

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

FORM 10-K

(Mark One)

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

**For the fiscal year ended October 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 0-19807**

SYNOPSYS®

SYNOPSYS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

675 Almanor Avenue

Sunnyvale, California

(Address of principal executive offices)

56-1546236

(I.R.S. Employer
Identification No.)

94085

(Zip Code)

(650) 584-5000

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock (par value of \$0.01 per share)	SNPS	Nasdaq Global Select Market

Securities Registered Pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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.

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Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$59.3 billion. Aggregate market value excludes an aggregate of approximately 26.0 million shares of the registrant's common stock, par value of \$0.01 per share (Common Stock) held by the registrant's executive officers and directors and by each person known by the registrant to own 5% or more of the outstanding common stock on such date. Exclusion of shares held by any of these persons should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

On December 15, 2025, 191,318,206 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to the registrant's 2026 Annual Meeting of Stockholders, scheduled to be held on April 16, 2026, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Except as expressly incorporated by reference, the registrant's Proxy Statement shall not be deemed to be part of this report.

SYNOPSYS, INC.
ANNUAL REPORT ON FORM 10-K
Fiscal year ended October 31, 2025

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K (this Form 10-K or this Annual Report) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. Any statements herein that are not statements of historical fact are forward-looking statements. Words such as “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 are intended to identify forward-looking statements. This Form 10-K includes, among others, forward-looking statements regarding:

- our acquisition of ANSYS, Inc. (the Ansys Merger), and its expected impact;
- business and market outlook, opportunities, strategies, technological trends, such as artificial intelligence, and initiatives and opportunities, including among other things, our reallocation of resources in our Design IP segment to higher growth opportunities;
- the potential impact of the uncertain macroeconomic and global economic conditions on our financial results;
- the impact of current and future U.S. and foreign trade regulations, government actions and regulatory changes, such as export control restrictions and tariffs, including the anticipated impact of China export control restrictions;
- planned acquisitions or divestitures, and their expected impact;
- customer license renewals and the expected realization and timing of recognition of our contracted but unsatisfied or partially unsatisfied performance obligations (backlog);
- demand and market expansion for our products and our customers’ products;
- our ability to successfully compete in the markets in which we serve;
- our license mix, business model and variability in our revenue;
- the continuation of current industry trends towards customer and vendor consolidation, and the impact of such consolidation;
- the completion of development of our unfinished products, the further development or integration of our existing products or the creation of joint solutions, including as a result of the Ansys Merger;
- the status or expected outcome of litigation and/or regulatory investigations;
- our ability to protect our intellectual property;
- our ability to attract and retain senior management and key employees worldwide;
- the impact of tax laws and changes in such laws on our business; and
- our cash, cash equivalents and cash generated from operations and our future liquidity requirements.

These statements are based on our current expectations about future events and involve certain known and unknown risks, uncertainties and other factors that could cause our actual results, time frames or achievements to differ materially from those expressed or implied in our forward-looking statements. Accordingly, we caution readers not to place undue reliance on these statements. Such risks and uncertainties include, among others, those listed in Part I, Item 1A, *Risk Factors* and Item 3, *Legal Proceedings*; and Part II, Item 7, *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, Item 7A, *Quantitative and Qualitative Disclosures About Market Risk* and Item 9A, *Controls and Procedures* of this Annual Report. 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, Inc. or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Readers are urged to carefully

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review and consider the various disclosures made in this report and in other documents we file from time to time with the Securities and Exchange Commission (SEC) that attempt to advise interested parties of the risks and factors that may affect our business.

Fiscal Year End

Historically, our fiscal years have 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, which impacted our revenue, expenses and operating results. Fiscal 2023 was a 52-week year ending on October 28, 2023. 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 year 2025, which began on November 3, 2024. Following this change, our fiscal quarters end on January 31, April 30, July 31 and October 31 of each year.

For presentation purposes, this Annual Report refers to the closest calendar month end.

PART I

Item 1. *Business*

Company and Segment Overview

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 solutions 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 and analog 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.

Synopsys is also 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. S&A 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 development risk and speed time to market. Our high quality, silicon-proven semiconductor IP includes logic libraries, embedded memories, wired interface IP, memory interface IP, security IP, and embedded processors. To accelerate IP integration and silicon bring-up, our IP Accelerated initiative provides architecture design expertise, customized IP subsystems, hardening, and signal and power integrity analysis. These products and services are part of our Design IP segment.

Corporate Information

Our headquarters are located at 675 Almanor Avenue, Sunnyvale, California 94085, and our headquarters' telephone number is (650) 584-5000. Our website is <https://www.synopsys.com/>. We have 189 offices worldwide.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements, including those relating to our Annual Meeting of Stockholders, and any amendments to such reports or other information filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available through the Investor Relations page of our website (<https://investor.synopsys.com/overview/default.aspx>) free of charge as soon as reasonably practicable after we file them with, or furnish them to, the SEC (www.sec.gov). We use our Investor Relations page as a routine channel for distribution of important information, including, among other things, news releases, investor presentations and financial information and to comply with our disclosure obligations under Regulation Fair Disclosure. The contents of our website are not part of this Annual Report and shall not be deemed to be incorporated by reference.

Background

In today's era of pervasive intelligence, we have seen an acceleration in innovation cycles and a growing opportunity for Synopsys. The proliferation of silicon to power our digital world, where technology is omnipresent and interconnected, means computing is being reinvented with the rise of AI and software-defined systems. In turn, this is driving an increase in the activity of new and existing chip and system design companies around the world.

These developments are accompanied by increasing complexity. It is now common for a single chip to combine many components (processor, communications, memory, custom logic, input/output) and embedded software into a single system-on-chip (SoC), requiring highly complex chip designs. The most complex chips today contain more

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than a billion transistors. Transistors are the basic building blocks for ICs, each of which may have features that are less than 1/1,000th the diameter of a human hair.

These devices are manufactured using masks to direct beams of light onto a wafer of silicon. At such small dimensions, the wavelength of light itself can become an obstacle to production, proving too big to create such dense features and requiring creative and complicated new approaches. Designers have turned to new manufacturing techniques to solve these problems, such as multiple-patterning lithography, FinFET 3D transistors and Gate-All-Around Field-Effect transistor structures, which in turn have introduced new challenges to design and production.

The rise of silicon-powered intelligent devices and AI has increased demand for chips and systems with greater functionality and performance, reduced size and lower power consumption. Our customers, who design silicon and software-defined systems, are facing intense pressure to deliver innovative offerings in shorter timeframes and at lower prices. In other words, innovation in chip and systems design often hinges on providing products “better,” “sooner,” and “cheaper” than competitors. The design of these chips and systems is extremely complex and demands engineering solutions with a deeper integration of electronics and physics, enhanced by AI. Over the past several years, market verticals including AI, 5G, automotive and cloud computing infrastructure have contributed to the ongoing demand for our products and services. With ANSYS, Inc, (Ansys) now part of Synopsys, we can maximize the capabilities of product R&D teams broadly enabling them to rapidly innovate AI-powered products.

Our Role—As the Silicon to Systems Engineering Solutions Partner

Synopsys' silicon to systems engineering solutions are designed to help our customers—chip and system engineers and software developers—speed up time to market, achieve the highest quality of results, mitigate risk, and maximize profitability.

Chip and systems designers must determine how best to design, locate and connect the building blocks of intelligent systems, and to verify that the resulting design behaves as intended and can be manufactured efficiently and cost-effectively. This is a complex, multi-step process that is expensive and time-consuming. Our wide range of products help at different steps in the overall design process, from the design of individual ICs to the design and simulation of larger systems. Our EDA products increase designer productivity and efficiency by automating tasks, keeping track of large amounts of data, adding intelligence to the design process, facilitating reuse of past designs and reducing errors. Our S&A products give engineers the ability to explore and predict how products will work in the real world, helping them speed time-to-market, lower manufacturing costs, improve quality, and decrease risk. Our silicon IP products offer proven, high-quality pre-configured circuits that are ready to use in a chip design, saving customers time and enabling them to direct resources to features that differentiate their products. Our global service and support engineers provide expert technical support and design assistance to our customers.

Products and Services

Design Automation Segment

Our Design Automation segment includes the EDA, Ansys and Other revenue groups.

EDA

Designing ICs involves many complex steps, including, among others architecture definition, register transfer level (RTL) design, functional/RTL verification, logic design or synthesis, gate-level verification, floorplanning, place and route, and physical verification. 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.

As the availability and amount of cloud-based data storage grows, customer interest in accessing EDA on the cloud is also increasing as customers seek to benefit from the scalability and flexibility that cloud computing can offer to their flows and engineering teams. Our Synopsys Cloud offering provides customers additional options for accessing our EDA products in their own cloud environments and in the industry's first EDA Software-as-a-Service solution developed in partnership with Microsoft Azure.

Our solutions comprehensively address the design process, featuring a large number of EDA products that generally fall into the following categories:

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- Digital and custom IC design tools are used for designing and verifying complex chips, and for designing the advanced processes and models required to manufacture those chips;
- Field programmable gate array (FPGA) design, which accelerate time-to-shipping hardware with deep debug visibility, incremental design, broad language support, and optimal performance and area for FPGA-based products.
- Verification, which includes technology to verify that an IC design behaves as intended;
- Manufacturing, which includes products that both enable early manufacturing process development and convert IC design layouts into the masks used to manufacture the chips; and
- AI-driven EDA solutions, which include AI and machine learning capabilities to boost productivity and improve efficiency throughout the EDA flow.

Digital and Custom IC Design

Our Digital Design Family provides customers with a comprehensive digital design implementation solution that includes industry-leading products and redefines conventional design tool boundaries to deliver a more integrated flow than ever before, with better quality and time to results. The platform gives designers the flexibility to integrate internally developed tools as well as those from third parties. With innovative technologies, a common foundation, and flexibility, our Digital Design Family helps reduce design times, decrease uncertainties in design steps, and minimize the risks inherent in advanced, complex IC design. The platform supports advanced nodes with collaborations on next-generation process technologies.

Key design products are available as part of the Digital Design Family and include Fusion Compiler™ RTL to GDSII design implementation, Design Compiler® NXT logic synthesis, IC Compiler™ II physical design, Synopsys TestMAX™ test and diagnosis, PrimeTime® static timing analysis, PrimePower™ power analysis, PrimeLib library characterization, StarRC™ parasitic extraction, IC Validator™ physical verification and 3DIC Compiler, the industry's only unified exploration-to-signoff platform for multi-die/package co-design and co-optimization, aimed at enabling customers to integrate multiple dies in a single package.

Our Custom Design Family is a unified suite of design and verification tools that accelerates the transistor-level design of robust analog, mixed-signal, and custom-digital ICs. This product family features visually assisted layout automation, high-performance circuit simulation, reliability-aware verification, and natively integrated parasitic RC extraction and physical verification. It includes Custom Compiler™ layout and schematic editor, StarRC parasitic extraction, IC Validator physical verification and PrimeSim™. The PrimeSim solution provides a unified workflow of next-generation simulation technologies to accelerate the design and signoff of IC designs including PrimeSim SPICE, PrimeSimPro, PrimeSim HSPICE™ and PrimeSimXA. The PrimeWave™ design environment provides comprehensive analysis and improved productivity and ease of use across all tools in PrimeSim.

Our Silicon Lifecycle Management (SLM) family of products improves silicon health and operational metrics at every phase of the device lifecycle. This family of products is built on a foundation of enriched in-chip observability, analytics and integrated automation. Synopsys' SLM in-chip monitoring enables deep insights from silicon to systems by providing meaningful data for continuous analysis and actionable feedback. The solution is integrated with the Digital Design Family for design calibration and analytics and includes Yield Explorer® for product ramp analytics, Silicon.da for AI-driven test and production analytics, TestMAX ALE (adaptive learning engine) for intelligent data extraction and communication to the SLM database and PVT IP for in-chip monitoring and sensing.

FPGA Design

FPGAs are complex chips that can be customized or programmed to perform a specific function after they are manufactured. For the process of converting a high-level hardware description language design into an FPGA netlist, a process known as FPGA-logic synthesis, we offer Synplify® FPGA synthesis tools that provide fast runtime, performance, area optimization for cost and power reduction, multi-FPGA vendor support, and incremental synthesis capabilities for faster FPGA design development.

Verification

Our Verification Family is built from our industry-leading verification technologies and provides virtual prototyping, static and formal verification, simulation, emulation, FPGA-based prototyping and debug in a unified environment with verification IP, planning, and coverage technology. By providing consistent compile, runtime and debug environments across the flow of verification tasks and by enabling seamless transitions across functions, the

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platform helps our customers accelerate chip verification, bring up software earlier, and get to market sooner with advanced SoCs.

The individual products and solutions included in the Verification Family include the following:

- VC SpyGlass™ family of static verification technologies including lint, CDC (clock domain crossing), RDC (reset domain crossing), Constraint Checking, Synopsys TestMAX Advisor, and low-power analysis and verification;
- VCS® functional verification solution, our comprehensive RTL and gate-level simulation technology, including Fine-Grained Parallelism;
- Verdi®, our next generation platform that provides AI-based SoC debug solution with an integrated development environment and advanced verification management capabilities system;
- VC Formal™, which leverages ML-based techniques to verify complex SoC designs, find deep corner-case design bugs, and enables formal signoff for control and datapath blocks;
- ZeBu® emulation systems, which use high-performance hardware to emulate SoC designs so that designers can accelerate hardware, software and power verification of large complex SoCs and perform earlier verification and optimization of the SoC together with software;
- HAPS® FPGA-based prototyping systems, which are integrated and scalable hardware-software solutions for early software development, hardware verification and system validation of IP blocks to processor subsystems to complete SoCs, including the use of at-speed interfaces, for better performance, higher quality and faster time to market;
- Virtualizer™ virtual prototyping solution, which addresses the increasing development challenges associated with software-rich semiconductor and electronic products by accelerating both the development and deployment of virtual prototypes;
- Platform Architect™ solution, which provides for early analysis and optimization of multi-core SoC architectures for performance and power; and
- Other principal individual verification solutions, including the PrimeSim solution and the PrimeWave design environment.

Manufacturing

Our manufacturing solutions include Synopsys technology computer-aided design (TCAD), mask synthesis and manufacturing analytics. Synopsys TCAD enables computer-aided simulations to develop and optimize semiconductor process technologies. We also offer Proteus™ mask synthesis tools, CATS® mask data preparation software, Yield Explorer Odyssey, Yield-Manager® yield management solutions and QuantumATK® atomic-scale modeling software. Synopsys enables its customers to realize the benefits of smart manufacturing by using advanced techniques in AI/ML and large data sets. These smart manufacturing solutions are built upon Synopsys' extensive expertise in IC design, mask synthesis, process modeling, on-chip test and monitoring techniques and cloud-based data analytics.

We also provide consulting and design services that address all phases of the SoC development process, as well as a broad range of expert training and workshops on our latest tools and methodologies.

Synopsys.ai: Synopsys' AI-Driven EDA Stack

Our EDA software stack spanning design, verification, and manufacturing is augmented with AI and machine learning through our Synopsys.ai™ suite of complementary solutions. Synopsys.ai offers industry leading AI-driven workflow optimization and data analytics solutions along with Synopsys.ai Copilot generative AI assistive and creatives capabilities, allowing engineers to accelerate and automate chip design and improve efficiency throughout the entire EDA flow.

