no assurance that we will be able to obtain any future required financing on acceptable terms, if at all. In addition, there can be no assurance that we will be able to maintain the current credit worthiness or prospective credit rating of the combined company. Any actual or anticipated changes, or adverse conditions in the debt capital markets, could:

- adversely affect the trading price of, or market for, our debt securities;
- increase interest expense under our credit facilities;
- increase the cost of, and adversely affect our ability to refinance, our existing debt; and
- adversely affect our ability to raise additional debt.

The covenants contained in the agreements governing our indebtedness following the Ansys Merger may impose restrictions on us and certain of our subsidiaries that may affect our ability to operate our businesses.

The agreements that govern our indebtedness contain various affirmative and negative covenants. The indenture governing the Senior Notes also contains various affirmative and negative covenants. Such covenants, subject to certain significant exceptions, restrict our ability and the ability of certain of our subsidiaries to, among other things, engage in mergers, consolidations and acquisitions, grant liens, enter into certain sale and leaseback transactions and incur debt at subsidiaries. In addition, the term loan also contains financial covenants that will require us to maintain certain financial ratios. Our ability to comply with these provisions may be affected by events beyond our control. Failure to comply with these covenants could result in an event of default, which, if not cured or waived, could accelerate repayment obligations under all of our outstanding debt, which could have a material adverse effect on our business, operating results or financial condition.

Legal and Regulatory Risks

Changes in tax laws and regulations or interpretations thereof, or any change in the application of existing laws and regulations may adversely affect our effective tax rates and financial results.

Our operations are subject to taxation in the U.S. and in multiple foreign jurisdictions. Tax laws in these jurisdictions are subject to change as new laws or regulations are passed or new interpretations are made available. Changes in tax law, regulations or interpretation could have a material adverse impact on our tax expense and our financial position and cash flows. For additional detail on developments in tax laws and regulations applicable to us, see Note 19. *Income Taxes* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report under the heading "Legislative Developments."

We have a wide range of statutory tax rates in the multiple jurisdictions in which we operate. Changes in our geographical earnings mix, including those resulting from our intercompany transfer pricing or from changes in the rules governing transfer pricing, could materially impact our effective tax rate. In addition, we maintain significant deferred tax assets related to certain tax credits and capitalized research and development expenditures. Our ability to use these deferred tax assets is dependent upon having sufficient future taxable income in the relevant jurisdiction. Changes to tax laws and regulations, and changes in our forecasts of future income could result in an adjustment to the deferred tax asset and a related charge to earnings that could materially affect our financial results.

Our income and non-income tax filings are subject to review and audit by the Internal Revenue Service and state, local and foreign taxing authorities. We exercise significant judgment in determining our worldwide provision for income taxes and, in the ordinary course of our business, there may be transactions and calculations where the ultimate tax determination is uncertain. We may also be liable for potential tax liabilities of businesses we acquire. The final determination in an audit may be materially different than the treatment reflected in our historical income tax provisions and accruals. An assessment of additional taxes could adversely affect tax expense and materially affect our financial results. For further discussion on our ongoing audits, see Note 19. *Income Taxes* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report under the heading "Non-U.S. Examinations."

Our business is subject to evolving corporate governance and public disclosure regulations and expectations that could expose us to numerous risks.

We are subject to changing rules and regulations promulgated by a number of governmental and self-regulatory organizations, including, among others, the SEC, the Nasdaq Stock Market, the Financial Accounting Standards Board, other federal agencies, states and the international governing bodies such as the European Union. These rules and regulations continue to evolve in scope and complexity making compliance difficult and uncertain. Changing rules and regulations as well as customer, employee and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on evolving sustainability reporting standards, including California's climate-related disclosure laws and the European Union's Corporate Sustainability Reporting Directive, as well as customer requirements, may be costly, difficult and time consuming. We may also communicate certain initiatives and goals regarding environmental matters, human capital matters, responsible sourcing, social investments and other responsible business matters in our public disclosures. These initiatives and goals could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and ensuring the accuracy, adequacy, or completeness of the disclosure of our responsible initiatives can be costly, difficult and time consuming. Further, statements about our responsible business initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change. We could also face scrutiny from certain stakeholders, regulators or authorities for the scope or nature of such initiatives or goals, or for any revisions to these goals. If our data, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to these goals on a timely basis, or at all, our business, financial performance and growth could be adversely affected.

We may be subject to litigation proceedings that could harm our business.

We may be subject to legal claims or regulatory matters involving stockholder, consumer, employment, customer, supplier, competition and other issues on a global basis. Litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages or, in cases for which injunctive relief is sought, an injunction prohibiting us from manufacturing or selling one or more products. If we were to receive an unfavorable ruling on a matter, our business and operating results could be materially harmed. Further information regarding certain of these matters is contained in Part II, Item 1, *Legal Proceedings* of this Quarterly Report.

General Risks

Catastrophic events and the effects of climate change, pandemics or other unexpected events may disrupt our business and harm our operating results.

Due to the global nature of our business, our operating results may be negatively impacted by catastrophic events and the effects of climate change, pandemics or other unexpected events throughout the world. We rely on a global network of infrastructure applications, enterprise applications and technology systems for our development, marketing, operational, support and sales activities. A disruption or failure of these systems in the event of a major earthquake, fire, extreme temperatures, drought, flood, telecommunications failure, cybersecurity attack, terrorist attack, epidemic or pandemic, or other catastrophic or climate change-related events could cause system interruptions, delays in our product development and loss of critical data and could prevent us from fulfilling our customers' orders. In particular, our sales and infrastructure are vulnerable to regional or worldwide health conditions, including the effects of the outbreak of contagious diseases, such as the government-imposed restrictions that curtailed global economic activity and caused substantial volatility in global financial markets during the COVID-19 pandemic. Moreover, our corporate headquarters, a significant portion of our research and development activities, our data centers, and certain other critical business operations are located in California, near major earthquake faults and sites of recent wildfires, which may become more frequent, along with other extreme weather events, due to climate change. A catastrophic event or other extreme weather event that results in the destruction or disruption of our data centers or our critical business or IT systems would severely affect our ability to conduct normal business operations and, as a result, our operating results would be adversely affected.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

The table below sets forth information regarding our repurchases of our common stock during the three months ended July 31, 2025:

Period	Total number of shares purchased		Average price paid per share	Total number of shares purchased as part of publicly announced programs		Maximum approximate dollar value of shares that may yet be purchased under the programs [(1)]
Month #1						
May 1, 2025 through May 31, 2025	—	$	—	—	$	194,276,393
Month #2						
June 1, 2025 through June 30, 2025	—	$	—	—	$	194,276,393
Month #3						
July 1, 2025 through July 31, 2025	—	$	—	—	$	194,276,393
Total	—	$	—	—	$	194,276,393

[(1)] *In fiscal 2022, our Board of Directors approved a stock repurchase program (the Program) with authorization to purchase up to $1.5 billion of our common stock. As of July 31, 2025, $194.3 million remained available for future repurchases under the Program. However, in connection with the Ansys Merger, we have suspended the Program until we reduce our debt levels.*

See Note 14. *Stock Repurchase Program* of the *Notes to Condensed Consolidated Financial Statements* in this Quarterly Report for more information on the Program.

Item 5. *Other Information*

Insider Adoption or Termination of Trading Arrangements

None of our directors or officers informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408(c) of Regulation S-K) during the quarterly period covered by this report.

Item 6. *Exhibits*

Exhibit Number	Exhibit Description	Incorporated By Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Amendment to Agreement and Plan of Merger, dated as of July 15, 2025, by and among Synopsys, Inc., ANSYS, Inc. and ALTA Acquisition Corp.	8-K	000-19807	1.1	7/17/2025	
3.1	Amended and Restated Certificate of Incorporation	10-Q	000-19807	3.1	9/15/2003	
3.2	Amended and Restated Bylaws	8-K	000-19807	3.1	3/25/2024	
4.1	Specimen Common Stock Certificate	S-1	33-45138	4.3	2/24/1992 (effective date)	
10.1*	Separation Agreement and General Release, dated July 17, 2025, between Synopsys, Inc. and Ajei Gopal					X
10.2*	Transition Letter, dated July 17, 2025, between Synopsys, Inc. and John F. Runkel, Jr.					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act					X
32.1+	Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code					X

Exhibit Number	Exhibit Description	Incorporated By Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
101	The following financial statements from Synopsys' Quarterly Report on Form 10-Q for the quarter ended July 31, 2025, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets as of July 31, 2025 and November 2, 2024, (ii) Condensed Consolidated Statements of Income for the Three and Nine Months Ended July 31, 2025 and August 3 2024, (iii) Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended July 31, 2025 and August 3, 2024, (iv) Condensed Consolidated Statements of Stockholders' Equity at July 31, 2025 and August 3, 2024, (v) Condensed Consolidated Statements of Cash Flows for the Nine Months Ended July 31, 2025 and August 3, 2024 and (vi) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					

* Indicates a management contract, compensatory plan or arrangement.

+ This exhibit is furnished with this Quarterly Report and is not deemed filed with the Securities and Exchange Commission and is not incorporated by reference in any filing of Synopsys, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

SYNOPSYS, INC.