The Synopsys.ai suite of solutions include:

- DSO.ai™ – Design Space Optimization for best quality of results and productivity with scaling of exploration design workflows;
- 3DSO.ai™ – AI-driven system analysis solution for 2.5D and 3D multi-die designs that maximizes system performance and quality of results at a rapid pace;

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- VSO.ai™ – Verification Space Optimization for optimal functional verification coverage and faster turnaround time;
- TSO.ai™ – Test Space Optimization for reduced pattern count, turnaround time and higher coverage;
- ASO.ai™ – Analog Space Optimization for analog design and layout optimization and migration;
- Design.da – Design data analytics for actionable insights to unlock untapped power, performance, and area; and
- Silicon.da – Silicon data analytics for root-cause analysis and part-level traceability of failures to improve key production and silicon operational metrics.

Ansys

Synopsys' comprehensive suite of Ansys S&A software is used by engineers—across industries—to predict and optimize how products will perform in real-world environments. The Ansys S&A portfolio spans the entire range of physics, providing access to virtually any field of engineering simulation that a design process requires, including:

- Structures – Our structural analysis product suite offers simulation tools for product design and optimization designed to increase productivity, reduce physical prototyping and help deliver better and more innovative products in less time. These tools tackle real-world analysis problems by making product development less costly and more reliable. These solutions include Ansys Mechanical™, Ansys LS-DYNA, Ansys Sherlock™ and more.
- Electronics – Our electronics product suite provides electromagnetic field simulation software for designing high-performance electronic and electromechanical products. The software streamlines the design process and predicts performance of mobile communication and internet-access devices, broadband networking components and systems, ICs and printed circuit boards. It is also used in low-frequency applications such as electromechanical systems, automotive components, industrial electric motors and power electronics equipment. These solutions include Ansys High Frequency Structure Simulator (HFSS™), Ansys Maxwell, Ansys Icepak, and more.
- Fluids – Our fluids product suite enables modeling of fluid flow and other related physical phenomena. The flagship Ansys Fluent computational fluid dynamics (CFD) software package is used for simulating and analyzing the behavior of fluids (liquids and gases) and their interactions with solid structures. It is commonly employed in various industries to perform simulations that help engineers and researchers gain insights into fluid flow, heat transfer and chemical reactions and related phenomena.
- Optics, Virtual Reality (VR) and Photonics Modeling – Modeling light propagation and its impact is crucial for measuring product performance and human comfort, perception and safety. Ansys Optics™ software uniquely simulates a system's optical performance, evaluates the final illumination effect, and predicts and validates the impact of lighting and material variations on appearance and perceived quality, all in real conditions. Our photonic design and simulation tools enable customers to predict light's behavior within complex photonic structures and systems. The Ansys Lumerical™ product is a complete photonics simulation software solution that enables the design of photonics components, circuits and systems.

Ansys also provides semiconductor products including multiphysics analysis solutions that help customers create reliable and efficient designs with production-proven features including:

- RedHawk-SC™ – power noise and reliability signoff for digital IP and SoCs down to 3nm and built on cloud-native elastic compute infrastructure;
- Totem-SC™ - voltage drop and electromigration multiphysics sign-off solution for transistor-level and mixed-signal designs;
- RedHawk-SC Electrothermal™ – a multiphysics simulation platform that delivers a complete solution for analyzing multi-die chip packages and interconnects for power integrity, layout parasitic extraction, thermal profiling, thermo-mechanical stress, and signal integrity;
- PathFinder-SC™ – identifies and isolates the root causes of design issues that can cause chip failure from charged-device model (CDM), human body model (HBM), or other electrostatic discharge events;
- Exalto® – an extraction software solution that enables IC designers to accurately capture unknown crosstalk among different blocks in the design hierarchy by extracting lumped-element parasitics and generating an accurate model for electrical, magnetic and substrate coupling; and

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- VeloceRF™ – an inductive device synthesis and modeling tool that supports advanced nodes as low as 3nm and integrates with leading EDA platforms.

Other

Our Other product group includes revenue from sales of products to university programs as well as our mechatronic simulation, and the impact of gains and losses from foreign currency hedges. Our Other product group also includes revenue from Synopsys' Optical Solutions Group through the fourth quarter of fiscal year 2025. Synopsys' Optical Solutions Group was sold to Keysight Technologies, Inc. in October 2025.

Design IP Segment

Our Design IP segment includes our Design IP solutions, which service companies primarily in the semiconductor and electronics industries.

Design IP Solutions

As functionality expands within a single chip or across a multi-die design, the number of third-party IP design blocks incorporated into these designs are rapidly increasing. We provide the broadest, most comprehensive portfolio of high-quality, silicon-proven IP solutions for SoCs. Our broad Synopsys IP portfolio includes:

- Pre-verified and silicon-proven IP solutions for widely used and emerging interfaces such as UCIe, UALink, HBM, CXL, USB, PCI Express, DDR/LPDDR, Ethernet, Ultra Ethernet, MIPI and HDMI;
- Logic libraries and embedded memories, including memory compilers, non-volatile memory, and standard cells with integrated test and repair;
- Processor solutions, including configurable ARC® processors, Neural Network processors, Digital Signal Processor cores, and software and application-specific instruction-set processor tools for embedded applications;
- Security IP solutions, including cryptographic cores and software, security subsystems, platform security and secured interface IP;
- Industry-leading IP offerings for the automotive market, optimized for strict functional safety, reliability and cybersecurity standards such as ISO 26262 and ISO 21434; and
- SoC infrastructure IP, datapath and building block IP, mathematical and floating-point components, Arm® AMBA® interconnect fabric and peripherals, and verification IP.

Our IP Accelerated initiative augments our established, broad portfolio of silicon-proven Synopsys IP with SoC architecture design support, customized IP subsystems, signal/power integrity analysis and IP hardening to accelerate our customer's product development cycle.

This broad portfolio of IP has been optimized to address specific application requirements for the AI/data center, automotive, edge AI, digital home, Internet of things and mobile markets, enabling designers to quickly develop SoCs or multi-die designs in these areas.

Customer Service and Technical Support

A high level of customer service, support and training is critical to the adoption and successful use of our products. We provide technical support for our products through application engineering teams.

Post-contract customer support includes providing frequent updates to maintain the utilization of the software due to rapid changes in technology. Post-contract customer support includes access to a customer portal, where customers can explore our complete design knowledge database, access self-help and receive support. Updated regularly, these portals include technical documentation, design tips and answers to user questions. Customers can also engage, for additional charges, with our worldwide network of applications consultants for additional support needs.

In addition, we offer training workshops designed to increase customer design proficiency and productivity with our products. Workshops cover our EDA products and methodologies used in our design and verification flows, as well as specialized modules addressing systems design, logic design, physical design, simulation and testing. We offer

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regularly scheduled public and private courses in a variety of locations worldwide, as well as online training (live or on-demand) through our Virtual Classrooms.

Product Warranties

We generally warrant our products to be free from defects in media and to substantially conform to material specifications for a limited period of time. We also provide our customers with limited indemnification with respect to claims that their use of our software products infringes on patents, copyrights, trademarks or trade secrets. We have not experienced material warranty or indemnity claims to date.

Support for Industry Standards

We actively create and support standards that help our EDA, S&A and IP customers increase productivity, facilitate efficient design flows, improve interoperability of tools from different vendors and ensure connectivity, functionality and interoperability of IP building blocks. Standards in the electronic design and simulation industry can be established by formal accredited organizations, industry consortia, intercompany licensing, de facto usage, or through open-source licensing. Our products support multiple Application Programming Interfaces (APIs) including numerous commonly used frameworks and data and file formats.

In our Design Automation segment, our EDA products support many standards, including the many commonly used hardware description languages: SystemVerilog, Verilog, VHDL and SystemC. Our products utilize numerous industry-standard data formats, APIs and databases for the seamless exchange of design data among our tools, other EDA vendors' products and applications that customers develop internally across design flows. For our Ansys products, we support a wide range of industry standards within our S&A portfolio to ensure usability and interconnectivity between Synopsys and third-party tools or systems. In addition to industry standards, Synopsys develops PyAnsys™, a collection of Python-based, open-source projects tailored specifically for engineers seeking to extend the capabilities of Synopsys S&A products. Developed as a collection of Python client libraries, the PyAnsys collection offers engineers a comprehensive set of tools and utilities that seamlessly integrate with Ansys software, empowering them to enhance their simulations and analyses.

In our Design IP segment, we support a wide range of industry standards within our IP product family to ensure usability and interconnectivity.

Sales and Distribution

Our EDA and Design IP customers are primarily semiconductor and electronics systems companies. Our S&A customers represent a broad spectrum of industries including high-tech, aerospace and defense (A&D), automotive, energy, industrial equipment, materials and chemicals, consumer products, healthcare and construction.

We market our products and services through direct sales in the United States and our principal foreign markets. In addition, we distribute certain of our products, including our S&A software solutions, through a global network of independent channel partners. We typically distribute our software products and documentation to customers electronically.

We maintain sales and support centers throughout the United States. Outside the United States, we maintain sales, support or service offices in Canada, multiple countries in Europe, Israel and throughout Asia, including Japan, China, Korea, India and Taiwan. Our offices are further described under Part I, Item 2, *Properties* of this Annual Report.

Information relating to domestic and foreign operations, including revenue and long-lived assets by geographic area, is contained in Part II, Item 8, *Financial Statements and Supplementary Data* of this Annual Report. Risks related to our foreign operations are described in Part I, Item 1A, *Risk Factors* of this Annual Report.

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Revenue Attributable to Product Groups

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

- EDA, which includes digital and custom IC design software, verification hardware and software products, manufacturing-related design products, FPGA design software, AI driven EDA solutions and professional services;
- Design IP, which includes our interface, foundation, security, and embedded processor IP, IP subsystems, and IP implementation services;
- Ansys, which includes SoC and IC analysis and simulation solutions, solutions used to virtually test and optimize designs across various physics domains, such as structural analysis, thermal analysis, and CFD; and
- Other, which includes university programs, mechatronic simulation and the impact of gains and losses from foreign currency hedges. Our Other product group also includes revenue from Synopsys' Optical Solutions Group through October 17, 2025, the date it was divested to Keysight Technologies, Inc.

Product Sales and Licensing Agreements

We typically license our software to customers under non-exclusive license agreements that restrict use of our software to specified purposes within specified geographical areas. The majority of licenses to our EDA products and Ansys semiconductor products are network licenses that allow a number of individual users to access the software on a defined network, including, in some cases, regional or global networks. License fees depend on the type of license, product mix, and number of copies of each product licensed. Our hardware products, which principally consist of our emulation and prototyping systems, are either sold or leased to our customers.

Our 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. 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 typically license Synopsys IP products under nonexclusive license agreements that provide usage rights for a specific number of designs. Fees under these licenses are typically charged on a per design basis plus, in some cases, royalties. See Note 2. *Significant Accounting Policies and Bases of Presentation* of the *Notes to Consolidated Financial Statements* in this Annual Report for further information.

Our professional services team typically provides design consulting services to our customers under consulting agreements with statements of work specific to each project.

For a full discussion of our product and service offerings, see Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* of this Annual Report.

Competition

Within our Design Automation segment, we compete against other EDA vendors and against our customers' own design tools and internal design capabilities. The EDA industry is highly competitive. In general, we compete principally on technology leadership, product quality and features (including ease-of-use), license terms, price and payment terms, post-contract customer support, flexibility of tool use, and interoperability with our own and other vendors' products. We also deliver a significant amount of engineering and design consulting for our products. No single factor drives an EDA customer's buying decision, and we compete on all fronts to capture a higher portion of our customers' budgets. We compete with a variety of different EDA vendors, including publicly traded companies offering varying ranges of products and services as well as other EDA vendors that offer products focused on one or more discrete phases of the IC design process. Additionally, some of our customers internally develop design tools and capabilities that compete with our products. For our Ansys S&A software solutions, our competitors include publicly traded companies, small, geographically-focused firms, startups, and solutions produced in-house by the end users.

Within our Design IP segment, Synopsys competes against numerous other IP providers and our customers' internally developed IP. We generally compete on the basis of product quality, reliability, features, availability of titles for new manufacturing processes, ease of integration with customer designs, compatibility with design tools, license

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terms, price and payment terms, and customer support. Likewise, no single factor drives an IP customer's buying decision, and we compete on all fronts to capture a higher portion of our customers' budgets.

Risks related to competitive factors affecting our business are described in Part I, Item 1A, *Risk Factors* of this Annual Report.

Proprietary Rights

We primarily rely upon a combination of copyright, patent, trademark, and trade secret laws and license and non-disclosure agreements to establish and protect our proprietary rights. We have a diversified portfolio of more than 3,800 United States and foreign patents issued, and we will continue to pursue additional patents in the future. Our issued patents have expiration dates through 2044 and generally have a term of 20 years from filing. Our patents primarily relate to our products and the technology used in connection with our products. Our source code is protected both as a trade secret and as an unpublished copyrighted work. However, third parties may independently develop similar technology. In addition, effective copyright and trade secret protection may be unavailable or limited in some foreign countries in which we operate. While protecting our proprietary technology is important, our business as a whole is not significantly dependent upon any single patent, copyright, trademark, or license.

In many cases, under our customer agreements and other license agreements, we offer to indemnify our customers if the licensed products infringe on a third party's intellectual property rights. As a result, we may from time to time need to defend claims that our customers' use of our products infringes on these third-party rights. We license software and other intellectual property from third parties, including, in several instances, for inclusion in our products. Risks related to our use of third-party technology are described in Part I, Item 1A, *Risk Factors* of this Annual Report.

Responsible Business Matters

At Synopsys, we recognize that as we drive innovation and business success in the era of pervasive intelligence, we are simultaneously responsible for the sustainability of our operations, products and ecosystem, which may impact our long-term value as a company.

Our Responsible Business program at Synopsys provides a focus and structure for how we address both our own operational impact on the world and our ability to influence others around us. For example, Synopsys is driving energy savings in the semiconductor ecosystem through solutions that optimize energy efficiency in the design and use of chips and systems, along with solutions that reduce energy use, water use, and waste generation in semiconductor manufacturing. With the addition of our Ansys business, we now offer expanded capabilities that help customers model, predict, and improve product performance and sustainability across a broader range of industries. Together, these solutions enable more efficient design cycles, reduce physical prototyping, and support the development of energy-efficient, AI-enabled systems, further amplifying our impact on responsible innovation.

We maintain a robust governance structure for our Responsible Business program, gauging and acting on our highest priority responsible business impacts, business risks, and opportunities, as we believe this creates positive impact for our stockholders as well as our customers, employees, partners, and local communities.

Human Capital Resources

Synopsys' mission is to empower innovators to drive human advancement, and we believe our people are the key to our success. Our People and Places team, led by our Chief People Officer, focuses on building a vibrant workplace culture where talent around the globe can learn, grow, and bring their best selves to work. Our people strategy is built around five key pillars: Drive Performance, Inspire Leaders and Teams, Foster Learning and Growth, Transform Experiences and Engagement, and Accelerate Next Gen Synopsys. To help employees thrive, we offer opportunities for learning and growth, tools for collaboration and innovation, respectful work environments, and comprehensive total rewards. We believe these efforts create value for our stockholders, customers and employees.

As of fiscal 2025 year-end, Synopsys had approximately 28,000 employees, with about 23% in the United States and 77% in other locations worldwide. Approximately 75% of our employees are engineers, and over half hold Master's or PhD degrees. We focus on several human capital measures and objectives, including recruitment and retention; opportunity and community; total rewards; employee health, safety, and well-being; employee engagement; and talent development and succession planning. Risks related to our human capital are described in Part I, Item 1A, *Risk Factors* of this Annual Report.

Recruitment and Retention

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In fiscal 2025, our total employee headcount grew by approximately 40% primarily as a result of the Ansys Merger. As of our fiscal 2025 year-end, our voluntary turnover rate was 5.7%. We attribute the strong retention of our talented workforce to several factors, including exciting and challenging assignments; growth opportunities; strong leadership and management; a culture grounded in our core values of Agility, Courage, Excellence, and Trust; competitive and equitable compensation and benefits; our leading products and technology; and the strength of our customer relationships.

Opportunity and Community

Our success depends on the more than 28,000 extraordinary professionals who make up our workforce across 30-plus countries. Our efforts to create a great work environment at Synopsys span every part of the employee experience, from attracting and retaining talent to fostering a culture of collaboration. We strive for people practices that are fair for all and regularly review and improve talent management processes, including those in hiring, compensation, talent development, and promotions. We also offer programs and events globally to help our employees learn about each other, foster connections, and collaborate.

Total Rewards

Our Total Rewards program provides meaningful global benefits, compensation, and recognition for the time, energy, commitment, skills, and expertise employees bring to Synopsys every day. For eligible employees, benefits may include:

- Market-competitive salary and cash bonus opportunities;
- Equity compensation;
- Robust medical, dental, vision, and wellness benefits;
- Employee Assistance Program (EAP);
- Comprehensive leave plans;
- Life insurance options;
- Retirement plans;
- Financial planning tools;
- Student loan repayment assistance;
- Well-being and family support; and
- Parental and elder care resources.

Health, Safety, and Well-being

Our commitment to health, safety, and wellness is underscored by resources that help employees thrive in a hybrid work environment and balance work and personal life. Our Synopsys Wellbeing campaign encourages leaders and managers to model healthy behaviors and create opportunities for team wellness activities. We also offer a variety of programs and resources at no cost to employees and their families to support their mental, emotional, and financial well-being.

Employee Engagement

We maintain a comprehensive employee feedback program to understand the employee experience and make improvements in areas such as customer interaction and knowledge sharing. Through our annual SHAPE Synopsys survey, we gather employee insights on values, manager effectiveness, innovation, belonging, and other critical factors. We also use pulse surveys to provide space for conversations about identity, direction, and connection.

In October 2025, approximately 95% of our employees participated in the SHAPE survey. We received an engagement score of 81, which was calculated by averaging favorable responses to job satisfaction questions. In fiscal 2025, Synopsys received more than 90 workplace and culture awards, including Great Place to Work certification in 14 countries and recognition from Newsweek, Forbes, Fortune, U.S. News & World Report, Comparably, and The Wall Street Journal. These results demonstrate Synopsys' stability and resiliency and the fact that we have a highly engaged global workforce. Employees reported strong excitement for the company's future, trust in leadership, a sense of belonging, and personal investment in our mission.

To promote employee engagement and recognition, we invest in programs such as the annual Engineering and Innovation Conference and Pitch Fest innovation contest. As we grow, we aspire to maintain our results-oriented

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culture by balancing productivity with smart investments in our employees' development, while also supporting individual well-being. These are two key drivers of the overall employee experience.

We believe strong individual and business performance stems from engaged employees who have clarity on goals, receive regular feedback, and have opportunities to grow. Building on our commitment to development, our enhanced performance process deepens the connection between individual objectives and key results, our values, and overall company outcomes. This is an agile performance process that drives transparency through continuous feedback and quarterly goal alignment conversations. These efforts are supported by the implementation of a new AI-powered performance management platform.

Talent Development and Succession Planning

We offer programs to support career advancement, including a digital learning platform that fosters a "curious learning" culture with access to training, articles, videos, and blogs. We also host in-person and on-demand learning sessions designed to build capabilities and adaptability required for the future. As employees advance in their careers, our training framework is intended to develop new technical skills and core competencies.

Our management training focuses on communication, engagement, coaching, hiring, and key business skills. This is based on our belief that employees should work for and with great managers and leaders. The training aims to promote an ethical and supportive work environment that is free from bias and harassment. In fiscal 2025, we introduced courses to help managers lead through change and become effective coaches. Regions and business teams also customize development programs for their specific demographics.

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Information about our Executive Officers

The executive officers of Synopsys and their ages as of December 19, 2025 were as follows:

Name	Age	Position
Sassine Ghazi	55	President and Chief Executive Officer
Aart J. de Geus	71	Executive Chair of the Board of Directors
Shelagh Glaser	61	Chief Financial Officer
Mike Ellow	62	Chief Revenue Officer
Janet Lee	62	General Counsel and Corporate Secretary

Sassine Ghazi has served as our Chief Executive Officer since January 2024, became our President in November 2021 and joined our Board of Directors in August 2023. Prior to his appointment as Chief Executive Officer, he served as Chief Operating Officer from August 2020 to January 2024. Mr. Ghazi joined Synopsys in March 1998 as an applications engineer and held a series of sales positions with increasing responsibility, culminating in leadership of worldwide strategic accounts. Prior to his appointment as Chief Operating Officer, Mr. Ghazi was the general manager for all digital and custom products, the largest business group in Synopsys. Prior to joining Synopsys, Mr. Ghazi was a design engineer at Intel Corporation. Mr. Ghazi received his bachelor's degree in Business Administration from Lebanese American University; a B.S.E.E from the Georgia Institute of Technology in 1993; and an M.S.E.E. from the University of Tennessee in 1995.

Aart J. de Geus co-founded Synopsys and served as a member of our Board of Directors since our inception and as Chair of our Board of Directors from 1986 to 1992 and from 1998 until his transition to Executive Chair of our Board of Directors in January 2024. He served as Chief Executive Officer from 1994 to 2012 and as Co-Chief Executive Officer with Dr. Chi-Foon Chan from May 2012 until April 2022, and Chief Executive Officer from April 2022 until January 2024. Since the inception of Synopsys in December 1986, Dr. de Geus has held a variety of positions, including President, Senior Vice President of Engineering and Senior Vice President of Marketing. Dr. de Geus has also served on the board of directors of Applied Materials, Inc. since July 2007. Dr. de Geus holds an M.S.E.E. from the Swiss Federal Institute of Technology in Lausanne, Switzerland and a Ph.D. in Electrical Engineering from Southern Methodist University.

Shelagh Glaser has served as our Chief Financial Officer since December 2022. Prior to joining Synopsys, Ms. Glaser served as Chief Financial Officer of Zendesk, Inc. from May 2021 to November 2022. Ms. Glaser previously served in senior finance roles at Intel Corporation, a multinational technology company, including serving as its Corporate Vice President and Chief Financial Officer and Chief Operating Officer for its Data Platform Group from July 2019 to May 2021 and serving as its Corporate Vice President and Chief Financial Officer and in various other senior roles in its Client Computing Group from December 2013 to July 2019. Ms. Glaser has served as a director and member of the Audit Committee at PubMatic, Inc. since June 2022. Ms. Glaser holds a B.A. in Economics from the University of Michigan and an M.B.A. in Finance from Carnegie Mellon University.

Mike Ellow has served as our Chief Revenue Officer since November 2025. Prior to joining Synopsys, Mr. Ellow was the Chief Executive Officer of Siemens EDA, a business unit of Siemens Digital Industries, from June 2024 to November 2025. Prior to becoming the Chief Executive Officer of Siemens EDA, he was the Executive Vice President, EDA Global Sales, Services and Customer Support from January 2021 to June 2024. He has also held various leadership roles in sales and customer support, starting at Berkeley Design Automation in 2011 and through Mentor Graphics' acquisition by Siemens Digital Industries Software. He started his career in sales at Cadence Design Systems in 1997, where he held various leadership roles until 2010. Mr. Ellow holds a B.S.E.E. from Lehigh University, an M.S.E.E. from the University of Southern California, and an M.B.A. from California State University, Fullerton.

Janet Lee has served as our General Counsel and Corporate Secretary since July 2025. From June 2023 to July 2025, she was Senior Vice President, General Counsel and Secretary of ANSYS, Inc. She served as Vice President, General Counsel and Secretary at ANSYS, Inc. from June 2017 to June 2023. Previously, Ms. Lee was Vice President of Legal and Intellectual Property at HERE North America and Director of Legal and IP at Nokia Research Center. Ms. Lee holds a Bachelor of Arts from the University of Michigan, a Master of Arts from Harvard University and a Juris Doctorate from Stanford Law School.

There are no family relationships among any Synopsys executive officers or directors, or any arrangement or understanding pursuant to which any person was selected as an officer.

Item 1A. Risk Factors

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 Annual 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 Annual 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.

The current macroeconomic environment demonstrates the effects of, among other things, changes in U.S. and global trade policy, including the tariffs enacted in 2025 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 and fluctuations in foreign exchange rates. This uncertain macroeconomic environment has resulted in volatility in credit, equity and foreign currency markets and 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 see their growth slow or fail to grow at all. 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.

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. 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. 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 affects 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. If growth in the semiconductor and electronics industries or certain sectors within these industries slows or stalls, including, among other things, due to the factors creating an uncertain macroeconomic environment as discussed above, then demand for our products and services could

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decrease and our business, operating results and financial condition could be adversely affected. For example, 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, which have affected our business and operating results.

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 a variety of different EDA vendors, including publicly traded companies that offer a variety of products and services as well as other EDA vendors, including new entrants to the market, that offer products focused on one or more discrete phases of the IC design process. Moreover, some of our customers internally develop design tools and capabilities that compete with our products. For our Ansys S&A software solutions, our competitors include publicly traded companies, small, geographically-focused firms, startups, and solutions produced in-house by the end users. In our Design IP segment, we compete against 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 are in the process of reallocating 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 or generate expected returns, which may result in an adverse impact on our business and financial results. 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 or displacement of their purchases by internal development. 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;

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- 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. We are also subject to certain requirements for enhanced denied party screening processes, which have led to, and, in the future may continue to lead to, elongated transaction cycles with certain customers. 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, 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 for a large portion of our revenues. For example, challenges with a major foundry customer 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

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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;
- Uncertain economic, legal and political conditions in China, Europe, the Middle East and other regions where we do business;
- Government trade restrictions, including tariffs, export controls, economic sanctions or other trade barriers, and changes to existing trade arrangements;
- 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.

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.

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, government contracts, 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. Any violation of these laws and regulations could subject us to, among other

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things, investigations, fines, enforcement actions, disgorgement of profits, damages, civil or criminal penalties or injunctions, and result in our inability to conduct business in one or more countries. Furthermore, any violation individually or in the aggregate could have a material adverse effect on our operations and financial condition.

Our Ansys business distributes its products through a global network of independent channel partners. Difficulties in ongoing relationships with channel partners, such as failure to meet performance criteria, differences in handling customer relationships or the loss of a major channel partner, could adversely affect the performance of our Ansys business. Channel partners may also result in additional compliance burdens for us and any failure by them to comply with various U.S. and foreign laws could subject us to, among other things, investigations, fines, enforcement actions, civil or criminal penalties or injunctions.

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;
- Product competition in the EDA, IP, semiconductor or S&A-targeted industries;
- 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;
- Natural variability in the timing of IP drawdowns, which can be difficult to predict; and
- Expenses related to our acquisition and integration of businesses and technologies, including those related to the Ansys Merger.

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;

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- 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 in July 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, including the Ansys Merger, 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 or problems in integrating the acquired products with our products or in creating new joint solutions;
- 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, including within the anticipated time frames;
- 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;

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- Potential negative impacts on our relationships with customers, distributors, business partners and channel 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.

Furthermore, 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.

In the case of the Ansys Merger, the foregoing risks may be magnified due to the scale of the merger. In addition, current and future changes to the U.S. and foreign regulatory approval processes and requirements related to acquisitions or 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 and impede the integration of such acquisitions and execution of our business strategy.

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 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

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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 illegally copy or use our products, which could result in lost revenue. 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. 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.

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.

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

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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 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.

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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;
- 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;

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- 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 factors creating an uncertain macroeconomic environment as discussed above.

If we do not manage these risks related to our hardware products for any reason, our business and operating results would be harmed.

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.

Our significant debt may limit our financial flexibility.

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 October 31, 2025, we had approximately \$13.5 billion of total debt.

Our substantial indebtedness could have adverse effects on our business, operating results and financial condition, including, among other things:

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- 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 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 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 17. *Income Taxes* of the *Notes to Condensed Consolidated Financial Statements* in this Annual Report under the heading "Legislative Developments."

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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 17. *Income Taxes* of the *Notes to Condensed Consolidated Financial Statements* in this Annual 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 or our directors or officers are subject to litigation proceedings, which are expensive, could divert management attention and harm our business.

We are 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.

For example, we are currently named as a defendant in recently filed securities class action complaints. The stock market in general, and Nasdaq and technological companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. The market price of our common stock is or may be volatile. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation.

In addition, certain of our directors and officers may be involved in ongoing securities or other lawsuits, including in the context of their roles with other public companies, and our directors or officers may in the future become

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involved in such litigation. Securities litigation, including the cost to defend against, and any potential adverse outcome resulting from any such proceeding, can be expensive, time-consuming, damage our reputation and divert our management's and board of directors' attention from other business concerns, which could seriously harm our business. As noted above, on October 31, 2025 and November 25, 2025, respectively, two shareholder class action complaints were filed in the United States District Court for the Northern District of California against Synopsys and certain of our current directors and officers. Both complaints allege that certain material misstatements or omissions related to the performance of our Design IP segment were made in violation of federal securities laws. There is no guarantee that we will be successful in our efforts to defend against these complaints. Further information regarding certain of these matters is contained in Part II, Item 1, *Legal Proceedings* of this Annual 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 1B. *Unresolved Staff Comments*

None.

Item 1C. *Cybersecurity*

Cybersecurity Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. These risks include, among other things, operational risks; intellectual property theft; fraud; extortion; harm to employees or customers; violation of privacy or security laws and other litigation and legal risk; and reputational risks.

We maintain a cybersecurity program and incident response plan to coordinate the activities we take to protect against, detect, respond to and remediate cybersecurity incidents, as such term is defined in Item 106(a) of Regulation S-K, as well as to comply with potentially applicable legal obligations and mitigate brand and reputational damage.

We have implemented cybersecurity processes, technologies, and controls to aid in our efforts to identify, assess, and manage material risks, as well as to test and improve our incident response plan. Our approach includes, among other things:

- Security and privacy reviews designed to identify risks from new features, software, suppliers, and vendors;
- A vulnerability management program designed to identify software vulnerabilities;
- A variety of tools designed to monitor our networks, systems, and data for suspicious activity;
- An internal red team program that simulates cyber threats, enhancing our ability to fix vulnerabilities before they are exploited by threat actors;
- A threat intelligence program designed to model and research our adversaries;
- Products and services to structure, test, and assess the rigor of our software security practices;
- A variety of privacy, cybersecurity, and incident response trainings and simulations, including mandatory yearly training for all employees, additional training for all Information Technology and Information Security personnel, and regular controlled penetration testing and cyber incident exercises to test the robustness of our data security protections and incident response readiness;
- For suppliers and service providers, pre-engagement risk-based diligence, contractual security and notification provisions, and ongoing monitoring as appropriate; and
- Maintaining cyber liability insurance that covers certain liabilities related to data breaches and related incidents.