Date: September 9, 2025	By:	/s/ SHELAGH GLASER
		Shelagh Glaser **Chief Financial Officer** **(Principal Financial Officer)**

SYNOPSYS®

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July 17, 2025

Ajei Gopal

Re: Termination Notice and Separation Agreement and General Release

Dear Ajei:

Synopsys, Inc. ("Synopsys" or the "Company") hereby notifies you that effective as of the Termination Date (as defined below), your employment is terminated subject to Section 3(d) of your Amended and Restated Employment Agreement with Ansys, Inc. ("ANSYS"), dated November 1, 2023 (the "Employment Agreement"), a copy of which is included herein as Exhibit A. This letter satisfies the notice requirement in Section 3(f) of the Employment Agreement and sets forth the compensation and benefits you will be eligible to receive following your termination of employment.

Summary:

- Your last date of employment is July 17, 2025 (the "Termination Date").

- Provided you sign and do not revoke the Separation Agreement and General Release (the "Separation Agreement"), a copy of which is included herein as Exhibit B, upon the Separation Agreement becoming irrevocable, you will receive the following Separation Benefits (as defined in the Separation Agreement) to which you would not otherwise be entitled:

  - A lump sum payment of $688,151, representing your pro-rata bonus for Fiscal Year 2024 – 2025, subject to all appropriate taxes and withholdings and payable within 60 days after your Termination Date.

  - A lump sum payment of $4,250,000, equivalent to two times your current base salary plus two times your target bonus for Fiscal Year 2024 – 2025, subject to all appropriate taxes and withholdings and payable within 60 days after your Termination Date.

  - Accelerated vesting and exercisability of all of your outstanding equity awards.

  - A lump sum payment of $43,642, which is the equivalent to 100% of the cost of 24 months of COBRA premiums, based on your current health, dental and vision plans under the ANSYS benefit plans, subject to all appropriate taxes and withholdings and payable within 60 days after your Termination Date.

- Regardless of whether you sign the Separation Agreement, upon the termination of your employment you will be entitled to (i) your final paycheck, which shall include all wages due, including your base salary through the Termination Date; (ii) payout of unpaid expense reimbursements (if any); (iii) payout of any unused vacation that accrued through the Termination Date; and (iv) health benefits through the last day of the month in which your Termination Date occurs.

You will have 60 days to elect to continue health benefits under the Consolidated Omnibus Reconciliation Act of 1985 ("COBRA"). If elected, you may continue these benefits with no lapse in coverage under COBRA for up to a total of 18 months (or longer if you qualify under applicable state laws). Information from Synopsys' COBRA plan administrator will be mailed to your home within 30 days of your Termination Date.

Provided you sign the Separation Agreement, it becomes effective, and you comply with its terms, you will receive the Separation Benefits detailed in the agreement.

You will have until August 7, 2025 to sign the Separation Agreement. You may take the full consideration period, although you are free to sign it before then if you wish to do so. If you sign the Separation Agreement, you will have seven (7) days thereafter to revoke your acceptance. If you wish to revoke your signed Separation Agreement, return your correspondence to me via email. Unless you revoke your signed Separation Agreement, the agreement will become effective on the eighth day after you sign it.

If you sign the Separation Agreement, you will receive a fully executed copy of the agreement to your personal email. Payment for cash separation benefits will be directly deposited into the banking account we have on file for you. If we do not have your banking information on file, such payments will be express mailed to your home address within the timeframe provided in the Separation Agreement.

The Separation Agreement is an important legal document. Please read it carefully and consult with an attorney if you wish to do so. Additionally, you may contact me with any questions you may have.

On behalf of Synopsys, I would like to wish you the best in your future endeavors.

Sincerely,

Niko Meadors

Executive Director, Employee Relations

Employee Name	Ajei Gopal
Separation Pay:	
- Pro-rated target bonus (to be paid in lump sum within 60 days of the Termination Date)	$688,151
- Payment equivalent to 200% of target variable (to be paid in lump sum within 60 days of the Termination Date)	$2,550,000
- 2 years of base salary (to be paid in lump sum within 60 days of the Termination Date)	$1,700,000
- COBRA – 24 months (to be paid in lump sum within 60 days of the Termination Date)	$43,642
Gross Separation Pay (subject to taxes and deductions)	$4,981,793

Exhibit A

Employment Agreement

[See attached]

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement ("Agreement") is made as of the 1 day of November, 2023, between ANSYS, Inc., a Delaware corporation (together with its subsidiaries as the context requires, the "Company"), and Ajei S. Gopal (the "Executive").

WHEREAS, the Company and the Executive are parties to an Employment Agreement, dated as of August 29, 2016 (the "Commencement Date"), pursuant to which the Executive has been serving the Company most recently as the Company's President and Chief Executive Officer (the "Original Employment Agreement");

WHEREAS, the Company desires to continue to employ the Executive and the Executive desires to continue to be employed by the Company continuing on and after the date first written above (the "Effective Date") on the terms contained in this Agreement; and

WHEREAS, this Agreement is a modification and continuation of the Original Employment Agreement, intended to operate on the terms and conditions contained in this Agreement on and after the Commencement Date or on and after the Effective Date, as applicable, as provided for in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The Company hereby employs the Executive, and hereby has employed the Executive for an initial term commencing as of the Commencement Date and continuing for a one-year period (the "Initial Term"), with such employment automatically continuing following the Initial Term for additional one-year periods in accordance with the terms of this Agreement (subject to Section 3) (the Initial Term, together with any such extensions of employment hereunder, shall hereinafter be referred to as the "Term") unless either party notifies the other party in writing of its intention not to renew this Agreement at least 60 days prior to the expiration of the then Term. Notice by the Company of non-renewal shall be treated as a termination without Cause at the end of the then Term.

(b) RESERVED.

(c) Position and Duties On and After January 1, 2017. Beginning on January 1, 2017 and thereafter during the Term, the Executive shall serve as the President and Chief Executive Officer of the Company, shall have the duties, responsibilities and authority commensurate with such positions and as in effect as of the Effective Date and shall have such additional executive responsibilities consistent with his positions as the Board of Directors of the Company (the "Board") shall from time to time designate. As President and Chief Executive Officer of the Company, the Executive will report directly to the Board. The Company shall use its reasonable best efforts to have the Executive nominated to serve as a director on the Board throughout the Term while the Executive is serving as the President and Chief Executive Officer of the Company. The Executive's services as a member of the Board will be subject to any required stockholder approval.

(d) Other General Employment Terms. The Executive shall devote his full working time and efforts to the business and affairs of the Company and shall be based in the Company's offices in Canonsburg, PA, subject to required travel in connection with performance of his duties. Notwithstanding the foregoing, the Executive may serve on other for-profit boards of directors with the approval of the Board, engage in religious, charitable or other community activities (including serving on their boards) and manage his and his family's personal investments as long as, in each case, such services and activities do not violate the Company's Corporate Governance Guidelines. The Executive shall abide by all Company policies, including without limitation, the Corporate Governance Guidelines, Code of Ethics, Insider Trading Policy, and Employee Handbook; provided, however, that such policies and guidelines will not be deemed to amend the definition of "Cause" in this Agreement.

2. Compensation and Related Matters.

(a) Base Salary. The Executive's annual base salary rate as of the Effective Date is $850,000, subject to withholding under applicable law. The Executive's base salary rate shall be determined annually by the Compensation Committee of the Board, but may not be decreased. The base salary in effect at any given time is referred to herein as "Base Salary." The Base Salary shall be payable in a manner that is consistent with the Company's usual payroll practices for senior executives.

(b) Incentive Compensation. During the Term, the Executive shall be eligible to receive cash incentive compensation as determined by the Compensation Committee from time to time. The Executive's target annual cash incentive compensation shall be 150% percent of his Base Salary rate. Subject to the terms of this Agreement, to earn such cash incentive compensation, the Executive must be employed by the Company on the day such cash incentive compensation is paid.

(c) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company. In addition, the Company shall reimburse the Executive for any reasonable attorneys' fees (not to exceed total reimbursement of $25,000) incurred in connection with the consideration and negotiation of this Agreement.

(d) RESERVED.

(e) Other Benefits. During the Term, the Executive shall be eligible to participate in or receive benefits under the Company's employee benefit plans in effect from time to time, subject to the terms of such plans.

(f) Vacations. During the Term, the Executive shall be entitled to paid vacation annually in accordance with the Company's practices for executive officers, as in effect from time to time. The Executive shall also be entitled to all paid holidays given by the Company to its executives.

3. Termination. During the Term, the Executive's employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. The Company may terminate the Executive's employment if he has been unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period as a result of physical or mental incapacity or illness ("disabled"). If any question shall arise as to whether during any period the Executive is disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions with or without reasonable accommodation, the Executive may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company to whom the Executive or the Executive's guardian has no reasonable objection as to whether the Executive is or was so disabled, and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. Nothing in this Section 3(b) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601*et seq*. and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq*.

(c) Termination by Company for Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) a material breach by the Executive of this Agreement or any material Company policy actually known to the Executive, in each case, that has a material adverse effect on the business of the Company; (ii) the conviction or indictment for or plea of nolo contendere by the Executive regarding a felony or a crime involving moral turpitude; (iii) any material misconduct or willful and deliberate nonperformance (other than by reason of disability) by Executive of his duties to the Company; or (iv) the Executive's willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities (other than such an investigation in which the Executive is the target), after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation. In the event of (i), (iii), or (iv) above, Cause will not be deemed to have occurred until the Executive fails to cure such event to the reasonable satisfaction of the Company within 30 days after receiving written notice thereof from the Company.