Synopsys' cybersecurity policies and procedures are intended to align with multiple industry-recognized frameworks, including the National Institute of Standards and Technology Cyber Security Framework (NIST CSF) and the ISO/International Electrotechnical Commission (IEC) 27001 Information Security Management Framework. In addition, some Synopsys products are ISO27001 and/or SOC2 Type 2 certified. Our internal audit department regularly assesses our conformity with these frameworks. We track our NIST CSF implementation through regular third-party maturity assessments, which provide the basis for establishing performance goals for the coming period. We also closely monitor the ever-changing landscape of related laws and regulations and regularly update our policies and processes to promote continued compliance.

Our process for identifying and assessing material risks from cybersecurity threats operates alongside our broader overall risk assessment process. As part of this process, appropriate personnel will collaborate with subject matter specialists, as necessary, to gather insights for identifying and assessing material cybersecurity threat risks, their severity, and potential mitigations. As part of the above approach and processes, we regularly engage with assessors, consultants, auditors, and other third-parties to help identify areas for continued focus, improvement and/or compliance.

Since 2015, Synopsys is not aware of any material information security breaches and has not made any associated penalties/settlements, and the expenses we have incurred from cybersecurity incidents were immaterial. This

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includes penalties and settlements, of which there were none. During the same time period, while some of our suppliers have experienced security breaches, none of these breaches have had a material impact on Synopsys.

In our risk factors, we describe whether and how risks from identified cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. See our risk factor disclosures in Part I, Item 1A of this Annual Report.

Cybersecurity Governance

Information technology and data security, particularly cybersecurity, is a top area of focus for our Board of Directors (the Board), which considers these areas as essential for the success of our company and the broader technology industry in which we operate.

Our Board is actively involved in overseeing cybersecurity risk management. At least once a year, senior management, including our Chief Information Security Officer (CISO), presents to the Board on Synopsys' cybersecurity performance and risk profile. Further, senior management and our CISO present semiannually to our Corporate Governance and Nominating Committee (CGN Committee) on Synopsys' cybersecurity risk oversight activities and cybersecurity preparedness efforts. The CGN Committee, a majority of whom are individuals with a strong background in cybersecurity and related matters, meets with members of senior management to review our information technology and data security policies and practices, and to assess current and potential threats, cybersecurity incidents and related risks.

Our CISO reports directly to our executive management team and advises Synopsys on cybersecurity risks and assesses the effectiveness of information technology and data security processes. The materials presented to our Board and CGN Committee include updates on our data security posture, results of third-party assessments, progress towards pre-determined risk-mitigation related goals, our incident response plan, and certain cybersecurity threat risks or incidents and developments, as well as the steps management has taken to respond to such risks. Members of the Board and the CGN Committee are also encouraged to regularly engage in ad hoc conversations with management on cybersecurity-related news events and to discuss any updates to our cybersecurity risk management and strategy programs. Material cybersecurity threat risks may also be considered during separate Board meeting discussions.

Our cybersecurity risk management and strategy processes, which are discussed in greater detail above, are led by our CISO. Our CISO has over 30 years of prior work experience in various roles involving managing information security, developing cybersecurity strategy and implementing effective information and cybersecurity programs. Our CISO holds a Bachelor's of Science in Information Technology and a Master of Business Administration, and is also a Certified Information Systems Security Professional. He oversees our cybersecurity program and chairs a cross-functional committee that spans information security, IT, product security, physical security, and legal.

Our CISO and other members of senior management are informed about and monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response plan. If a cybersecurity incident is determined to be a material cybersecurity incident, our incident response plan and cybersecurity disclosure controls and procedures define the process to disclose such material cybersecurity incident.

Item 2. *Properties*

Our principal offices are currently located in Sunnyvale, California. We currently lease approximately 1.7 million square feet of space in 45 offices throughout the United States, of which we sublet 340,000 square feet to third parties. We own approximately 176,000 square feet across four sites in the United States. These offices are used primarily for sales and support, marketing, and administrative activities as well as research and development for our business segments.

We currently lease approximately 4 million square feet of space in 35 countries other than the United States, and own buildings in Wuhan, China and Hsinchu, Taiwan as well as office space in Xiamen, China, Pune, India, and Yongin-si, South Korea. These offices are likewise used primarily for sales and support, service, and research and development activities for our business segments.

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As our needs change, from time to time, we may relocate, expand, and/or otherwise increase or decrease the size of our operations, offices or personnel. We believe that our existing facilities, including both owned and leased properties, are in good condition and suitable for our current needs and that suitable additional or substitute space will be available on commercially reasonable terms as needed to accommodate any expansion of our operations.

Item 3. *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. On October 31, 2025, a shareholder class action complaint was filed in the United States District Court for the Northern District of California captioned *Kim v. Synopsys, Inc., et al.* (Case No. 25-cv-09410) against us and certain of our officers (the Kim Action). The complaint brings claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and alleges that certain material misstatements or omissions related to the performance of our Design IP segment were made in violation of federal securities laws. In addition, on November 25, 2025, a shareholder class action complaint was filed in the United States District Court for the Northern District of California captioned *New England Teamsters Pension Fund v. Synopsys, Inc., et al.* (Case No. 25-cv-10201) against us and certain of our directors and officers. The complaint raises similar allegations to the Kim Action but also brings claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 on behalf of stockholders who received our stock in exchange for their shares of common stock of Ansys, Inc. as part of our acquisition of that company. The plaintiffs in both actions are seeking unspecified monetary damages and an award of costs and expenses, including reasonable attorneys' fees and expert fees. We believe these claims are without merit, and we intend to defend the matters vigorously. However, 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. As we are unable to determine at this time whether any loss ultimately will occur or to estimate the range of such loss, no amount of loss has been accrued by us in our financial statements as of and for the fiscal year-ended October 31, 2025.

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 other legal proceedings that would materially impact our business, operating results, or financial condition.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

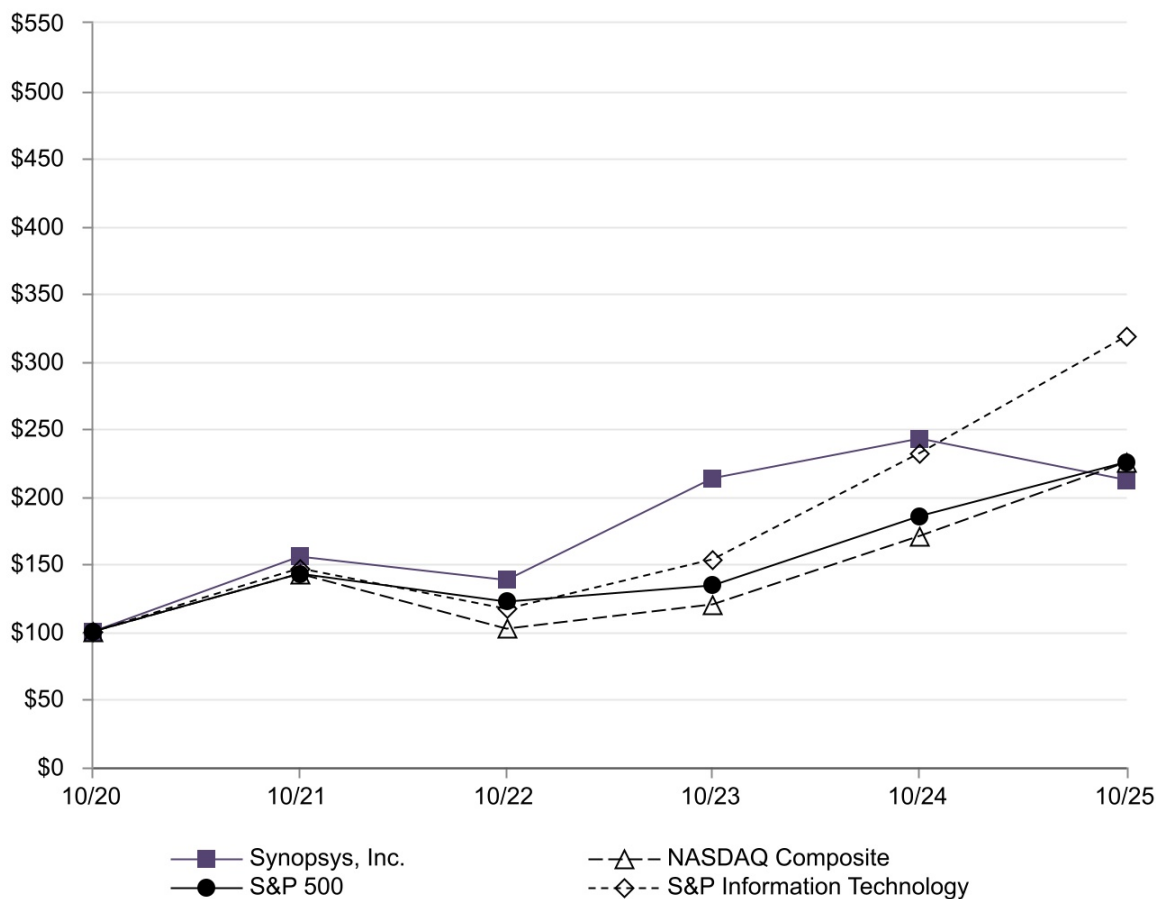
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock trades on the Nasdaq Global Select Market under the symbol “SNPS.” As of December 15, 2025, we had 331 stockholders of record.

Performance Graph

The following graph compares the five-year total return to stockholders of our common stock relative to the cumulative total returns of the S&P 500 Index, the S&P Information Technology Index and the Nasdaq Composite Index. The graph assumes that \$100 was invested in Synopsys common stock on October 30, 2020 (the last trading day before the beginning of our fifth preceding fiscal year) and in each of the indexes on October 31, 2020 (the closest month end) and that all dividends were reinvested. No cash dividends were declared on our common stock during such time. The comparisons in the table are not intended to forecast or be indicative of possible future performance of our common stock.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*



*\$100 invested on October 30, 2020 in stock or October 31, 2020 index, including reinvestment of dividends. Indexes calculated on a month-end basis. Fiscal year ending October 31.

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The information presented above in the stock performance graph shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, except to the extent that we subsequently specifically request that such information be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or Exchange Act.

Dividends

We have not paid cash dividends on our common stock.

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 October 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 expected debt levels.

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

<u>Period</u>	<u>Total number of shares purchased</u>	<u>Average price paid per share</u>	<u>Total number of shares purchased as part of publicly announced programs</u>	<u>Maximum dollar value of shares that may yet be purchased under the programs</u>
Month #1				
August 1, 2025 through August 31, 2025	—	\$ —	—	\$ 194,276,393
Month #2				
September 1, 2025 through September 30, 2025	—	\$ —	—	\$ 194,276,393
Month #3				
October 1, 2025 through October 31, 2025	—	\$ —	—	\$ 194,276,393
Total	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ 194,276,393</u>

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following overview is qualified in its entirety by the more complete discussion contained in this Item 7, the risk factors set forth in Part I, Item 1A of this Form 10-K, and our consolidated financial statements and the notes thereto set forth in Item 8 of this Form 10-K. Please also see the cautionary language at the beginning of Part I of this Annual Report regarding forward-looking statements.

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

Fiscal 2025 Financial Performance Summary

For fiscal 2025, our results reflect continued, strong execution and the resiliency of our business, including 15% revenue growth compared to fiscal 2024, primarily due to revenue growth across a majority of product groups and geographies and the closing of the Ansys Merger, which contributed \$756.6 million in revenue, which was offset by weakness in our business in China, which saw revenue decrease 22% compared to fiscal 2024, excluding Ansys. We saw strength in our Design Automation segment, including strong demand for our hardware products. This was offset by weakness in our Design IP segment, due to several headwinds, including China export control restrictions, such as the Q3 2025 BIS Restrictions (as defined below), 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. We have begun taking actions to sharpen our execution and reallocate resources to the highest growth opportunities in our Design IP segment, but expect to see muted growth in fiscal 2026.

The following table sets forth some of our key consolidated financial information for each of our last three fiscal years:

	Year Ended October 31,		
	2025	2024	2023
	(in millions, except per share amounts)		
Revenue	\$ 7,054.2	\$ 6,127.4	\$ 5,318.0
Cost of revenue	\$ 1,623.5	\$ 1,245.3	\$ 1,030.9
Operating expenses	\$ 4,515.7	\$ 3,526.4	\$ 3,013.9
Operating income	\$ 914.9	\$ 1,355.7	\$ 1,273.2
Net income from continuing operations attributed to Synopsys	\$ 1,336.1	\$ 1,441.7	\$ 1,227.0
Net income (loss) from discontinued operations attributed to Synopsys	\$ (3.9)	\$ 821.7	\$ 2.8
Diluted net income (loss) per share attributed to Synopsys:			
Continuing operations	\$ 8.07	\$ 9.25	\$ 7.91
Discontinued operations	\$ (0.03)	\$ 5.26	\$ 0.01

Fiscal 2025 compared to fiscal 2024 financial performance summary

- Revenues were \$7.1 billion, an increase of \$926.8 million or 15%, which includes revenues from Ansys of \$756.6 million. The remaining growth came organically across a majority of products and geographies and was partially offset by the impact of the extra week in the first quarter of fiscal 2024 of approximately \$63.2 million, and by weakness in our business in China, which saw revenue decrease 22% compared to fiscal 2024, excluding Ansys, and 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 \$6.1 billion, an increase of \$1.4 billion or 29%, primarily due to an increase of \$664.5 million in employee-related costs from headcount increases as a result of the Ansys Merger of \$432.1 million and the balance from organic growth, as well as \$457.8 million of amortization expense related to intangible assets acquired from the Ansys Merger.

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Fiscal 2024 compared to fiscal 2023 financial performance summary

- Revenues were \$6.1 billion, an increase of \$809.4 million or 15%, primarily due to revenue growth across all products and geographies.
- Total cost of revenue and operating expenses was \$4.8 billion, an increase of \$726.9 million or 18%, primarily due to an increase of \$325.8 million in employee-related costs resulting from headcount increases through organic growth and acquisitions.
- Operating income was \$1.4 billion, an increase of \$82.5 million or 6%.
- Net income from discontinued operations was \$821.7 million, an increase of \$818.9 million, primarily due to the gain on Software Integrity Divestiture.

Business Summary

Synopsys delivers industry-leading silicon design, simulation and analysis (S&A) and IP 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 two to three years. See Note 2. *Summary of Significant Accounting Policies and Basis of Presentation* of the *Notes to Consolidated Financial Statements* in this 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 I, Item 1A, *Risk Factors*, "Our operating results may fluctuate in the future, which may adversely affect our stock price" of this Annual 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. *Business Combinations* of the *Notes to Consolidated Financial Statements* for more information on the Ansys Merger.