(d) Termination Without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or disability of the Executive under Section 3(a) or (b), including a termination as a result of a notice of nonrenewal from the Company pursuant to Section 1(a), shall be deemed a termination without Cause.

(e) Termination by the Executive. The Executive may terminate his employment hereunder at any time for any reason, including but not limited to Good Reason. For purposes of this Agreement, “Good Reason” shall mean the occurrence of any of the following conditions without the Executive’s prior written consent provided that the Executive has given the Company notice of its occurrence within sixty (60) days after the occurrence, the Company fails to remedy the condition within 30 days following such notice (the “Cure Period”), and the Executive terminates his employment within 60 days after the end of the Cure Period: (i) a material diminution of the Executive’s duties, responsibilities or authority; (ii) a material diminution of Executive’s Base Salary rate or target annual cash incentive compensation; (iii) a material change in the geographic location at which the Executive provides services to the Company; (iv) a material breach of this Agreement by the Company; (v) a material adverse change in Executive’s reporting relationship; or (vi) if, after a Change in Control, the Executive is no longer Chief Executive Officer of a public company or the most senior executive in the Company’s controlled group. The Executive shall not be considered to have terminated his employment for Good Reason if (x) Cause exists (or continues to exist) at the time of either such Good Reason condition or such termination of the Executive’s employment (“Cause Condition Existence”), and (y) the Company has notified the Executive of the Cause Condition Existence by the time of such termination of the Executive’s employment.

(f) Notice of Termination. Except for termination as specified in Section 3(a), any termination of the Executive’s employment by the Company or any such termination by the Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a “Notice of Termination” shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(g) Date of Termination. “Date of Termination” shall mean: (i) if the Executive’s employment is terminated by his death, the date of his death; (ii) if the Executive’s employment is terminated on account of disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given; (iii) if the Executive’s employment is terminated by the Company under Section 3(d), the date on which a Notice of Termination is given; (iv) if the Executive’s employment is terminated by the Executive under Section 3(e) without Good Reason, 30 days after the date on which a Notice of Termination is given; and (v) if the Executive’s employment is terminated by the Executive under Section 3(e) with Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Executive gives a Notice of Termination to the Company other than for Good Reason, the Company may by written notice to Executive unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

4. Compensation Upon Termination.

(a) Termination Generally. If the Executive’s employment with the Company is terminated for any reason, the Company shall pay or provide to the Executive (or to his authorized representative or estate) (i) any Base Salary earned through the Date of Termination, unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of this Agreement) and unused vacation that accrued through the Date of Termination on or before the time required by law but in no event more than 30 days after the Executive’s Date of Termination; and (ii) any vested benefits or amounts due the Executive under any employee benefit or equity plan, program or practice of the Company, which benefits or amount shall be paid and/or provided in accordance with the terms of such employee benefit or equity plans, program or practice (collectively, the “Accrued Benefits”). Executive shall also retain all rights to indemnification and coverage under directors and officer liability insurance policies to the same extent provided to the Company’s other directors and officers in accordance with the terms of such policies.

(b) Termination by the Company Without Cause or by the Executive with Good Reason. During the Term, if the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), or the Executive terminates his employment for Good Reason as provided in Section 3(e), then the Company shall pay the Executive his Accrued Benefits. In addition, subject to the Executive signing a release substantially in the form of Exhibit A hereto (with such edits or updates as the Company may reasonably request) (the "Release"), and the Release becoming irrevocable, all within 60 days after the Date of Termination:

(i) to the extent unpaid as of the Date of Termination, the Company shall pay to the Executive an amount in cash equal to any annual cash incentive earned by the Executive for the Company's fiscal year prior to the fiscal year in which the Date of Termination occurs, as determined based on the Executive's and the Company's actual performance for such year, as applicable (the "Prior-Year Bonus");

(ii) the Company shall pay to the Executive a pro-rated portion of the Executive's target annual cash incentive for the year in which the Date of Termination occurs determined by multiplying the Executive's target annual cash incentive for such year (calculated without regard to such material reduction in Base Salary or target annual cash incentive compensation which (if applicable) gave rise to the Executive's claim of Good Reason pursuant to Section 3(e)(ii) of this Agreement) by a fraction, the numerator of which is the number of days during such year that the Executive was employed by the Company and the denominator of which is the number of days in such year (the "Pro-Rata Bonus");

(iii) the Company shall pay the Executive an amount equal to 2.0 times the sum of (A) the Executive's Base Salary rate plus (B) the Executive's target annual cash incentive for the current fiscal year (each of clause (A) and (B), determined without regard to such material reduction in Base Salary or target annual cash incentive compensation which (if applicable) gave rise to the Executive's claim of Good Reason pursuant to Section 3(e)(ii) of this Agreement) (the "Severance Amount"); provided that, if the Executive breaches Sections 7(d)(i) or 7(d)(ii)(A) of this Agreement or materially breaches any other provisions in Section 7 of this Agreement, all payments of the Severance Amount shall immediately cease;

(iv) notwithstanding anything to the contrary in any applicable option agreement or stock-based award agreement, all stock options and other stock-based awards held by the Executive (to the extent not already vested or forfeited) shall immediately become exercisable, vested and/or nonforfeitable on an accelerated basis as if the Executive had continued his employment with the Company for an additional two years following such Date of Termination (with (A) for such performance-based awards that may be paid on an accelerated basis under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), any applicable performance objectives that have not yet been scored and deemed achieved to be deemed to have been achieved at a target level as of the date of such vesting and non-forfeitability, and (B) for such performance-based awards that may not be paid on an accelerated basis under Section 409A of the Code, any applicable performance objectives that have not yet been scored and deemed achieved remaining subject to the applicable performance or metric-based requirements set forth therein, which shall be separately determined as set forth in the applicable award agreement)), with such awards remaining exercisable and being paid in accordance with their terms and conditions and the requirements of Section 409A of the Code;

(v) the period of time during which the Executive may exercise his vested stock options shall be extended to the longer of (A) six months after his Date of Termination or (B) seven days after the commencement of the Company's first open trading window that occurs after the Date of Termination, subject to any longer exercise period in the event of the Executive's death or disability as may be provided in the applicable option agreement, but in no event later than the original ten year (or shorter) expiration date applicable to such stock options; and

(vi) if the Executive was participating in the Company's health, dental and vision plans immediately prior to the Date of Termination, then the Company shall pay to the Executive an amount equal to the product of (A) the monthly COBRA premium applicable to the Company's health, dental, and vision plans in which the Covered Executive was participating immediately prior to the Terminating Event, multiplied by (B) 24 (the "COBRA Benefit").

The Severance Amount shall be paid out in substantially equal installments in accordance with the Company's payroll practice over 24 months commencing promptly after the Release becomes effective (but within 60 days after the Date of Termination); provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. The Prior-Year Bonus shall be paid on the same date that the annual cash incentive for the applicable year would have been paid if the Executive's employment had not been terminated. The COBRA Benefit and the Pro-Rata Bonus shall be paid in a single lump sum cash payment within 60 days after the Date of Termination, but if such 60-day period spans two calendar years, such amount shall be paid in the second calendar year.

(c) No Mitigation. No Offset. The amounts due under this Section 4 and under Section 5 shall not be subject to an obligation to mitigate and shall not be offset by other amounts earned by the Executive.

(d) Expiration/Non-Renewal of the Agreement by the Company. For the avoidance of doubt, a non-renewal of this Agreement by the Company (in accordance with Section 1(a) above) will constitute a termination of employment by the Company without Cause.

5. Change in Control Benefits. The provisions of this Section 5 set forth certain terms of an agreement reached between the Executive and the Company regarding the Executive's rights and obligations upon the occurrence of a Change in Control of the Company. These provisions are intended to assure and encourage in advance the Executive's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such event. These provisions shall apply in lieu of, and expressly supersede, the provisions of Section 4(b) regarding severance pay and benefits upon a termination of employment to the extent provided in this Section 5, if such termination of employment occurs during the period beginning 60 days prior to the effective date of a definitive agreement that results in a Change in Control and ending 18 months after the consummation (closing) of a Change in Control (such period, the "CIC Protection Period") and such termination is by the Company without Cause as provided in Section 3(d) or by the Executive for Good Reason as provided in Section 3(e) (such a termination that so occurs during the 60-day period prior to the effective date of a definitive agreement that results in a Change in Control, an "Anticipatory CIC Termination.") The provisions of this Section 5 shall terminate and be of no further force or effect beginning 18 months after the consummation (closing) of a Change in Control to the extent a termination covered by this Section had not occurred prior thereto.

(a) Termination During CIC Protection Period. During the Term, if during the CIC Protection Period, the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates his employment for Good Reason as provided in Section 3(e), then, in addition to the Accrued Benefits, subject to the signing of the Release by the Executive and the Release becoming irrevocable, all within 60 days after the Date of Termination:

(i) the Company shall pay the Executive the Prior-Year Bonus;

(ii) the Company shall pay the Executive the Pro-Rata Bonus;

(iii) the Company shall pay the Executive a lump sum in cash in an amount equal to 2.0 times the sum of (A) the Executive's current Base Salary rate (or the Executive's Base Salary rate in effect immediately prior to the Change in Control, if higher) plus (B) the Executive's target annual cash incentive for the then-current fiscal year, provided that, if the Change in Control does not satisfy the requirements of Treas. Reg. 1.409A-3(i)(5) or the termination occurs prior to the Change in Control, the amounts shall not be paid in a lump sum and shall instead be paid in the same manner as the Severance Amount under Section 4(b);

(iv) notwithstanding anything to the contrary in any applicable option agreement or stock-based award agreement, all stock options and other stock-based awards held by the Executive (to the extent not already vested or forfeited) shall immediately become fully exercisable, vested and/or nonforfeitable on an accelerated basis (with any applicable performance objectives that have not yet been scored and deemed earned to be deemed to have been achieved at a target level as of the date of such vesting and non-forfeitability) as of the Date of Termination or date of the Change in Control, if later, with such awards remaining exercisable and being paid in accordance with Section 4(b)(iv) and otherwise with their terms and conditions and the requirements of Section 409A of the Code (provided, however, that in the event of an Anticipatory CIC Termination, the Executive's stock options and other stock-based awards to which this Section 5(a)(iv) would otherwise apply shall be deemed to have continued to remain outstanding (to the extent not otherwise vested and paid under Section 4(b)(iv)), but only pursuant to their other terms and conditions, until the date of such Change in Control); and

(v) if the Executive was participating in the Company's health, dental and vision plans immediately prior to the Date of Termination, then the Company shall pay to the Executive a lump sum cash payment in an amount equal to the product of (A) the monthly COBRA premium applicable to the Company's health, dental, and vision plans in which the Covered Executive was participating immediately prior to the Terminating Event, multiplied by (B) 24.

(vi) The amount payable under this Section 5(a)(i) shall be paid on the same date that the annual cash incentive for the applicable year would have been paid if the Executive's employment had not been terminated. The amounts payable under this Section 5(a)(ii), (iii) and (v) shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payment shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period; provided, further, that, with respect to the amount payable under Section 5(a)(iii), such amount to the extent necessary to comply with Section 409A of the Code shall be paid in the time and form specified in Section 4(b) with respect to the Severance Amount.

In the event of a termination under Section 5(a) that is not an Anticipatory CIC Termination, the amounts under this Section 5(a) will be paid in lieu of the amounts payable under Section 4(b). In the event of an Anticipatory CIC Termination, the amounts under this Section 5(a) will be paid only to the extent they are in excess of amounts payable under Section 4(b), and the date of the Change in Control will be treated as the date of such termination under Section 5(a) for purposes of payment timing for such excess amounts.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be $1.00 less than the amount at which the Executive becomes subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in the Executive receiving a higher After Tax Amount (as defined below) than the Executive would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (A) cash payments not subject to Section 409A of the Code; (B) cash payments subject to Section 409A of the Code; (C) equity-based payments and acceleration; and (D) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c). Notwithstanding the foregoing, to the extent permitted under Internal Revenue Code Sections 280G, 409A and 4999, the Executive may designate an alternative method of reduction.

(ii) For purposes of this Section 5(b), the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on the Executive as a result of the Executive's receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, the Executive's actual effective federal, state and local income tax rates shall be used.

(iii) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 5(b)(i) shall be made by a nationally recognized accounting firm, compensation consultant or legal counsel selected by, and paid by, the Company (the "Advisory Firm"), which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination (or, if later, the date of the Change in Control), if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. Any determination by the Advisory Firm shall be binding upon the Company and the Executive. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company.

(c) Payment of Fees. The Company shall pay to the Executive all reasonable legal fees and expenses incurred by the Executive in reasonably disputing in good faith any issue hereunder relating to the termination of the Executive's employment during the CIC Protection Period, in reasonably seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent substantially and reasonably attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within thirty (30) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

(d) Definition of Change in Control. For purposes of this Section 5, "Change in Control" shall mean any of the following:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act") (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company's then-outstanding securities entitled to vote generally in the election of members of the Board ("Voting Securities") (in such case other than as a result of an acquisition of securities directly from the Company); or (ii) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election (including through the use of proxy access procedures set forth in the Company's organizational documents); or (iii) the consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the combined voting power of the then-outstanding securities entitled to vote generally in the election of members of the board of directors (or similar body) of the company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to 50 percent or more of the combined voting power of the Company's Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 50 percent or more of the combined voting power of the Company's Voting Securities, then a "Change in Control" shall be deemed to have occurred for purposes of the foregoing clause (i).

6. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six months and one day after the Executive's separation from service, or (ii) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule. For purposes of application of Section 409A of the Code, to the extent applicable, each payment made under this Agreement shall be treated as a separate payment and not one of a series of payments for purposes of Section 409A.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive's termination of employment, then such payments or benefits shall be payable only upon the Executive's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with, or are exempt from, Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with, or be exempt from, Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Confidential Information, Noncompetition and Cooperation.

(a) Confidential Information. As used in this Agreement, “Confidential Information” means information belonging to the Company which is of value to the Company in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Company. Confidential Information includes, without limitation, financial information, reports, and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of the Company. Confidential Information includes information developed by the Executive in the course of the Executive’s employment by the Company, as well as other information to which the Executive may have access in connection with the Executive’s employment. Confidential Information also includes the confidential information of others with which the Company has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain, unless due to breach of the Executive’s duties under Section 7(b). For the avoidance of doubt, “Company” as used in Section 7 includes the Company and any of its subsidiaries.

(b) Confidentiality. The Executive understands and agrees that the Executive’s employment creates a relationship of confidence and trust between the Executive and the Company with respect to all Confidential Information. At all times, both during the Executive’s employment with the Company and after its termination, the Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of the Company, except in the good faith performance of the Executive’s duties to the Company or in compliance with legal process. Pursuant to the federal Defend Trade Secrets Act of 2016, the parties agree that nothing in this Agreement shall cause Executive to be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(c) Documents, Records, etc. All documents, records, data, apparatus, equipment and other physical property, whether or not pertaining to Confidential Information, which are furnished to the Executive by the Company or are produced by the Executive in connection with the Executive’s employment will be and remain the sole property of the Company. The Executive will return to the Company all such materials and property as and when requested by the Company. In any event, the Executive will return all such materials and property immediately upon termination of the Executive’s employment for any reason. The Executive will not retain with the Executive any such material or property or any copies thereof after such termination. Notwithstanding the foregoing, the Executive may retain his address books to the extent they only contain contact information and the Company shall cooperate with Executive in transferring any and all cell phone numbers used by Executive to Executive.

(d) Noncompetition and Nonsolicitation.

(i) During the Executive's employment with the Company and for 24 months thereafter, regardless of the reason for the termination, Executive hereby agrees that Executive will not, without the express written consent of the Company, directly or indirectly, whether as employee, owner, partner, shareholder, co-venturer, consultant, agent or otherwise, work, engage, participate or invest in, or consult with, any business activity anywhere in the world which develops, manufactures or markets products or performs services that are competitive with the products and/or services of the Company, or products and/or services that the Company has under development or that are subject to active planning at any time during Executive's employment, including without limitation, business activities which compete with the Company's core business of Engineering Simulation Software ("Competitor"). Executive acknowledges that the Company's business is worldwide in scope. Executive acknowledges that the foregoing provision therefore applies to activities at any locations in the world and that such scope is necessary to protect the valid business interests of the Company during the Term and for the 24-month period following the termination of his employment with the Company. Notwithstanding the foregoing, after the Executive's employment with the Company ends (A) the Executive may work for a private equity fund (or similar investment fund) (an "Investment Fund"), provided that for the first 24 months after the Executive's employment with the Company ends the Executive may not (y) invest in any such Investment Fund's investments in any Competitor (a "Competitive Investment") unless such investment is entirely passive, or (z) in any way (other than as a passive investor) be involved with any Competitive Investment, or otherwise provide services with respect to any Competitive Investment or to any Investment Fund portfolio company that is a Competitor; (B) the Executive may be an employee of a company that derives less than two percent (2%) of its revenue from a business line that is a Competitor; provided that for the first 24 months after the Executive's employment with the Company ends (y) the Executive may not be employed by, consult with, or otherwise be involved in any way, in such company's business line that is a Competitor (including, in any case, as CEO, COO, any other executive management role or director of the Competitor or its ultimate parent entity, or consultant of such Competitor (provided, that, for the avoidance of doubt, serving as a head of, or providing services to, a non-competitive unit of a company that derives less than 2% of its revenue from a business line that is a Competitor shall be permissible)) and (z) if such company becomes a Competitor, including without limitation, by growing the business line that is a Competitor so that it constitutes 2% or more of such company's revenue, the Executive shall cease to provide such services; and (C) the Executive may make passive investments in any enterprise the shares of which are publicly traded; provided that Executive owns less than 2% of any publicly traded company that is a Competitor. Notwithstanding anything else herein, Executive may serve as a director of any company that is a Competitor where either (x) the competitive overlap is with less than two percent (2%) of the revenues of the Company or (y) the competitive overlap is less than two percent (2%) of the revenues of the other company (and does not exceed $100M of such other company's revenues), and, in the case of (y) the Executive recuses himself from discussions as to the competitive products. The Executive may request from the Company's Nomination and Governance Committee a waiver of the foregoing limitations in order to serve as a director, the chief executive of a Competitor (whether below or above the 2% limitation) and such waiver request will be promptly considered in good faith based on whether or not a waiver would present a significant competitive issue.