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

Impact of the Current Macroeconomic Environment

The current macroeconomic environment, including the effects of, among other things, changes in U.S. and global trade policy, including the tariffs enacted in 2025 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, and fluctuations in foreign exchange rates, 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

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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 2026; however, we are expecting a challenging near-term environment, including in China, due to macroeconomic factors and Trade Restrictions (as defined below). See the discussion below under the heading "Impact of Global Trade Policy and the Current Geopolitical Environment" and in 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*" of this Annual Report for further discussion of the impact of Trade Restrictions, including export control regulations and geopolitical events on Synopsys.

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 I, 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 Annual Report for further discussion of the impact of global economic uncertainty on our business, operations and financial condition and potential fluctuations in our operating results, respectively.

See Part I, Item 1A, *Risk Factors* of this Annual Report for further discussion of the impact of global economic and geopolitical uncertainty on our business, operations and financial condition.

Impact of Global Trade Policy and the Current Geopolitical Environment

We are actively monitoring changes to global trade policy, such as changes to U.S. Export Regulations (as defined below) and developments related to the tariffs enacted by the U.S. government. In fiscal 2025, the U.S. government imposed a number of new and higher U.S. tariffs on imports from countries around the world. Certain countries have responded to the U.S. tariffs by imposing or threatening retaliatory tariffs. There may be additional changes to tariffs or new tariffs and other aspects of global trade policy in fiscal 2026 in the U.S. and other countries due to global trade negotiations and other factors. These changes in global trade policy have not had a material impact on our business, operating results or financial condition to date.

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 certain ICs, 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. 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.*"

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

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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.

Business Segments

Design Automation. This segment includes our advanced silicon design, verification products and services, and Ansys products, and system integration products and services. This segment also includes digital, custom and field programmable gate array (FPGA) integrated circuit (IC) design software, verification software and hardware products, 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 End

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 end on January 31, April 30, July 31 and October 31 of each year.

Historically, our fiscal years have been 52- or 53-week periods ending on the Saturday nearest to October 31. Fiscal 2024 was a 53-week year ended on November 2, 2024. Fiscal 2023 was a 52-week year ended on October 28, 2023. 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 Annual Report refers to the closest calendar month end.

Critical Accounting Estimates

A critical accounting estimate is defined as one that has a material impact on our financial condition and results of operations and requires us to make difficult, complex or subjective judgments, often as a result of the need to make estimates about matters that are inherently uncertain. Where applicable, we base these estimates and assumptions on historical experience and evaluate them on an ongoing basis to ensure that they remain reasonable under current conditions. Actual results could differ from those estimates. We believe that the following critical accounting policies reflect more significant judgments and estimates used in the preparation of our consolidated financial statements regarding critical accounting estimates. See Note 2. *Summary of Significant Accounting Policies and Basis of Presentation* of the *Notes to Consolidated Financial Statements* in this Annual Report for further information on our significant accounting policies.

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Revenue Recognition

Our contracts with customers often include promises to transfer multiple products and services to a customer. Arrangements with customers can involve multiple products and various license rights. Customers can negotiate for a broad portfolio of solutions, and favorable terms along with future purchase options to manage their overall costs. Analysis of the terms and conditions in these contracts and their effect on revenue recognition may require significant judgment.

We have concluded that our EDA software licenses in Technology Subscription License (TSL) contracts and software licenses in Ansys semiconductor products are not distinct from our obligation to provide unspecified software updates to the licensed software throughout the license term, because those promises represent inputs to a single, combined performance obligation. Where unspecified additional software product rights are part of the contract with the customer, those rights are accounted for as part of the single performance obligation that includes the licenses, updates, and technical support, because such rights are provided during the same period of time and have the same time-based pattern of transfer to the customer.

Software subscription arrangements for S&A solutions 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. We have concluded that the updates to time-based software licenses are not considered integral to maintaining the utility of the software and hence consider the license and support services as separate performance obligations. We also license S&A software on a perpetual basis 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.

For our IP licensing arrangements, we have concluded that the licenses and support services are distinct from each other, and therefore treated as separate performance obligations. Revenues from IP licenses are recognized at a point in time upon transfer of control of the IP license, and support services are recognized over the support period as a stand ready obligation to the customer.

We are required to estimate total consideration expected to be received from contracts with customers. In some circumstances, the consideration expected to be received is variable based on the specific terms of the contract or based on our expectations of the term of the contract. Generally, we have not experienced significant returns or refunds to customers. These estimates require significant judgment and the change in these estimates could have an effect on our results of operations during the periods involved.

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 of the Notes to Consolidated Financial Statements* in this Annual Report, 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 goodwill and 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. Changes in our estimates and assumptions may impact valuation of intangible assets, subsequent amortization of intangible assets as well as amounts recognized as goodwill. 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);

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- 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;
- 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 19. *Segment Disclosure* of the *Notes to Consolidated Financial Statements* in this Annual 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, Ansys semiconductor products, system integration products and services, and obligations to

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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 two to 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.
- 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.
- 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.

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

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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

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change	
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023		
	(dollars in millions)							
Design Automation	\$ 5,302.4	\$ 4,221.1	\$ 3,775.3	\$ 1,081.3	26 %	\$ 445.8	12 %	
Design IP	1,751.8	1,906.3	1,542.7	(154.5)	(8)%	363.6	24 %	
Total	\$ 7,054.2	\$ 6,127.4	\$ 5,318.0	\$ 926.8	15 %	\$ 809.4	15 %	

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 sales of IP products, hardware products and S&A product licenses are recognized upfront, customer demand and timing requirements for such IP products, hardware products and S&A product licenses could result in increased variability of our total revenues.

Contracted but unsatisfied or partially unsatisfied performance obligations (backlog) were approximately \$11.4 billion as of October 31, 2025, which includes \$2.0 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 45% of the backlog as of October 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 backlog was approximately \$8.1 billion as of October 31, 2024, which included \$1.2 billion in non-cancellable FSA commitments from customers.

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 year ended October 31, 2025, including our contract balances as of such date, see Note 5. *Revenue* of the *Notes to Consolidated Financial Statements* in this Annual Report.

The increase in total revenue for fiscal 2025 compared to fiscal 2024 was primarily due to the closing of the Ansys Merger, which contributed \$756.6 million in revenue in fiscal 2025, revenue growth of our business across a majority of product groups and geographies. This was 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 fiscal 2025 was also partially offset by the impact of the extra week in fiscal 2024 of approximately \$63.2 million.

The increase in total revenues for fiscal 2024 compared to fiscal 2023 was primarily due to the continued organic growth of our business in all product groups and geographies.

For a discussion of revenue by geographic areas, see Note 19. *Segment Disclosure* of the *Notes to Consolidated Financial Statements* in this Annual Report.

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Time-Based Products Revenue

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
	(dollars in millions)						
Time-based products revenue	\$ 3,489.6	\$ 3,224.3	\$ 3,016.3	\$ 265.3	8 %	\$ 208.0	7 %
Percentage of total revenue	49 %	53 %	57 %				

The increase in time-based products revenue for fiscal 2025 compared to fiscal 2024 was primarily attributable to the closing of the Ansys Merger, which contributed \$86.5 million in revenue in fiscal 2025, and an increase in TSL license revenue from arrangements booked in prior periods. The increase for fiscal 2025 compared to fiscal 2024 was partially offset by the impact of the extra week in fiscal 2024. The increase in time-based products revenue for fiscal 2024 compared to fiscal 2023 was primarily attributable to an increase in TSL license revenue from arrangements booked in prior periods. The increase for fiscal 2024 compared to fiscal 2023 also included the impact of the extra week in fiscal 2024.

Upfront Products Revenue

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
	(dollars in millions)						
Upfront products revenue	\$ 2,010.6	\$ 1,802.2	\$ 1,400.1	\$ 208.4	12 %	\$ 402.1	29 %
Percentage of total revenue	29 %	29 %	26 %				

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 fiscal 2025 compared to fiscal 2024 was primarily due to an increase in the sale of hardware products driven by higher demand from customers and the closing of the Ansys Merger, which contributed \$198.7 million in upfront products revenue in fiscal 2025. The increase for fiscal 2024 compared to fiscal 2023 was primarily due to an increase in the sale of IP and 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, hardware and S&A 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

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
	(dollars in millions)						
Maintenance revenue	\$ 954.2	\$ 429.4	\$ 358.1	\$ 524.8	122 %	\$ 71.3	20 %
Professional service and other revenue	599.8	671.5	543.5	(71.7)	(11)%	128.0	24 %
Total	\$ 1,554.0	\$ 1,100.9	\$ 901.6	\$ 453.1	41 %	\$ 199.3	22 %
Percentage of total revenue	22 %	18 %	17 %				

The increase in maintenance revenue for fiscal 2025 compared to fiscal 2024 was primarily due to an increase in the volume of arrangements that include maintenance largely due to the closing of the Ansys Merger, which contributed \$449.0 million in maintenance revenue in fiscal 2025. The increase for fiscal 2024 compared to fiscal 2023 was primarily due to an increase in the volume of arrangements that include maintenance.

The decrease in professional service and other revenue for fiscal 2025 compared to fiscal 2024 and the increase for fiscal 2024 compared to fiscal 2023 were primarily due to the timing of IP customization projects.

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Cost of Revenue

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
(dollars in millions)							
Cost of products revenue	\$ 867.2	\$ 770.2	\$ 697.7	\$ 97.0	13 %	\$ 72.5	10 %
Cost of maintenance and service revenue	444.5	367.1	287.9	77.4	21 %	79.2	28 %
Amortization of acquired intangible assets	311.8	108.0	45.3	203.8	189 %	62.7	138 %
Total	\$ 1,623.5	\$ 1,245.3	\$ 1,030.9	\$ 378.2	30 %	\$ 214.4	21 %
Percentage of total revenue	23 %	20 %	19 %				

Our cost of revenue comprises of 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, royalties paid to third-party vendors, and the amortization of capitalized software development costs.

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 costs of products revenue and costs of maintenance and service revenue for fiscal 2025 compared to fiscal 2024 was primarily due to increases in employee-related costs as a result of headcount increases from organic growth, which contributed \$59.0 million, and the Ansys Merger, which contributed \$32.8 million; \$60.4 million in hardware-related costs including inventory provisions, and \$3.3 million in IT and facility costs, partially offset by a decrease of \$2.5 million in costs to fulfill IP consulting arrangements. The increase in amortization of acquired intangible assets for fiscal 2025 compared to fiscal 2024 was primarily due to an increase of \$257.3 million in amortization of acquired technology-related and contract rights intangible assets mainly in connection with the Ansys Merger, partially offset by an impairment charge of \$53.5 million of certain core / developed technology intangible assets in fiscal 2024.

The increase in cost of revenue for fiscal 2024 compared to fiscal 2023 was primarily due to increases of \$62.7 million in amortization of acquired technology-related intangible assets, which included an impairment charge of \$53.5 million due to a decline in estimated fair value resulting from the reductions in the expected future cash flows associated with certain core/developed technology intangible assets as further discussed in Note 6. *Goodwill and Intangible Assets* of the *Notes to Consolidated Financial Statements* in this Annual Report, \$53.5 million in costs to fulfill IP consulting arrangements, \$47.4 million in employee-related costs as a result of headcount increases from hiring, \$43.4 million in hardware-related costs including inventory provisions, \$3.4 million in the change in the fair value of our executive deferred compensation plan assets, and \$3.2 million in maintenance and depreciation expenses. These increases were partially offset by a decrease of \$2.1 million in IT and facility costs.

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Operating Expenses

Research and Development

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
	(dollars in millions)						
Research and development expenses	\$ 2,479.3	\$ 2,082.4	\$ 1,849.9	\$ 396.9	19 %	\$ 232.5	13 %
Percentage of total revenue	35 %	34 %	35 %				

The increase in research and development expenses for fiscal 2025 compared to fiscal 2024 was primarily due to increases of \$319.7 million in employee-related costs as a result of headcount increases from organic growth of \$172.9 million as we continue to expand and enhance our product portfolio and \$146.8 million from the Ansys Merger, \$57.1 million in IT and facility costs, and \$39.1 million in consultant and contractor costs, partially offset by a decrease of \$6.6 million in the change in the fair value of our executive deferred compensation plan assets.

The increase in research and development expenses for fiscal 2024 compared to fiscal 2023 was primarily due to higher employee-related costs of \$148.2 million as a result of headcount increases as we continue to expand and enhance our product portfolio, increases of \$36.5 million in the change in the fair value of our executive deferred compensation plan assets, \$20.6 million in IT and facility costs, \$6.7 million in depreciation expenses, and \$2.4 million in consultant and contractor costs.

Sales and Marketing

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
	(dollars in millions)						
Sales and marketing expenses	\$ 1,074.2	\$ 859.3	\$ 724.9	\$ 214.9	25 %	\$ 134.4	19 %
Percentage of total revenue	15 %	14 %	14 %				

The increase in sales and marketing expenses for fiscal 2025 compared to fiscal 2024 was primarily due to increases of \$183.5 million in employee-related costs due to headcount increases from the Ansys Merger, which contributed \$156.3 million, and organic growth, which contributed \$27.2 million; \$22.8 million in IT and facility costs, \$13.1 million in travel and marketing costs due to an increased number of in-person meetings and events, \$3.3 million in depreciation and maintenance expense, partially offset by a decrease of \$10.6 million in the change in the fair value of our executive deferred compensation plan assets.

The increase in sales and marketing expenses for fiscal 2024 compared to fiscal 2023 was primarily due to increases of \$90.9 million in employee-related costs due to headcount increases, \$19.6 million in the change in the fair value of our executive deferred compensation plan assets, and \$7.0 million in travel and marketing costs due to an increased number of in-person meetings and events.

General and Administrative

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
	(dollars in millions)						
General and administrative expenses	\$ 769.6	\$ 568.5	\$ 376.7	\$ 201.1	35 %	\$ 191.8	51 %
Percentage of total revenue	11 %	9 %	7 %				

The increase in general and administrative expenses for fiscal 2025 compared to fiscal 2024 was primarily due to increases of \$94.8 million in legal, consulting and other professional fees mainly in connection with the Ansys

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Merger, \$69.5 million in employee-related costs primarily related to the Ansys Merger, \$7.4 million in depreciation and maintenance expense and \$3.5 million in IT and facility costs.

The increase in general and administrative expenses for fiscal 2024 compared to fiscal 2023 was primarily due to increases of \$135.2 million in legal, consulting and other professional fees mainly in connection with the Ansys Merger, \$39.3 million in personnel-related costs due to headcount increases from hiring, \$24.2 million in maintenance and depreciation expenses, and \$5.7 million in the change in the fair value of our executive deferred compensation plan assets.

Change in Fair Value of Deferred Compensation

The income or loss arising from the change in the fair value of our non-qualified deferred compensation plan obligation is recorded in cost of sales and each functional operating expense, with the offsetting change in the fair value of the related assets recorded in other income (expense), net. There is no impact on our net income from the fair value changes in our deferred compensation plan obligation and related 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.

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
	(dollars in millions)						
Amortization of acquired intangible assets	\$ 192.5	\$ 16.2	\$ 9.3	\$ 176.3	1,088 %	\$ 6.9	74 %
Percentage of total revenue	3 %	— %	— %				

The increase in amortization of acquired intangible assets for fiscal 2025 compared to 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 Consolidated Financial Statements* in this Annual Report for a schedule of future amortization amounts.

The increase in amortization of acquired intangible assets for fiscal 2024 compared to fiscal 2023 was primarily due to amortization expense related to intangible assets acquired during fiscal 2024, partially offset by certain intangible assets becoming fully amortized during fiscal 2024.

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Restructuring Charges

In the first quarter of fiscal 2023, we initiated a restructuring plan for involuntary employee terminations as part of a business reorganization (the 2023 Plan). The 2023 Plan was substantially completed in the third quarter of fiscal 2023, and total charges under the 2023 Plan consisting primarily of severance costs and facility exit costs were \$77.0 million, of which \$23.9 million were related to discontinued operations.

The following is a summary of our restructuring liabilities:

Fiscal Year	Balance at Beginning of Period	Costs Incurred	Cash Payments	Balance at End of Period
(dollars in millions)				
2025	\$ 4.6	\$ —	\$ (0.8)	\$ 3.8
2024	\$ 8.2	\$ —	\$ (3.6)	\$ 4.6
2023	\$ —	\$ 53.1	\$ (44.9)	\$ 8.2

In November 2025, we initiated a restructuring plan for involuntary employee terminations as part of a business reorganization (the 2026 Plan) upon approval by the Board of Directors. The 2026 Plan will allow us to invest in key growth opportunities and drive business efficiencies following the completion of the Ansys Merger. Total charges under the 2026 Plan are expected to be in the range of \$300.0 million and \$350.0 million, and will consist primarily of severance costs, other one-time termination benefits and facility exit costs. The 2026 Plan is anticipated to be completed by the end of fiscal 2027, with majority of the workforce reduction in fiscal 2026.

See Note 20. *Restructuring Charges* of the *Notes to Consolidated Financial Statements* in this Annual Report for additional information.

Interest Expense

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
(dollars in millions)							
Interest expense	\$ (446.7)	\$ (36.8)	\$ (2.7)	\$ (409.9)	1114 %	\$ (34.1)	1263 %
Percentage of total revenue	(6)%	(1)%	— %				

The increase in interest expense for fiscal 2025 as compared to fiscal 2024 was primarily due to interest on the Senior Notes and the borrowings under the Term Loan Agreement in fiscal 2025 in connection with the Ansys Merger.

The increase in interest expense for fiscal 2024 as compared to fiscal 2023 was primarily due to the amortization of bridge financing costs in fiscal 2024. See Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Consolidated Financial Statements* in this Annual Report for further detail on our debt obligations.

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Other Income (Expense), Net

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023				
(dollars in millions)							
Interest income	\$ 277.7	\$ 67.0	\$ 36.7	\$ 210.7	314 %	\$ 30.3	83 %
Gain on divestitures	548.9	—	—	548.9	100 %	—	— %
Gains on assets related to deferred compensation plan	65.5	85.4	20.2	(19.9)	(23)%	65.2	323 %
Gain on sale of building	51.4	1.9	—	49.5	2,605 %	1.9	100 %
Gain (loss) on sale of strategic investments	(3.6)	55.1	—	(58.7)	(107)%	55.1	100 %
Foreign currency exchange gains (losses)	1.8	6.3	(1.5)	(4.5)	(71)%	7.8	(520)%
Other, net	(16.8)	(20.7)	(20.5)	3.9	(19)%	(0.2)	1 %
Total	\$ 924.9	\$ 195.0	\$ 34.9	\$ 729.9	374 %	\$ 160.1	459 %

The increase in other income (expense) for fiscal 2025 as compared to fiscal 2024 was primarily due to the gain recognized from the sale of Optical Solutions Group business in connection with the Ansys Merger, higher interest income as a result of higher average cash balances and higher gain recognized from the sale of a building, partially offset by the impact of gain recognized from the sale of strategic investments in fiscal 2024 and a decrease in the change in fair value of our executive deferred compensation plan assets.

The increase in other income (expense) for fiscal 2024 as compared to fiscal 2023 was primarily due to the increase in the change in fair value of our executive deferred compensation plan assets, the impact of gain recognized from the sale of strategic investments and higher interest income as a result of higher average cash balances.

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, restructuring charges, and acquisition/divestiture related items. See Note 19. *Segment Disclosure* of the *Notes to Consolidated Financial Statements* in this Annual Report for more information.

Design Automation Segment

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023				
(dollars in millions)							
Adjusted operating income	\$ 2,213.5	\$ 1,631.9	\$ 1,413.9	\$ 581.6	36 %	\$ 218.0	15 %
Adjusted operating margin	42 %	39 %	37 %	3 %	8 %	2 %	5 %

The increase in adjusted operating income for fiscal 2025 compared to fiscal 2024 and for fiscal 2024 compared to fiscal 2023 was primarily due to an increase in revenue from arrangements booked in prior periods.

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Design IP Segment

	Year Ended October 31,			\$ Change	% Change	\$ Change	% Change
	2025	2024	2023	2025 vs. 2024		2024 vs. 2023	
	(dollars in millions)						
Adjusted operating income	\$ 419.3	\$ 730.2	\$ 514.1	\$ (310.9)	(43)%	\$ 216.1	42 %
Adjusted operating margin	24 %	38 %	33 %	(14)%	(37)%	5 %	15 %

The decrease in adjusted operating income for fiscal 2025 compared to 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.

The increase in adjusted operating income for fiscal 2024 compared to fiscal 2023 was primarily due to an increase in the revenue of IP products driven by timing of customer demands.

Income Taxes

Our effective tax rate for fiscal 2025 is 4.0%, which included \$64.8 million of U.S. federal research tax credit benefit, \$106.9 million of foreign derived intangible income (FDII) deduction benefit, and \$148.0 million of tax benefit for the reduction in valuation allowance, of which \$111.0 million relates to the full valuation allowance release against state research credits.

Our effective tax rate for fiscal 2024 was 6.6%, which included \$70.1 million of U.S. federal research tax credit benefit, \$104.8 million of FDII deduction benefit, and \$43.4 million of net excess tax benefit from stock-based compensation.

See Note 17. *Income Taxes* of the *Notes to Consolidated Financial Statements* in this Annual Report for further discussion of the provision for income taxes.

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 October 31, 2025, we held \$3.0 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 and investment-grade available-for-sale debt with an overall weighted-average credit rating of approximately AA.

As of October 31, 2025, approximately \$1.4 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 Consolidated Financial Statements* in this Annual Report for further discussion.

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 October 31, 2025, we had \$110.6 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 Consolidated Financial Statements* in this Annual Report for further discussion.

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

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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.

Cash Flows

Our 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 Consolidated Financial Statements* in this Annual Report. For a discussion of fiscal 2024 changes compared to fiscal 2023, see the discussion in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report for the fiscal year ended October 31, 2024, filed on December 19, 2024.

	Year Ended October 31,		\$ Change
	2025	2024	
	(dollars in millions)		
Cash provided by operating activities	\$ 1,518.6	\$ 1,407.0	\$ 111.6
Cash provided by (used in) investing activities	\$ (15,881.3)	\$ 1,223.0	\$ (17,104.3)
Cash provided by (used in) financing activities	\$ 13,355.8	\$ (181.3)	\$ 13,537.1

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 revenue, 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 fiscal 2025 compared to fiscal 2024 was primarily due to higher accounts receivable collections, partially offset by lower net income of \$902.7 million, the unrealized loss from settlement of the interest rate treasury lock of \$121.6 million in fiscal 2025 and higher disbursements for operations, including vendor and tax payments.

Cash Provided by (Used in) Investing Activities

Net cash used in investing activities was \$15.9 billion for fiscal 2025 compared to net cash provided by investing activities of \$1.2 billion for fiscal 2024. The increase in cash used in investing activities was primarily driven by higher cash paid for acquisitions, net of cash acquired, of \$16.5 billion mainly for the Ansys Merger and lower proceeds of \$700.0 million from business divestitures, net of cash divested, partially offset by higher net proceeds of \$92.4 million from the sales, purchases and maturities of investments, and higher proceeds of \$57.9 million from the sale of a building in fiscal 2025.

Cash Provided by (Used) in Financing Activities

Net cash provided by financing activities was \$13.4 billion for fiscal 2025 compared to net cash used in financing activities of \$181.3 million for fiscal 2024. The cash provided by financing activities for fiscal 2025 was primarily driven by proceeds of \$14.3 billion from the issuance of Senior Notes and the borrowing under the Term Loan Agreement, partially offset by the repayment of \$850.0 million of the Term Loan. The cash used in financing activities for fiscal 2024 was primarily driven by taxes paid for net share settlements of \$337.5 million and the payment of bridge financing costs of \$72.3 million, partially offset by the issuance of common stock of \$232.2 million.

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

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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 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. On October 17, 2025, we made an early repayment of \$850.0 million on the Tranche 1 Term Loan. The outstanding balance under the Term Loan Agreement as of October 31, 2025 was \$3.5 billion.

Under the Term Loan Agreement, borrowings will 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 October 31, 2025, we were in compliance with the financial covenant.

In March 2025, we issued \$10.0 billion in 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 and pay related transaction fees and expenses.

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 October 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 (as defined in the Revolving Credit Agreement) plus an applicable margin based on our credit ratings ranging from 0.795% to 1.200% or (ii) the ABR (as defined in the Revolving Credit Agreement) 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.

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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 October 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 October 31, 2025, we had \$13.1 million outstanding balance under the agreement.

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

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 October 31, 2025, \$194.3 million remained available for future stock repurchases under the Program. In connection with the Ansys Merger, we have suspended our stock repurchase program until we reduce our expected debt levels.

The IR Act was enacted in the United States on August 16, 2022. The IR Act imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The total taxable value of shares repurchased is reduced by the fair market value of any newly issued shares during the taxable year. As of October 31, 2025, this has not had any impact on our consolidated financial statements.

Material Cash Requirements

Our material cash requirements include the following contractual and other obligations.

Leases

We have operating lease arrangements for office space, data center, equipment and other corporate assets. As of October 31, 2025, we had lease payment obligations, net of immaterial sublease income, of \$812.4 million, with \$132.8 million payable within 12 months.

Purchase Obligations

Purchase obligations represent an estimate of all open purchase orders and contractual obligations in the ordinary course of business for which we have not received the goods or services. As of October 31, 2025, we had \$1.2 billion of purchase obligations, with \$832.2 million 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.

Debt Obligations

Refer to "Bridge Commitment Letter, Term Loan, Revolving Credit Facilities and Senior Notes" under Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in this Annual Report for more information.

Long Term Accrued Income Taxes

As of October 31, 2025, we had \$93.8 million of long-term accrued income taxes which represent uncertain tax benefits. Currently, a reasonably reliable estimate of timing of payments related to uncertain tax benefits in individual years beyond fiscal 2025 cannot be made due to uncertainties in timing of the commencement and settlement of potential tax audits.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risks, primarily due to changes in interest rates, foreign currency exchange rates, and non-marketable equity security price. None of market risk sensitive instruments are held for speculative trading purposes.

Interest Rate Risk. The primary objective of our investment activities is to preserve the invested principal while maximizing yields without significantly increasing risk exposure. To achieve this objective, we maintain our portfolio of investments in a mix of tax-exempt and taxable instruments that meet high credit quality standards, as specified

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in our investment policy. Our policy also limits the amount of credit exposure to any one issue, issuer and type of instrument.

Our exposure to market risk for changes in interest rates relates to our cash, cash equivalents, short-term investments, and outstanding debt. As of October 31, 2025, all of our cash, cash equivalents, and debt were at short-term variable or fixed interest rates.

As of October 31, 2025, we had short term fixed income investment portfolio of \$72.9 million. These securities, as with all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. As of October 31, 2025, we had \$10.0 billion in principal amount of fixed rate senior notes outstanding with the fair value of \$10.1 billion. As of October 31, 2025, we also had \$3.5 billion of outstanding term loans, which are subject to floating interest rates. The carrying value of the term loans approximates their fair value as the underlying interest rates are tied to SOFR or ABR. While par value generally approximates fair value on variable instruments, rising interest rates over time would increase both our interest income and our interest expense. However, it would not impact the interest expense on our fixed rate senior notes outstanding.

Our cash equivalents, short-term investments and debt by fiscal year of expected maturity and average interest rates as of October 31, 2025 are as follows:

	Maturing in Year Ending					Total	Fair Value
	2026	2027	2028	2029	2030 and thereafter		
	(in millions)						
Cash & Cash equivalents	\$ 2,797.2	\$ —	\$ —	\$ —	\$ —	\$ 2,797.2	\$ 2,797.2
Approx. average interest rate	2.89 %						
Short-term investments	\$ 27.0	\$ 29.3	\$ 16.6	\$ —	\$ —	\$ 72.9	\$ 72.9
Approx. average coupon rate	2.76 %	3.82 %	3.66 %				
Debt (variable rate):							
Credit Facility in China	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6	\$ 2.6	\$ 13.1	\$ 13.1
Average interest rate						LPR + .74% of such rate	
Senior Notes	\$ —	\$ 1,000.0	\$ 1,000.0	\$ —	\$ 8,000.0	\$ 10,000.0	\$ 10,143.0
Average interest rate		4.84 %	4.85 %		5.31 %	5.22 %	
Term Loan	\$ —	\$ 600.0	\$ 2,850.0	\$ —	\$ —	\$ 3,450.0	\$ 3,450.0
Average interest rate		5.39 %	5.48 %			5.46 %	
Deferred payment on settlement of interest rate treasury lock	\$ 22.1	\$ 22.1	\$ 22.1	\$ 22.1	\$ 22.1	\$ 110.6	\$ 110.6
Interest rate						3.45 %	

Foreign Currency Risk. We operate internationally and are exposed to potentially adverse movements in currency exchange rates. The functional currency of the majority of our active foreign subsidiaries is the foreign subsidiary's local currency. 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 of the U.S. dollar relative to other currencies, including the renminbi or Yen, reduces revenue of our foreign subsidiaries upon translation and consolidation. Increased international sales in the future may result in greater foreign currency denominated sales, increasing our foreign currency risk. Our operating expenses incurred outside the United States and denominated in foreign currencies are increasing and are subject to fluctuations due to changes in foreign currency exchange rates. If we are not able to successfully hedge against the risks associated with foreign currency fluctuations, our financial condition and operating results could be adversely affected.

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

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denominated in foreign currencies. The foreign currency contracts are carried at fair value and denominated in various currencies as listed in the tables below. The duration of forward contracts usually ranges from 1 month to 30 months. See Note 2. *Summary of Significant Accounting Policies and Basis of Presentation* and Note 8. *Financial Assets and Liabilities* of the *Notes to Consolidated Financial Statements* in this Annual Report for a description of our accounting for foreign currency forward contracts.

The success of our hedging activities depends upon the accuracy of our estimates of various balances and transactions denominated in non-functional currencies. 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. To the extent our estimates are correct, gains and losses on our foreign currency contracts will be offset by corresponding losses and gains on the underlying transactions. For example, if the Euro were to depreciate by 10% compared to the U.S. dollar prior to the settlement of the Euro forward contracts listed in the table below as of October 31, 2025, the fair value of the contracts would decrease by approximately \$3.4 million, and we would be required to pay approximately \$3.4 million to the counterparty upon contract maturity. At the same time, the U.S. dollar value of our Euro-based expenses would decline, resulting in positive cash flow of approximately \$3.4 million that would offset the loss and negative cash flow on the maturing forward contracts.