(ii) In addition to the foregoing covenant, during the Executive's employment with the Company other than in the good faith performance of his duties and for 24 months thereafter, regardless of the reason for the termination, Executive hereby agrees that Executive will not, without the express written consent of the Company, directly or indirectly (A) hire or engage for or on behalf of Executive or any other person, entity or organization any officer or employee of the Company or any of its direct and/or indirect subsidiaries or affiliates, or any former employee of the Company or any of its direct and/or indirect subsidiaries or affiliates who was employed during the six (6) month period immediately preceding the date of such hiring or engagement, (B) attempt to hire or engage for or on behalf of Executive or any other person, entity or organization any officer or employee of the Company or any of its direct and/or indirect subsidiaries or affiliates, or any former employee of the Company or any of its direct and/or indirect subsidiaries or affiliates who was employed during the six (6) month period immediately preceding the date of such attempt to hire or engage, (C) encourage for or on behalf of Executive or any other person, entity or organization any such officer or employee to terminate his or her relationship or employment with the Company or any of its direct or indirect subsidiaries or affiliates, (D) solicit for or on behalf of a Competitor any client of the Company or any of its direct or indirect subsidiaries or affiliates, or any former client of the Company or any of its direct or indirect subsidiaries or affiliates who was a client during the six (6) month period immediately preceding the date of such solicitation or (E) divert to any other person, entity or organization any client or business opportunity of the Company or any of its direct or indirect subsidiaries or affiliates provided that the foregoing shall not be violated by general advertising not targeted at the foregoing or serving as a reference upon request.

(e) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive's use or disclosure of information or the Executive's engagement in any business, except as previously disclosed to the Company in writing. The Executive represents to the Company that the Executive's execution of this Agreement, the Executive's employment with the Company and the general performance of the Executive's proposed duties for the Company will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive's work for the Company, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(f) Litigation and Regulatory Cooperation. During and after the Executive's employment, the Executive shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company. The Executive's reasonable cooperation in connection with such claims or actions shall include, but not be limited to, meeting with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times (with due regard for Executive's other commitments). During and after the Executive's employment, the Executive also reasonably cooperate with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 7(f).

(g) Protected Disclosures. Nothing contained in this Agreement limits Executive's ability to file a charge or complaint with any governmental agency or other governmental or regulatory entity concerning any act or omission that Executive reasonably believes constitutes a possible violation of federal or state law or making other disclosures that are protected under the anti-retaliation or whistleblower provisions of applicable federal or state law or regulation. Executive further understands that this Agreement does not limit Executive's ability to communicate with or participate in any investigation or proceeding that may be conducted by any governmental agency or other governmental or regulatory entity, including providing documents or other information, without notice to the Company.

(h) Injunction. The Executive agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by the Executive of the promises set forth in this Section 7, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, subject to Section 9 of this Agreement, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of Section 7 of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

(i) Limitation. No future restrictive covenant or forfeiture provision with regard to a restrictive covenant shall apply to the extent it is broader than those provided herein except to the extent that such future restrictive covenant or forfeiture provision with regard to a restrictive covenant is applied to a new line of business entered into, or developed, by the Company after the date hereof, subject to the terms of Section 7(d)(i) hereof.

8. Indemnification. Subject to applicable law and Company policy, the Executive shall continue during the Term and through the sixth anniversary of the Date of Termination to be entitled to indemnification related to services provided pursuant to this Agreement to the full extent as provided by law or as otherwise provided for by any agreement or by-law provision of the Company as in effect as of the Effective Date. Any such existing indemnity agreements to which the Executive and the Company are party, and any applicable by-law provision, shall not be modified in any manner adverse to the Executive, except to the extent required under applicable law. During the Term and through the sixth anniversary of the Date of Termination, the Company shall maintain, for the benefit of the Executive, D&O insurance coverage at no less than the level provided for other executive officers of the Company and that covers all services provided pursuant to this Agreement.

9. Arbitration of Disputes. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Pittsburgh, Pennsylvania in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person or entity other than the Executive or the Company may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 9 shall be specifically enforceable. Notwithstanding the foregoing, this Section 9 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 9.

10. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 9 of this Agreement, the parties hereby consent to the jurisdiction of the Superior Court of the Commonwealth of Pennsylvania and the United States District Court for the Western District of Pennsylvania. Accordingly, with respect to any such court action, the parties (a) submit to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

11. Integration; Effect on Other Plans. The Original Employment Agreement, as amended and restated by and in the form of this Agreement, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter. Further, as clarification, the treatment of stock options and other equity-based awards described in this Agreement shall represent an alternative determination regarding such awards regarding termination of employment or service or a Change in Control for purposes of Section 12 of the ANSYS, Inc. 2021 Equity and Incentive Compensation Plan (or its successors).

12. Withholding. All payments made by the Company to the Executive under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law.

13. Successor to the Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Executive's death after his termination of employment but prior to the completion by the Company of all payments due him under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to his death (or to his estate, if the Executive fails to make such designation).

14. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

16. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

17. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address for the Executive on file with the Company or, in the case of the Company, at its main offices, to the attention of the General Counsel.

18. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

19. Governing Law. This is a Pennsylvania contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Pennsylvania, without giving effect to the conflict of laws principles of such Commonwealth. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the Third Circuit.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

21. Successor to Company. The Company may not assign this Agreement or its obligations hereunder except to a successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company and shall require such successor expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

22. Gender Neutral. Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

23. Clawback. Notwithstanding anything in this Agreement to the contrary, the Executive acknowledges and agrees that this Agreement and any compensation or other benefits or amounts described herein are subject to the terms and conditions of the Company's clawback policy or policies (if any) as may be in effect from time to time and, subject to applicable law, as applicable to other similarly situated senior executives (or former senior executives) of the Company, including specifically to implement Section 10D of the Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Company's securities may be traded) (collectively, the "Compensation Recovery Policy"), and that applicable sections of this Agreement and/or any related documents shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof. Further, by signing this Agreement, the Executive acknowledges and agrees that he consents to be bound by the terms of the Agreement, including its clawback provisions (and consents to fully cooperate with the Company in connection with any of the undersigned's obligations pursuant to the Agreement and its clawback provisions).

24. Mutual Drafting. Each of the Parties to this Agreement recognizes that this is a legally binding contract and acknowledges and agrees that each of the Parties has had the opportunity to consult with legal counsel of their choice. Each party has cooperated in the drafting, negotiation, and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such language.

[signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

ANSYS, INC.

By: /s/ Nicole Anasenes
Name: Nicole Anasenes
Its: Chief Financial Officer

EXECUTIVE

By: /s/ Ajei S. Gopal
Name: Ajei S. Gopal

EXHIBIT A

FORM OF RELEASE

This Agreement and General Release ("Agreement") is entered into by ANSYS, Inc., a Delaware corporation with a principal office at 2600 ANSYS Drive, Canonsburg, PA 15317 ("ANSYS"), and , an individual ("Employee") (collectively the "Parties"). This is the Release defined in Section 4(b) of the Amended and Restated Employment Agreement between Employee and ANSYS (the "Amended and Restated Employment Agreement"). In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

(i) **Termination of Employment**. Employee's last day of employment is, ("Date of Termination").

(ii) **Consideration to Employee**. [Insert description and reference to applicable provisions detailing the termination compensation and benefits in the Amended and Restated Employment Agreement.]

(iii) **No Consideration Absent Execution of this Agreement**. As stated in the Amended and Restated Employment Agreement, Employee would not receive the consideration set forth in Paragraph (ii) of this Agreement but for his execution of this Agreement, failure to revoke this Agreement during the Revocation Period (as defined below), and the fulfillment of the promises contained herein.

(iv) **General Release of Claims**. Employee, on behalf of himself, his heirs, executors, administrators, devisees, spouses, and assigns, knowingly and voluntarily releases and forever discharges to the fullest extent permitted by law ANSYS and its affiliates, subsidiaries, and in such capacities, insurers, associates, predecessors, successors and assigns (including, without limitation, any of their respective current and former employees, officers, directors, agents, trustees, attorneys, representatives and stockholders) (collectively "Releasees") from any and all claims, known and unknown, asserted and unasserted, Employee has or may have against Releasees as of the date of his execution of this Agreement, including, but not limited to, any alleged violation of: the Age Discrimination in Employment Act ("ADEA"); Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; Sections 1981 through 1988 of Title 42 of the United States Code; the Employee Retirement Income Security Act; the Americans with Disabilities Act; the Occupational Safety and Health Act; the Family and Medical Leave Act; any federal, state or local civil rights or discrimination law; any other federal, state, or local law, regulation or ordinance (including the Pennsylvania Human Relations Act); any public policy, contract, tort, or common law claim; or any claim for costs, fees, or other expenses including attorneys' fees incurred in these matters. Despite any language in this Agreement to the contrary, Employee does not release claims that by law cannot be released by private agreement including, but not limited to, claims for worker's compensation and unemployment compensation, rights to indemnification, rights to directors and officers liability insurance, rights to vested benefits or rights to owned or vested equity.

(v) **Indemnification**. ANSYS has made no representations to Employee regarding the tax consequences of any consideration received by him under this Agreement and that he is solely responsible for all applicable taxes, if any, owed by him to any taxing authority as a result of the consideration given to him by ANSYS under Paragraph (ii) of this Agreement.