If estimates of our balances and transactions prove inaccurate, we will not be completely hedged, and we will record gains or losses, depending upon the nature and extent of such inaccuracy. Although we engage in foreign currency hedging activity, we may be unable to hedge all of our foreign currency risk, which could have a negative impact on our results of operations.

We enter into foreign exchange forward contracts with financial institutions and have not experienced nonperformance by counterparties. Further, we anticipate performance by all counterparties to such agreements.

Information about the gross notional values of our foreign currency contracts as of October 31, 2025 is as follows:

	Gross Notional Amount in U.S. Dollars	Average Contract Rate
	(in thousands)	
Forward Contract Values:		
Indian rupee	\$ 637,068	88.896
Japanese yen	375,436	147.960
Chinese renminbi	187,276	7.056
Canadian dollar	151,455	1.382
Taiwanese dollar	103,539	30.481
Euro	34,241	1.116
Korean won	9,959	1,430.200
British pound sterling	4,484	1.322
Israel shekel	2,923	3.248
Singapore dollar	1,685	1.291
	<u>\$ 1,508,066</u>	

Equity Price Risk. Our non-marketable equity securities investments totaled \$45.0 million and \$15.7 million as of October 31, 2025 and 2024, respectively. Our strategic investments include privately-held companies that are considered to be in the start-up or development stages and have a higher inherent risk. Specifically, the technologies or products these companies have under development are typically in the early stages and may never materialize, which could result in a loss of a substantial part of our initial investment in these companies. These investments could be impaired if the carrying value exceeds the fair value and is not expected to recover. The evaluation of these investments is based on information provided by these companies, which is not subject to the same disclosure regulations as U.S. publicly traded companies and as such, the basis for these evaluations is subject to the timing and accuracy of the data provided.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Synopsys, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Synopsys, Inc. and subsidiaries (the Company) as of October 31, 2025 and November 2, 2024, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended October 31, 2025, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of October 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of October 31, 2025 and November 2, 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended October 31, 2025, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2025 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company acquired ANSYS, Inc. during fiscal 2025, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of October 31, 2025, total assets and total revenue of ANSYS, Inc. which represented approximately 21% of the Company's total consolidated assets and 11% of total consolidated revenue included in the consolidated financial statements of the Company as of and for the year ended October 31, 2025. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of ANSYS, Inc.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the Company's analysis of terms and conditions in software and intellectual property license contracts with customers

As discussed in Notes 2 and 5 to the consolidated financial statements, the Company generates revenue from the sale of products that include software and intellectual property (IP) licenses, hardware products, maintenance and services. The Company's contracts with customers often include promises to transfer multiple products and services to a customer. Arrangements with customers can involve hundreds of products and various license rights, and customers negotiate with the Company over many aspects of these arrangements. The Company's customers often 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. The Company recognized total revenue of \$7,054.2 million for the fiscal year ended October 31, 2025, which included revenue related to software and IP licenses.

We identified the evaluation of the Company's analysis of terms and conditions in software and IP license contracts with customers and their effect on revenue recognition as a critical audit matter. Complex auditor judgment was required to assess the Company's judgments made in applying revenue recognition requirements to certain terms and conditions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's revenue recognition process, including the Company's analysis of terms and conditions in software and IP license contracts with customers and their effect on revenue recognition. We tested certain significant software and IP license customer contracts by inspecting the underlying customer agreements and evaluating the Company's assessment of the contractual terms and conditions in accordance with revenue recognition requirements. For a selection of software and IP license contracts with customers entered during the year, we inquired of personnel outside of the accounting function to corroborate our understanding of certain terms and conditions.

Evaluation of the acquisition-date fair value of certain intangible assets acquired in a business combination

As described in Note 4 to the consolidated financial statements, the Company completed the acquisition of Ansys for aggregate purchase consideration of approximately \$34.9 billion on July 17, 2025. The Company accounted for the acquisition using the acquisition method of accounting that requires allocation of the fair value of the purchase consideration to assets acquired (including identified intangible assets) and liabilities assumed

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at their estimated fair value on the acquisition date. The fair values of certain acquired intangible assets were determined using the relief-from-royalty method and the multi-period excess earnings method. The Company recorded estimated intangible assets attributable to the transaction of \$13.0 billion, which included core/developed technologies, customer relationships, and trademarks and trade names with acquisition-date fair values of \$6,500,000 thousand, \$5,100,000 thousand, and \$950,000 thousand, respectively.

We identified the evaluation of the acquisition-date fair value of the core/developed technologies, customer relationships, and trademarks and trade names intangible assets as a critical audit matter. Subjective and complex auditor judgment was required to evaluate certain key assumptions used in the measurement of acquisition-date fair values, including the determination of royalty rates, projected revenue and discount rate. Changes to those key assumptions could have had a significant effect on the determination of the fair value of the intangible assets. In addition, specialized skills and knowledge were needed to evaluate such assumptions.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's acquisition process. This included controls over the development and selection of the key assumptions used in the valuation of the acquired intangible assets. We performed sensitivity analyses over the key assumptions to assess the impact of changes in those assumptions on the Company's determination of the acquisition-date fair values. We evaluated the reasonableness of projected revenue by comparing the information underlying this assumption to industry benchmarks, recent market data or historical results of the acquired business. In addition, we involved valuation professionals with specialized skills and knowledge who assisted in:

- evaluating the Company's royalty rates by comparing such royalty rates to publicly available data for comparable companies
- evaluating the Company's discount rate by comparing the Company's inputs to the discount rate to publicly available data for comparable entities and assessing the resulting discount rate.

/s/ KPMG LLP

We have served as the Company's auditor since 1992.

Santa Clara, California
December 19, 2025

SYNOPSIS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value amounts)

	October 31,	
	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,888,030	\$ 3,896,532
Short-term investments	72,929	153,869
Total cash, cash equivalents and short-term investments	2,960,959	4,050,401
Accounts receivable, net	1,505,427	934,470
Inventories	365,190	361,849
Prepaid and other current assets	1,180,526	1,122,946
Total current assets	6,012,102	6,469,666
Property and equipment, net	696,693	563,006
Operating lease right-of-use assets, net	702,008	565,917
Goodwill	26,899,215	3,448,850
Intangible assets, net	12,679,591	195,164
Deferred income taxes	112,159	1,247,258
Other long-term assets	1,122,693	583,700
Total assets	\$ 48,224,461	\$ 13,073,561
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,326,211	\$ 1,163,592
Operating lease liabilities	128,205	94,791
Deferred revenue	2,245,961	1,391,737
Short-term debt	22,117	—
Total current liabilities	3,722,494	2,650,120
Long-term operating lease liabilities	680,698	574,065
Long-term deferred revenue	382,557	340,831
Long-term debt	13,462,398	15,601
Other long-term liabilities	1,649,299	469,738
Total liabilities	19,897,446	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; 185,994 and 154,112 shares outstanding, respectively	1,860	1,541
Capital in excess of par value	18,640,947	1,211,206
Retained earnings	10,315,487	8,984,105
Treasury stock, at cost: 1,222 and 3,148 shares, respectively	(398,278)	(1,025,770)
Accumulated other comprehensive income (loss)	(232,414)	(180,380)
Total Synopsys stockholders' equity	28,327,602	8,990,702
Non-controlling interest	(587)	2,504
Total stockholders' equity	28,327,015	8,993,206
Total liabilities, redeemable non-controlling interest and stockholders' equity	\$ 48,224,461	\$ 13,073,561

See the accompanying *Notes to Consolidated Financial Statements*.

SYNOPSYS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Year Ended October 31,		
	2025	2024	2023
Revenue:			
Time-based products	\$ 3,489,609	\$ 3,224,299	\$ 3,016,256
Upfront products	2,010,602	1,802,222	1,400,125
Total products revenue	5,500,211	5,026,521	4,416,381
Maintenance and service	1,553,967	1,100,915	901,633
Total revenue	7,054,178	6,127,436	5,318,014
Cost of revenue:			
Products	867,165	770,238	697,686
Maintenance and service	444,526	367,055	287,876
Amortization of acquired intangible assets	311,858	107,996	45,281
Total cost of revenue	1,623,549	1,245,289	1,030,843
Gross margin	5,430,629	4,882,147	4,287,171
Operating expenses:			
Research and development	2,479,338	2,082,360	1,849,935
Sales and marketing	1,074,191	859,342	724,934
General and administrative	769,648	568,496	376,677
Amortization of acquired intangible assets	192,525	16,238	9,295
Restructuring charges	—	—	53,091
Total operating expenses	4,515,702	3,526,436	3,013,932
Operating income	914,927	1,355,711	1,273,239
Interest expense	(446,729)	(36,829)	(2,703)
Other income (expense), net	924,944	194,976	34,934
Income before income taxes	1,393,142	1,513,858	1,305,470
Provision for income taxes	55,991	99,718	90,188
Net income from continuing operations	1,337,151	1,414,140	1,215,282
Income (loss) from discontinued operations, net of income taxes	(3,900)	821,670	2,843
Net income	1,333,251	2,235,810	1,218,125
Less: Net income (loss) attributed to non-controlling interest and redeemable non-controlling interest	1,031	(27,570)	(11,763)
Net income attributed to Synopsys	\$ 1,332,220	\$ 2,263,380	\$ 1,229,888
Net income (loss) attributed to Synopsys:			
Continuing operations	\$ 1,336,120	\$ 1,441,710	\$ 1,227,045
Discontinued operations	(3,900)	821,670	2,843
Net income	\$ 1,332,220	\$ 2,263,380	\$ 1,229,888
Net income (loss) per share attributed to Synopsys - basic:			
Continuing operations	\$ 8.15	\$ 9.41	\$ 8.06
Discontinued operations	(0.02)	5.37	0.02
Basic net income per share	\$ 8.13	\$ 14.78	\$ 8.08
Net income (loss) per share attributed to Synopsys - diluted:			
Continuing operations	\$ 8.07	\$ 9.25	\$ 7.91
Discontinued operations	(0.03)	5.26	0.01
Diluted net income per share	\$ 8.04	\$ 14.51	\$ 7.92
Shares used in computing per share amounts:			
Basic	163,947	153,138	152,146
Diluted	165,656	155,944	155,195

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See the accompanying *Notes to Consolidated Financial Statements*.

SYNOPSYS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended October 31,		
	2025	2024	2023
Net income	\$ 1,333,251	\$ 2,235,810	\$ 1,218,125
Other comprehensive income (loss):			
Change in foreign currency translation adjustment	24,497	8,150	(13,912)
Change in unrealized gains (losses) on available-for-sale securities, net of tax of \$0 for periods presented	(173)	1,460	1,513
Cash flow hedges:			
Deferred gains (losses), net of tax of \$21,418, \$(3,052), and \$(8,940) for fiscal years 2025, 2024 and 2023, respectively	(80,074)	9,625	24,986
Reclassification adjustment on deferred (gains) losses included in net income, net of tax of \$(1,339), \$(446), and \$(10,053) for fiscal years 2025, 2024 and 2023, respectively	3,716	(3,201)	25,276
Other comprehensive income (loss), net of tax effects	(52,034)	16,034	37,863
Comprehensive income	1,281,217	2,251,844	1,255,988
Less: Net income (loss) attributed to non-controlling interest and redeemable non-controlling interest	1,031	(27,570)	(11,763)
Comprehensive income attributed to Synopsys	\$ 1,280,186	\$ 2,279,414	\$ 1,267,751

See the accompanying *Notes to Consolidated Financial Statements*.

SYNOPSYS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(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	Stockholders' Equity
	Shares	Amount							
Balance at October 31, 2022	152,375	\$ 1,524	\$ 1,487,126	\$ 5,534,307	\$(1,272,955)	\$ (234,277)	\$ 5,515,725	\$ 4,801	\$ 5,520,526
Net income				1,229,888			1,229,888	(1,761)	1,228,127
Other comprehensive income (loss), net of tax effects						37,863	37,863		37,863
Purchases of treasury stock	(2,992)	(30)	30		(1,160,724)		(1,160,724)		(1,160,724)
Equity forward contract, net			(45,000)				(45,000)		(45,000)
Common stock issued, net of shares withheld for employee taxes	2,670	27	(725,211)	(19,108)	758,029		13,737		13,737
Stock-based compensation			558,078				558,078	5,214	563,292
Adjustments to redeemable non-controlling interest				(3,388)			(3,388)		(3,388)
Recognition of non-controlling interest upon issuance of subsidiary stock			1,129				1,129	(2,304)	(1,175)
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				2,263,380			2,263,380	(5,552)	2,257,828
Other comprehensive income (loss), net of tax effects						16,034	16,034		16,034
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	2,133	21	(799,210)		694,880		(104,309)		(104,309)
Stock-based compensation			687,765				687,765	4,551	692,316
Adjustments to redeemable non-controlling interest				(20,974)			(20,974)		(20,974)
Recognition of non-controlling interest upon issuance of subsidiary stock			1,498				1,498	(2,445)	(947)
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				1,332,220			1,332,220	1,870	1,334,090
Other comprehensive income (loss), net of tax effects						(52,034)	(52,034)		(52,034)
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	1,927	19	(704,679)		627,492		(77,168)		(77,168)
Stock-based compensation			892,585				892,585	709	893,294
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 October 31, 2025	185,994	\$ 1,860	\$ 18,640,947	\$ 10,315,487	\$(398,278)	\$ (232,414)	\$ 28,327,602	\$ (587)	\$ 28,327,015

See the accompanying *Notes to Consolidated Financial Statements*.