(vi) **Warranties**. Employee warrants that he has no known workplace injuries and that he has been paid and/or has received all leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits to which he may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits are due to him, except as provided in Paragraph (ii) of this Agreement, and Employee warrants that he is not entitled to any payments under the [List applicable ANSYS executive severance plan(s)], as may be amended from time to time.

(vii) **Confidentiality**. Except to the extent this Agreement has been publicly filed, Employee will not disclose any information regarding the substance of this Agreement, except to his financial advisor, his accountant, his spouse, and any attorney with whom Employee consults regarding this Agreement, all of whom (prior to disclosure) are either ethically bound not to disclose or will likewise agree to maintain the confidentiality of such information, and Employee warrants that he has not made any such disclosures since this Agreement was presented to him. Pursuant to the federal Defend Trade Secrets Act of 2016, the Parties agree that nothing in this Paragraph, Paragraph (ix) of the Agreement, or any other provision of this Agreement shall cause employee to be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made (I) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (II) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(viii) **Mutual Non-Disparagement**. Subject to Paragraph (x) of this Agreement, the Company agrees that its directors and executive officers, and the Employee agrees he, will not make any negative statements or criticisms, express or implied, about the Employee, ANSYS or its employees, directors, officers, products or services, which might reasonably become known to current ANSYS employees or customers, the software development industry, the computer-aided engineering industry, or the public at large. This includes, but is not limited to, making such comments on internet sites anonymously or under assumed names. Employee and the Company warrant that they have not made any such disclosures or disparaging statements since this Agreement was presented to the Employee. This mutual non-disparagement shall expire 24 months after the Date of Termination.

(ix) **Continuing Obligations**. Employee agrees that he will comply with his existing legal obligations under the Employee's ANSYS Intellectual Property Protection Agreement (the "IPP Agreement"), the terms of which are incorporated by reference herein, including the obligation to maintain the confidentiality of all "ANSYS Intellectual Property" and "Confidential Information" (as defined in the IPP Agreement) and to disclose a copy of the IPP Agreement to Executive's future prospective employers. Employee confirms that he has returned all tangible versions of all documents containing ANSYS business information, other than information pertaining to his own employment terms, and that he has not retained any ANSYS business information in any form. Employee may retain his address books to the extent they only contain contact information. Similarly, Employee hereby reaffirms and agrees that he will comply with all of his existing legal obligations under Section 7 of his Amended and Restated Employment Agreement, the terms of which are incorporated by reference herein. The Parties agree that nothing in this Paragraph is intended to alter the terms of these obligations which are more fully detailed in the Amended and Restated Employment Agreement.

(x) **Protected Disclosures**. Nothing contained in this Agreement limits Employee's ability to file a charge or complaint with any governmental agency or other governmental or regulatory entity concerning any act or omission that Employee reasonably believes constitutes a possible violation of federal or state law or making other disclosures that are protected under the anti-retaliation or whistleblower provisions of applicable federal or state law or regulation. Employee further understands that this Agreement does not limit Employee's ability to communicate with or participate in any investigation or proceeding that may be conducted by any governmental agency or other governmental or regulatory entity, including providing documents or other information, without notice to the Company. Further, nothing in this Agreement prevents Employee from: (a) filing an action in court alleging that his release of claims under the ADEA was not knowing or voluntary; (b) filing an action in court for ADEA claims that may arise after the date this Agreement is signed by Employee; (c) exercising Employee's right under Section 7 of the National Labor Relations Act to engage in joint activity with other employees; or (d) disclosing information in response to legal process. With respect to any such charges or complaints that Executive may bring with any governmental agencies, Executive waives any right to individualized relief should any governmental agency or other third party pursue any claims on Executive's behalf (either individually, or as part of any collective or class action), provided that Executive may be entitled to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission.

(xi) **Injunctive Relief**. Nothing in this Agreement is intended to impair or alter the rights of ANSYS to additional relief as detailed in Section 7(h) of the Amended and Restated Employment Agreement and Section 7 of the IPP Agreement.

(xii) **Amendment**. This Agreement may not be modified, altered or changed except upon express written consent of all Parties wherein specific reference is made to this Agreement.

(xiii) **Governing Law and Forum**. This Agreement will be governed by and performed in accordance with the laws of the Commonwealth of Pennsylvania without regard to its conflicts of laws provisions. Employee consents to the personal jurisdiction and venue of the state and federal courts having jurisdiction over Washington County, Pennsylvania.

(xiv) **Severability**. If a court of competent jurisdiction determines that any provision of this Agreement is illegal or unenforceable and such provision or provisions cannot be modified to be enforceable, then such provision will immediately become null and void, leaving the remainder of this Agreement in full force and effect.

(xv) **Revocation and Effective Date**. Employee may revoke only the release of claims under the ADEA for a period of seven (7) calendar days following the day he executes this Agreement ("Revocation Period"). Any revocation must be submitted, in writing, by either hand delivery or certified U.S. Mail, return receipt requested, to [Insert applicable name and titles], ANSYS, Inc., 2600 Ansys Drive, Canonsburg, Pennsylvania, 15317. The revocation must be delivered or postmarked within the Revocation Period. This Agreement will become effective on the day after the expiration of the applicable Revocation Period ("Effective Date").

(xvi) **Entire Agreement**. This Agreement constitutes the entire agreement relating to the matters stated herein, and it cancels and supersedes any prior agreements or understandings that may have existed between Employee and ANSYS with respect to all matters covered by this Agreement except that nothing in this Agreement releases Employee from any previous obligations Employee has under any agreements with ANSYS or its affiliates or subsidiaries including without limitation, the IPP Agreement, the Amended and Restated Employment Agreement, or any other agreements protecting ANSYS intellectual property, and all stock option or other equity agreements executed by the Employee or equivalent documentation. No other promise or inducement has been offered to either Party except as set forth herein.

(xvii) **<u>Acknowledgement of Previous Agreements</u>**. Nothing in this Agreement releases Employee from any previous obligations Employee has under any agreements with ANSYS or its affiliates or subsidiaries including without limitation, the ANSYS Intellectual Property Protection Agreement, agreements protecting company intellectual property, and all stock option or other equity agreements executed by the Employee or equivalent documentation. For avoidance of doubt, the previous agreements referred to in this Paragraph are separate and distinct from the matters covered by this Agreement.

(xviii) **<u>Copies Effective as Originals</u>**. This Agreement may be executed in counterparts and each counterpart, when executed, will have the efficacy of an original. Photographic or faxed copies of signed counterparts may be used in lieu of the original for any purpose.

(xix) **<u>Review of Agreement and Consultation with Attorney</u>**. **EMPLOYEE IS HEREBY ADVISED THAT HE HAS UP TO [TWENTY-ONE (21) / FORTY-FIVE (45)] CALENDAR DAYS TO REVIEW THIS AGREEMENT AND TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS AGREEMENT. EMPLOYEE SHOULD CONSULT WITH AN ATTORNEY OF HIS CHOICE. EMPLOYEE AGREES THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL [TWENTY-ONE (21) / FORTY-FIVE (45)] CALENDAR DAY CONSIDERATION PERIOD.**

IN WITNESS WHEREOF, the parties hereto knowingly and voluntarily executed this Agreement and General Release as of the dates set forth below:

EMPLOYEE	ANSYS, Inc.
Date	Date

Exhibit B

Separation Agreement and General Release

This Separation Agreement and General Release ("Agreement") is entered into by and between Synopsys, Inc., a Delaware corporation headquartered in Sunnyvale, California, on behalf of itself and each of its affiliates, including ANSYS, Inc. ("ANSYS") and each of its other subsidiaries (collectively "Synopsys" or the "Company"), and Ajei S. Gopal ("Employee").

WHEREAS, the effective date of Employee's termination of employment, which is intended to constitute a separation of service within the meaning of applicable regulations under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), with the Company will be July 17, 2025 (the "Termination Date"); and

WHEREAS, the parties wish to amicably conclude their employment relationship; and

WHEREAS, by entering into this Agreement neither party admits any deficiency, wrongdoing or liability, expressly or by implication;

NOW THEREFORE, in consideration for the mutual promises and undertakings of the parties set forth below, Synopsys and Employee agree as follows:

1. **Company's Consideration**. Provided Employee complies with the terms and conditions of this Agreement, Company will provide the benefits set forth in this Section 1 to which Employee acknowledges and agrees Employee would not otherwise be entitled (collectively, the "Separation Benefits").

   a) **Separation Pay**. Subject to all appropriate taxes and payroll deductions, within 60 days of the Termination Date, and through ANSYS' payroll, Synopsys shall pay to Employee a lump sum payment of $4,981,793, which is equivalent to:

      (i) $688,151, which is equivalent to the earned but unpaid portion of Employee's target annual variable pay for the year in which Employee's termination of employment occurs, as determined by multiplying such target annual variable pay by a fraction, the numerator of which is the number of days in the applicable calendar year that have lapsed prior to the Termination Date and the denominator of which is the number of days in such year;

      (ii) $1,700,000, which is equivalent to two years of Employee's base salary in effect immediately prior to the Termination Date; plus

      (iii) $2,550,000, which is equivalent to two times Employee's target annual variable pay for the year in which Employee's termination of employment occurs.

b) **Equity**. Synopsys shall cause all outstanding equity and equity-based awards held by Employee (to the extent not already vested as of the Termination Date and not otherwise forfeited prior to the Termination Date) to fully accelerate and become exercisable, vested and/or nonforfeitable (with any applicable performance objectives that have not yet been scored and deemed earned to be deemed to have been achieved at a target level as of the date of such vesting and non-forfeitability) as soon as administratively practicable following the Effective Date of this Agreement (but in no event later than 30 days after the Effective Date of this Agreement). Synopsys shall cause all outstanding vested options to be exercisable until the earlier of (i) twelve months after the Termination Date and (ii) August 31, 2026.

c) **COBRA Premium**. Within 60 days of the Termination Date, Synopsys shall provide Employee with a lump sum payment of $43,642, which is equivalent to 100% of the cost of 24 months of COBRA premiums under ANSYS' benefit plans. If Employee chooses to continue health coverage under COBRA, Employee is responsible for making a valid COBRA election and timely payment of applicable COBRA premiums when due.

2. **General Release of Claims**.

a) Employee, on behalf of himself, his heirs, executors, administrators, devisees, spouses, and assigns, knowingly and voluntarily releases and forever discharges to the fullest extent permitted by law Synopsys and its affiliates, subsidiaries, and in such capacities, insurers, associates, predecessors, successors and assigns (including, without limitation, any of their respective current and former employees, officers, directors, agents, trustees, attorneys, representatives and stockholders) (collectively "Releasees") from any and all claims, known and unknown, asserted and unasserted, Employee has or may have against Releasees as of the date of his execution of this Agreement, including, but not limited to, any alleged violation of: the Age Discrimination in Employment Act ("ADEA"); Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; Sections 1981 through 1988 of Title 42 of the United States Code; the Older Workers' Benefits Protection Act; the Employee Retirement Income Security Act; the Americans with Disabilities Act, and ADA Amendments Act of 2008; the Occupational Safety and Health Act; the Family and Medical Leave Act; the California Family Rights Act; California Fair Employment and Housing Act; the constitution of any state; any federal, state or local law relating to civil rights, employment, or discrimination, harassment or retaliation; any other federal, state or local law, regulation or ordinance (including the Pennsylvania Human Relations Act); any public policy, contract, tort or common law claim; reinstatement and/or other equitable relief; any claims for wages, commissions, bonuses, allowances, separation pay, vacation pay and/or any other form of compensation; and any claim for costs, fees or other expenses including attorneys' fees incurred in these matters (collectively, "Claims"). Despite any language in this Agreement to the contrary, Claims does not include and

Employee does not release (a) claims that by law cannot be released by private agreement including, but not limited to, claims for worker's compensation and unemployment compensation, (b) rights to indemnification under California Labor Code Section 2802 or other similar and applicable state law or under the organizational documents of the Company or under the Employment Agreement or under that certain Indemnification Agreement by and between Employee and the Company, (c) rights to directors and officers liability insurance under the applicable governing agreement or organizational documents of the Company or under the Employment Agreement or under that certain Indemnification Agreement by and between Employee and the Company, (d) rights to vested benefits or rights to owned or vested equity under the applicable governing agreement or organizational documents of the Company, any award agreement or otherwise or employee benefit plans in which Employee participates, (e) claims for vested pension benefits, if any, to which Employee may be entitled under ERISA, (f) claims for breach or enforcement of this Agreement, and (e) claims that arise after the date Employee executes (or re-executes, as applicable) this Agreement.

b) Waiver of Unknown Claims. Section 1542 of the California Civil Code provides as follows:

3. **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

4. Acknowledging Section 1542, Employee voluntarily elects to waive the rights described therein and alike rights under similar laws of any other state and elects to assume all risks for claims that now exist in Employee's favor, known or unknown, arising from the subject matter of this Agreement up to the date and time of signing of this Agreement.

5. **Indemnification**. Synopsys has made no representations to Employee regarding the tax consequences of any consideration received by him under this Agreement and that he is solely responsible for all applicable taxes, if any, owed by him to any taxing authority as a result of the consideration given to him by Synopsys under Section 1 of this Agreement.

6. **Warranties**. Employee warrants that he has no known workplace injuries and that he has been paid and/or has received all leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits to which he may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits are due to him, except Employee's final paycheck, which shall include all wages due, including Employee's base salary through the Termination Date, unpaid expense reimbursements (if any), and any unused vacation that accrued through the Termination Date, and except as provided in Section 1 of this Agreement, Employee warrants that he is not entitled to any payments under any

ANSYS or Synopsys severance plans or policies, as may be amended from time to time.

7. **<u>Confidentiality</u>**. Except to the extent this Agreement will be publicly filed, and subject to the protected disclosures in Section 8 below, Employee will not disclose any information regarding the substance of this Agreement, except to his financial advisor, his accountant, his spouse and any attorney with whom Employee consults regarding this Agreement, all of whom (prior to disclosure) are either ethically bound not to disclose or will likewise agree to maintain the confidentiality of such information, and Employee warrants that he has not made any such disclosures since this Agreement was presented to him. Pursuant to the federal Defend Trade Secrets Act of 2016, the parties agree that nothing in this Section 5 or any other provision of this Agreement shall cause employee to be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made (I) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (II) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

8. **<u>Mutual Non-Disparagement</u>**. Subject to Section 8 of this Agreement, the Company agrees to direct its directors and executive officers not to, and the Employee agrees that he will not (i) during the time Employee serves as a member of the board of directors of the Company (the "Board"), make any defamatory statements within the meaning of 42 Pa. Cons. Stat. §§ 8341-8345 and other applicable Pennsylvania law and (ii) following the termination of Employee's service on the Board, make any negative statements or criticisms express or implied, in the case of both (i) and (ii), about the Employee, Synopsys or its employees, directors, officers, products or services, which become known to current Synopsys employees or customers, the software development industry, the computer-aided engineering industry, or the public at large. This includes, but is not limited to, making such comments on internet sites anonymously or under assumed names. Employee and the Company warrant that they have not made any such defamatory statements since the Termination Date. This mutual non-disparagement obligation shall expire 24 months after the Termination Date.

9. **<u>Continuing Obligations</u>**. Employee agrees that he will comply with his existing legal obligations under the Employee's ANSYS Intellectual Property Protection Agreement (the "IPP Agreement"), the terms of which are incorporated by reference herein, including the obligation to maintain the confidentiality of all "ANSYS Intellectual Property" and "Confidential Information" (as defined in the IPP Agreement) and to disclose a copy of the IPP Agreement to Employee's future prospective employers. Employee confirms that he has returned all tangible versions of all documents containing Synopsys business information, other than information pertaining to his own employment terms, and that he has not retained any Synopsys business information in any form. Employee may retain his address books to the extent they only contain contact information. Similarly, Employee hereby reaffirms and agrees that he will comply with all of his existing legal obligations under Section 7 of his Employment Agreement, the terms of which are incorporated by reference herein. Synopsys and Employee agree that nothing in this Section 7 is intended to alter the terms of these obligations which are more fully detailed in the Employment Agreement.

10. **<u>Protected Disclosures</u>**. Nothing contained in this Agreement limits Employee's ability to file a charge or complaint with any governmental agency or other

governmental or regulatory entity concerning any act or omission that Employee reasonably believes constitutes a possible violation of federal or state law or making other disclosures that are protected under the anti-retaliation or whistleblower provisions of applicable federal or state law or regulation. Employee further understands that this Agreement does not limit Employee's ability to communicate with or participate in any investigation or proceeding that may be conducted by any governmental agency or other governmental or regulatory entity, including providing documents or other information, without notice to the Company. Further, nothing in this Agreement prevents Employee from: (a) filing an action in court alleging that his release of claims under the ADEA was not knowing or voluntary; (b) filing an action in court for ADEA claims that may arise after the date this Agreement is signed by Employee; (c) exercising Employee's right under Section 7 of the National Labor Relations Act to engage in joint activity with other employees; or (d) disclosing information in response to legal process. With respect to any such charges or complaints that Employee may bring with any governmental agencies, Employee waives any right to individualized relief should any governmental agency or other third party pursue any claims on Employee's behalf (either individually, or as part of any collective or class action), provided that Employee may be entitled to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission.

11. **Injunctive Relief**. Nothing in this Agreement is intended to impair or alter the rights of Synopsys to additional relief as detailed in Section 7(h) of the Employment Agreement and Section 7 of the IPP Agreement.

12. **Amendment**. This Agreement may not be modified, altered or changed except upon express written consent of all parties wherein specific reference is made to this Agreement.

13. **Governing Law and Forum**. This Agreement will be governed by and performed in accordance with the laws of the Commonwealth of Pennsylvania without regard to its conflicts of laws provisions. Employee consents to the personal jurisdiction and venue of the state and federal courts having jurisdiction over Washington County, Pennsylvania.

14. **Severability**. If a court of competent jurisdiction determines that any provision of this Agreement is illegal or unenforceable and such provision or provisions cannot be modified to be enforceable, then such provision will immediately become null and void, leaving the remainder of this Agreement in full force and effect.

15. **Revocation and Effective Date**. Employee may revoke only the release of claims under the ADEA for a period of seven (7) calendar days following the day he executes this Agreement ("Revocation Period"). Any revocation must be submitted, in writing, by electronic mail to Niko Meadors at [***]. The revocation must be delivered within the Revocation Period. This Agreement will become effective on the day after the expiration of the applicable Revocation Period ("Effective Date").

16. **Entire Agreement**. This Agreement constitutes the entire agreement relating to the matters stated herein, and it cancels and supersedes any prior agreements or understandings that may have existed between Employee and Synopsys with respect to all matters covered by this Agreement except that nothing in this Agreement releases Employee from any previous obligations Employee has under any agreements with Synopsys or its affiliates or subsidiaries including, without

limitation, the IPP Agreement, the Employment Agreement or any other agreements protecting Synopsys intellectual property, and all stock option or other equity agreements executed by the Employee or equivalent documentation. No other promise or inducement has been offered to either party except as set forth herein.

17. **Acknowledgement of Previous Agreements**. Nothing in this Agreement releases Employee from any previous obligations Employee has under any agreements with Synopsys or its affiliates or subsidiaries including, without limitation, the ANSYS Intellectual Property Protection Agreement, agreements protecting company intellectual property, and all stock option or other equity agreements executed by the Employee or equivalent documentation. For avoidance of doubt, the previous agreements referred to in this Section 15 are separate and distinct from the matters covered by this Agreement.

18. **Review of Agreement and Consultation with Attorney**. EMPLOYEE IS HEREBY ADVISED THAT HE HAS UP TO TWENTY-ONE (21) CALENDAR DAYS TO REVIEW THIS AGREEMENT AND TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS AGREEMENT. EMPLOYEE SHOULD CONSULT WITH AN ATTORNEY OF HIS CHOICE. EMPLOYEE AGREES THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD. THIS AGREEMENT SHALL EXPIRE IF NOT ACCEPTED BY EMPLOYEE ON OR BEFORE THE FINAL DAY OF THE TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

19. **Covenant Not to Sue**. To the fullest extent permitted by law, at no time after the execution of this Agreement will Employee pursue, or cause or knowingly permit the pursuit in any state or federal court, or before any local, state or federal administrative agency, or any tribunal, of any charge, claim or action of any kind, nature or character arising out of the Claims released in Section 2 above.

20. **Survival.** Sections 6 through 24 of the Employment Agreement shall survive the execution of this Agreement in accordance with their terms and are incorporated herein by reference.

21. **Copies Effective as Original.** This Agreement may be executed in counterparts, and each counterpart, when executed, will have the efficacy of an original. Photographic or faxed copies of signed counterparts may be used in lieu of the original for any purpose.

On behalf of SYNOPSYS, INC.

Dated: July 17, 2025 /s/ Jill Larsen________________

By: Jill Larsen

Title: Chief People Officer

Dated: July 17, 2025 /s/ Ajei S. Gopal_____________

Ajei S. Gopal

Synopsys, Inc.
675 Almanor Ave
Sunnyvale, CA 94085

T 650.584.5000
F 650.584.8637
www.synopsys.com

Exhibit 10.2

July 17, 2025

Dear Rick,

This letter memorializes the terms and conditions of transition of your service from General Counsel and Corporate Secretary ("GC") of Synopsys, Inc. ("Synopsys" or the "Company") to the non-officer advisory role of **Chief Legal Officer** ("CLO"). As CLO, you will continue to report to Sassine Ghazi, Chief Executive Officer & President ("CEO"), and continue as a Corporate Staff Member, but will no longer serve as a member of the Executive Leadership Team. As CLO, you will assist with integration efforts in connection with the Closing (as defined below) in addition to the duties, authorities and responsibilities set forth on Exhibit A attached hereto.

Section 1 – Term

Your service as CLO will begin upon the consummation of the transactions contemplated by the Agreement and Plan of Merger by and among the Company, Alta Acquisition Corp, and ANSYS, Inc. ("ANSYS"), dated as of January 15, 2024 (such date of the consummation of such contemplated transactions, the "Closing"). Your service will end on the last day of the Company's second fully completed fiscal quarter that begins following the Closing (the period between the Closing and the date your service ends, the "Term"). Commencing on approximately the beginning of the second full fiscal quarter following the Closing through the end of the Term, it is anticipated that your service may transition to a fully-remote advisory role. Following the Term, the Company may extend your service for a limited period of time if necessary to assist with any remaining integration efforts following the Closing.

You understand that your service as CLO during the Term continues to require your undivided professional attention and effort, and that you must always be loyal to Synopsys and act in its best interests. We value executive involvement in civic, charitable, professional, and academic activities and committees of outside entities; and service on one public company board of directors, provided that such activities do not create a potential or actual conflict of interest or interfere with the performance of your duties to the Company. Such activities are subject to prior approval by the Company.

Section 2 – Compensation

2.1 Cash Compensation: Your base salary, vesting of equity and annual bonus opportunity under the Executive Incentive Plan (the "EIP") will remain unchanged during the Term. You will continue to have the opportunity to earn a cash incentive award under the EIP, without proration, for the full 2025 fiscal year, subject to the terms and conditions of the EIP. Any EIP term requiring employment on the payout date is deemed not to apply here.

2.2 Equity Compensation: During the Term, your outstanding Synopsys equity grants will continue to vest as provided in the vesting schedule set forth in the applicable equity grant agreement and otherwise in accordance with the terms and conditions of the 2006 Employee Equity Incentive Plan, as amended (the "Plan"). For the avoidance of doubt, your transition from General Counsel & Corporate Secretary to CLO shall not be deemed a termination of Continuous Service (as defined in the Plan), and your CLO role shall constitute continued service for vesting as to all equity grants.

2.2 **2.3 Benefits:** You will continue to be eligible to participate in Synopsys' comprehensive benefits plans in effect during the Term, subject to the terms and conditions of the applicable programs.

Section 3 – Separation from Service

Section 4 – Your position as CLO will be eliminated following the conclusion of the Term. In the event of such a position elimination at the end of the Term, upon an Involuntary Termination without Cause, or due to death or Disability prior to conclusion of the Term, you will participate in the Company's Executive Severance Benefit and Transition Plan effective February 8, 2021 ("Transition Severance Plan") and the Company's Amended and Restated Executive Change of Control Severance Benefit Plan effective December 15, 2016 (the "COC Severance Plan") (together, referred to as the "Severance Plans"), subject to all of the terms and conditions of such plans as in effect from time to time. Regarding such position elimination and for avoidance of doubt, you will receive a Participation Notice (to the extent you have not already) under the applicable Severance Plans (anticipated to be the Transition Severance Plan) and be an Eligible Employee under the applicable Severance Plans. All capitalized terms in this agreement have the meaning given in the applicable Transition Severance Plan and/or COC Severance Plan, unless specially defined herein.

Section 5 – Corporate Staff Policies

5.1 You will be required to continue to comply with the Company's policies, which such policies include (but are not limited to) the Company's share ownership guidelines, Executive Officer Compensation Recovery Policy, Code of Ethics and Business Conduct, Insider Trading Policy and Section 16 Officer and Director Trading Procedures, each as in effect from time to time.

Section 6 – Contingencies and Mutual Confidentiality and Statement Regarding Transition

6.1 This letter is contingent upon approval by the Company's Compensation and Organizational Development Committee. Further, this offer is null and void *ab initio* in the event the Closing fails to occur. You and the Company agree to treat this letter as confidential; provided, however, that (a) each may disclose to the extent required to enforce the letter, (b) you may disclose the letter to your attorney, accountant or tax preparer, subject to such parties treating the information as confidential.

Section 7 – General

7.1 At-Will Employment: Your position as CLO is one of employment-at-will, which means that the employment relationship is for an indefinite term and either you or the Company may end the employment relationship at any time, for any reason, with or without notice. While other terms and conditions of your employment contained in various policies and programs are subject to change with or without notice, your signature below signifies that you understand that this "at-will" relationship can be changed only by written agreement expressly for that purpose, signed by the Company's Chief Executive Officer, or such officer's appointed designee. In addition, you acknowledge and agree that the Company is free to change any of the terms and conditions of your employment at any time, provided such change is not inconsistent with the explicit terms of this letter. Your signature further indicates that you acknowledge and agree that this Section 6.1 constitutes the complete understanding between you and Synopsys on the subject of how and when the employment relationship can be terminated or changed, and supersedes any and all prior discussions, agreements, and understanding between you and the Company, whether oral, written or implied.

Sincerely,

/s/ Jill Larsen________________________________
Jill Larsen
Chief People Officer
Synopsys, Inc.

Agreed and accepted.

/s/ John F. Runkel, Jr.
John F. Runkel, Jr.

Date: July 17, 2025

Exhibit 31.1

CERTIFICATION

I, Sassine Ghazi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synopsys, Inc.;
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. The registrant's other certifying officers and I are 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 officers 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: September 9, 2025

/s/ Sassine Ghazi

Sassine Ghazi
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Shelagh Glaser, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synopsys, Inc.;
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. The registrant's other certifying officers and I are 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 officers 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: September 9, 2025

/s/ Shelagh Glaser

Shelagh Glaser
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 1350, Chapter 63 of Title 18 of the United States Code (18 U.S.C-§1350), each of Sassine Ghazi, President and Chief Executive Officer of Synopsys, Inc., a Delaware corporation (the “Company”) and Shelagh Glaser, Chief Financial Officer of the Company, does hereby certify, to such officer’s knowledge that:

The Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2025 (the “Form 10-Q”) to which this Certification is attached as Exhibit 32.1 fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act. The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of September 9, 2025.

/s/ Sassine Ghazi

Sassine Ghazi
President and Chief Executive Officer

/s/ Shelagh Glaser

Shelagh Glaser
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not deemed filed with the Securities and Exchange Commission as part of the Form 10-Q or as a separate disclosure document and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.