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SYNOPSYS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended October 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net income	\$ 1,333,251	\$ 2,235,810	\$ 1,218,125
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and depreciation	660,430	295,065	247,120
Reduction of operating lease right-of-use assets	117,273	97,273	97,705
Amortization of capitalized costs to obtain revenue contracts	53,237	73,587	82,190
Stock-based compensation	893,294	692,316	563,292
Allowance for credit losses	50,891	19,724	19,932
(Gain) loss on sale of strategic investments	3,635	(55,077)	—
Gain on sale of building	(51,385)	(1,906)	—
Gain on divestitures, net of transaction costs	(508,044)	(868,830)	—
Amortization of bridge financing costs	41,996	33,677	—
Amortization of debt issuance costs	13,847	—	—
Deferred income taxes	(470,693)	(407,649)	(211,045)
Other	(888)	611	13,295
Net changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Accounts receivable	(174,140)	(103,460)	(178,432)
Inventories	(22,517)	(51,449)	(123,752)
Prepaid and other current assets	66,918	(410,432)	(106,396)
Other long-term assets	(481,376)	(168,255)	(100,618)
Accounts payable and accrued liabilities	(13,487)	187,564	170,496
Operating lease liabilities	(113,603)	(96,966)	(73,281)
Income taxes	6,351	(73,215)	198,078
Deferred revenue	235,261	8,641	(113,435)
Unrealized loss on settlement of interest rate treasury lock	(121,643)	—	—
Net cash provided by operating activities	1,518,608	1,407,029	1,703,274
Cash flows from investing activities:			
Proceeds from maturities of short-term investments	58,016	126,703	127,128
Proceeds from sales of short-term investments	157,204	12,258	3,307
Purchases of short-term investments	(65,708)	(136,821)	(131,079)
Proceeds from sales of strategic investments	3,566	55,696	8,492
Purchases of strategic investments	(4,100)	(1,293)	(435)
Purchases of property and equipment, net	(169,454)	(139,500)	(189,618)
Proceeds from sale of building	74,279	16,339	—
Acquisitions, net of cash acquired	(16,681,257)	(156,947)	(297,692)
Proceeds from business divestitures, net of cash divested	746,550	1,446,578	—
Capitalization of software development costs	—	—	(2,204)
Other	(365)	—	—
Net cash provided by (used in) investing activities	(15,881,269)	1,223,013	(482,101)
Cash flows from financing activities:			
Proceeds from debt, net of issuance costs	14,329,340	—	—
Repayment of debt	(863,637)	(2,607)	(2,603)
Payment of bridge financing and term loan costs	—	(72,265)	—
Issuances of common stock	228,418	232,212	252,986
Payments for taxes related to net share settlement of equity awards	(305,501)	(337,541)	(241,408)
Purchase of equity forward contract	—	—	(45,000)
Purchases of treasury stock	—	—	(1,160,724)
Redemption of redeemable non-controlling interest	(30,000)	—	—
Other	(2,863)	(1,096)	(122)
Net cash provided by (used in) financing activities	13,355,757	(181,297)	(1,196,871)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,896	8,797	(2,979)

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Net change in cash, cash equivalents and restricted cash	(1,005,008)	2,457,542	21,323
Cash, cash equivalents and restricted cash, beginning of year, including cash from discontinued operations	3,898,729	1,441,187	1,419,864
Cash, cash equivalents and restricted cash, end of year, including cash from discontinued operations	2,893,721	3,898,729	1,441,187
Less: Cash, cash equivalents and restricted cash from discontinued operations	—	—	4,947
Cash, cash equivalents and restricted cash from continuing operations	\$ 2,893,721	\$ 3,898,729	\$ 1,436,240
Supplemental disclosure of cash flow information:			
Cash paid for income taxes during the year:	\$ 512,705	\$ 680,064	\$ 97,956
Interest payments during the year:	\$ 353,773	\$ 814	\$ 996
Non-cash activities:			
Issuance of common stock for the acquisition of Ansys	\$ 17,105,538	\$ —	\$ —
Fair value of replacement equity awards in connection with the acquisition of Ansys	\$ 130,963	\$ —	\$ —
Purchase of property and equipment included in accounts payable	\$ 24,314	\$ 32,014	\$ 21,672
Conversion of notes receivable to non-marketable equity securities	\$ —	\$ —	\$ 2,000
Contingent consideration receivable in connection with divestiture	\$ —	\$ 22,202	\$ —

See the accompanying *Notes to Consolidated Financial Statements*.

SYNOPSYS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 electronic design automation (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 development risk and speed time to market. Our high quality, silicon-proven semiconductor IP includes logic libraries, embedded memories, wired interface IP, memory interface IP, security IP, and embedded processors. To accelerate IP integration and silicon bring-up, our IP Accelerated initiative provides architecture design expertise, customized IP subsystems, 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

Basis of Presentation and Principles of Consolidation. Historically, our fiscal years have been 52- or 53-week periods ending on the Saturday nearest to October 31. Fiscal 2024 was a 53-week year ended on November 2, 2024, and fiscal 2023 was a 52-week year ended on October 28, 2023.

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 end on January 31, April 30, July 31 and October 31 of each year.

Our results of operations for the fiscal 2025, fiscal 2024 and fiscal 2023 included 363 days, 371 days, and 364 days respectively. For presentation purposes, the consolidated financial statements and accompanying notes refer to the closest calendar month end.

The 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.

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 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.

Acquisition of Ansys. On July 17, 2025 (the 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 consolidated financial statements include the financial results of Ansys prospectively from the Acquisition Date. See Note 4. *Business Combinations* and Note 10. *Senior Notes, Bridge Commitment Letter, Term Loan and Revolving Credit Facilities* of the *Notes to Consolidated Financial Statements* in this Annual Report.

Cash Equivalents and Short-term Investments. We consider all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents, as well as time deposits which can be withdrawn at any time without penalty to be cash equivalents. Our investments in debt securities with remaining maturities greater than three months at the date of purchase are designated as available-for-sale securities as we may convert these investments into cash at any time to fund general operations, and included in short-term investments in the consolidated balance sheets. Our debt securities generally have an effective maturity term of less than three years and are carried at fair value, with unrealized gains and losses included in the consolidated balance sheets as a component of accumulated other comprehensive income (loss). For available-for-sale debt securities in an unrealized loss position, we evaluate whether a current expected credit loss exists based on available information relevant to the credit rating of the security, current economic conditions and reasonable and supportable forecasts. The allowance for credit loss is recorded in other income (expense), net, in the consolidated statements of income, not to exceed the amount of the unrealized loss. Any excess unrealized loss other than the credit loss is recognized in accumulated other comprehensive income or loss in the stockholders' equity section of the consolidated balance sheets. The cost of securities sold is based on the specific identification method and realized gains and losses are included in other income (expense), net. See Note 8. *Financial Assets and Liabilities* of the *Notes to Consolidated Financial Statements* in this Annual Report.

Investments in Equity Securities. We hold equity securities in privately held companies for the promotion of business and strategic objectives. We account for these investments using either the measurement alternative approach when the fair value of the investment is not readily determinable and we do not have the ability to exercise significant influence, or the equity method of accounting when it is determined that we have the ability to exercise significant influence. Investments accounted for using the measurement alternative approach are initially recorded at cost and adjusted for changes in fair value from observable transactions. For investments accounted for using the equity method of accounting, we record our proportionate share of the investee's income or loss to other income (expense), net, in our consolidated statements of income. These investments are subject to a periodic impairment review, and are included in other long-term assets in the consolidated balance sheets.

Accounts Receivable, Net. The balances consist of billed accounts receivable and current portion of unbilled accounts receivable. Trade accounts receivables are recorded at the invoiced amount and do not bear interest.

Allowance for Credit Losses. We maintain an allowance for credit losses for expected uncollectible accounts receivable and contract assets, which is recorded as an offset to accounts receivable or contract assets and provisions for credit losses are recorded in general and administrative expense in the consolidated statements of income. The allowance for current expected credit losses is based on a review of customer accounts and considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. The allowance for credit losses is reviewed on a quarterly basis to assess the adequacy of the allowance. The following table presents the changes in the allowance for credit losses:

Fiscal Year	Balance at Beginning of Period	Provisions	Write- offs/Adjustments	Balance at End of Period
	(in thousands)			
2025	\$ 64,043	\$ 50,891	\$ (9,097)	\$ 105,837
2024	\$ 50,366	\$ 19,286	\$ (5,609)	\$ 64,043
2023	\$ 38,586	\$ 18,345	\$ (6,565)	\$ 50,366

Inventories. Inventories are computed at standard costs which approximate actual costs, on a first-in, first-out basis and valued at the lower of cost or net realizable value. Inventories primarily include components and finished goods for complex emulation and prototyping hardware systems. The valuation process includes a review of the forecasts based upon future demand and market conditions. Inventory provisions are recorded when gross inventory may be in excess of anticipated demand or considered obsolete. Inventory provisions are impacted by market and economic conditions, technology changes, new product introductions and changes in strategic direction, and require estimates that may include uncertain elements.

Fair Values of Financial Instruments. Our cash equivalents, short-term investments, marketable securities and foreign currency contracts are carried at fair value. The fair value of our accounts receivable and accounts payable approximates the carrying amount due to their short duration. Non-marketable equity securities are accounted for using either the measurement alternative or equity method of accounting. We perform periodic impairment analysis on these non-marketable equity securities. The carrying amount of the short-term and long-term debt approximates the estimated fair value. See Note 9. *Fair Value Measurements* of the *Notes to Consolidated Financial Statements* in this Annual Report.

Foreign Currency Contracts. We operate internationally and are exposed to potentially adverse movements in currency exchange 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. The assets or liabilities associated with the forward contracts are recorded at fair value in other current assets or accrued liabilities in the 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. See Note 8. *Financial Assets and Liabilities* of the *Notes to Consolidated Financial Statements* in this Annual Report.

Concentration of Credit Risk. Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash equivalents, short-term investments, foreign currency contracts, and trade accounts receivable. We maintain cash equivalents primarily in highly rated taxable and tax-exempt money market funds located in the U.S. and in various overseas locations. Our short-term investments include a variety of financial instruments, such as corporate debt and municipal securities, U.S. Treasury and Government agency securities. By policy, we limit the amount of credit exposure with any one issue, issuer and type of instrument.

We sell our products worldwide primarily to customers in the global electronics market. We perform on-going credit evaluations of our customers' financial condition and do not require collateral. We establish reserves for potential credit losses and such losses have been within management's expectations.

Income Taxes. We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We account for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining whether it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. An uncertain tax position is considered effectively settled on completion of an examination by a taxing authority if certain other conditions are satisfied.

Property and Equipment. Property and equipment is recorded at cost less accumulated depreciation. Assets, excluding land, are depreciated using the straight-line method over their estimated useful lives. Depreciation expenses were \$171.9 million, \$162.9 million and \$141.4 million in fiscal 2025, 2024 and 2023, respectively. Repair and maintenance costs are expensed as incurred and such costs were \$104.7 million, \$89.4 million and \$74.4 million in fiscal 2025, 2024 and 2023, respectively.

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The useful lives of depreciable assets are as follows:

	Useful Life in Years
Computer and other equipment	3 - 8
Buildings	30
Furniture and fixtures	5
Leasehold improvements	Shorter of the lease term or the estimated useful life

Leases. We determine if an arrangement is a lease at inception of the contract, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when we have the right to control the use of an identified asset for a period of time. The commencement date of the lease is the date that the lessor makes an underlying asset available for use by the lessee. On the commencement date, leases are evaluated for classification and assets and liabilities are recognized based on the present value of lease payments over the lease term.

The lease term used to calculate the lease liability includes options to extend or terminate the lease when it is reasonably certain that the option will be exercised. The right of use (ROU) asset is initially measured as the amount of lease liability, adjusted for any initial lease costs, prepaid lease payments and any lease incentives. Variable lease payments, consisting primarily of reimbursement of costs incurred by lessors for common area maintenance, real estate taxes and insurance, are not included in the lease liability and are recognized as they are incurred.

As most of our leases do not provide an implicit rate, we use the incremental borrowing rate at lease commencement to measure ROU assets and lease liabilities. We use a benchmark senior unsecured yield curve for debt instruments over the similar term, and consider specific credit quality, market conditions, tenor of lease arrangements, and quality of collateral to determine the incremental borrowing rate.

Operating lease expense is generally recognized on a straight-line basis over the lease term. We have elected the practical expedient to account for the lease and non-lease components as a single lease component for the majority of our asset classes. For leases with an initial term of one year or less, we have elected not to record the ROU asset or liability.

Business Combinations. We allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based on their acquisition-date fair values 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, as if we had originated the contracts. The excess of the purchase consideration over the fair value of these identifiable assets and liabilities is recorded as goodwill. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred. We include the results of operations of the businesses that are acquired from the acquisition date.

Goodwill. Goodwill represents the excess of the aggregate purchase price over the fair value of the net tangible and identifiable intangible assets acquired by us. All goodwill acquired in a business combination is assigned to one or more reporting units as of acquisition date. We have two reportable segments, and reporting units are determined to be the same as reportable segments. The carrying amount of goodwill at each reporting unit is tested for impairment annually on the first day of the fourth fiscal quarter, or more frequently if facts and circumstances warrant a review. We perform either a qualitative or quantitative assessment for goodwill impairment test. When a quantitative goodwill impairment assessment is performed, we use an income approach based on discounted cash flow analysis, a market approach based on market multiples, or a combination of both. If the fair value of a reporting unit is less than its carrying value, a goodwill impairment loss is recorded for the difference.

Intangible Assets. Intangible assets consist of acquired technology, certain contract rights, customer relationships, trademarks and trade names, and capitalized software. These intangible assets are acquired through business combinations, direct purchases, or internally developed capitalized software. Intangible assets are amortized on a straight-line basis over their estimated useful lives which range from one to twenty-three years.

We review the carrying values of long-lived assets including intangible assets whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. Recoverability of long-lived assets is

measured by comparing the carrying value of such asset group to the future undiscounted cash flows that asset group is expected to generate. If the undiscounted future cash flow is less than the carrying amount of the asset group, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the asset group.

Redeemable Non-controlling Interest. Non-controlling interest that is not solely redeemable within our control is reported as temporary equity in our consolidated balance sheets. The carrying value of the redeemable non-controlling interest equals the redemption value at the end of each reporting period, after giving effect to the change from the net income (loss) attributable to the redeemable non-controlling interest. We remeasure the redemption value of the non-controlling interest on a quarterly basis and changes in the estimated redemption value are recognized through retained earnings and may also impact the net income or loss attributable to common stockholders of Synopsys if the redemption value falls below a stated threshold. See Note 4. *Business Combinations* of the *Notes to Consolidated Financial Statements* in this Annual Report for more information regarding the redeemable non-controlling interests.

Revenue Recognition. We recognize revenue for the transfer of services or products to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those services or products. The principle is achieved through the following five-step approach:

- Identification of the contract, or contracts, with the customer
- Identification of the performance obligation in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, we satisfy a performance obligation

Nature of Products and Services

We generate revenue from the licensing of our EDA software, IP products and S&A software solutions, as well as sale of hardware products, and maintenance and services. The various types are set forth below.

Electronic Design Automation

Software license revenue consists of fees associated with the licensing of our software and Ansys semiconductor products primarily through Technology Subscription License (TSL) contracts. TSLs are time-based licenses for a finite term and generally provide the customer with limited rights to receive, or to exchange certain quantities of licensed software for, unspecified future technology. The majority of our arrangements are TSLs due to the nature of our business and customer requirements. In addition to the licenses, the arrangements also include: post-contract customer support, which includes providing frequent updates and upgrades to maintain the utility of the software due to rapid changes in technology; other intertwined services such as multiple copies of the tools; assisting our customers in applying our technology in the customers' development environment; and rights to remix licenses for other licenses. Payments are generally received in equal or near equal installments over the term of the arrangement. We have concluded that our software licenses in TSL contracts are not distinct from our obligation to provide unspecified software updates to the licensed software throughout the license term. Such updates represent inputs to a single, combined performance obligation, commencing upon the later of the arrangement effective date or transfer of control to the software license. Remix rights are not an additional promised good or service in the contract, and where unspecified additional software product rights are part of the contract with the customer, such rights are accounted for as part of the single performance obligation that includes the licenses, updates, and technical support because such rights are provided for the same period of time and have the same pattern of transfer to the customer over the duration of the subscription term.

Design IP Products

We generally license IP under nonexclusive license agreements that provide usage rights for specific applications. Additionally, for certain IP license agreements, royalties are collected as customers sell their own products that incorporate our IP. These arrangements generally have two distinct performance obligations that consist of transferring the licensed IP and the post contract support service. Support services consist of a stand-ready

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obligation to provide technical support and software updates over the support term. Revenue allocated to the IP license 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 services is recognized ratably over the support term. Royalties are recognized as revenue is earned, generally when the customer sells its products that incorporate our IP.

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 computational fluid dynamics (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.

Hardware

We generally have two performance obligations in arrangements involving the sale of hardware products. The first performance obligation is to transfer the hardware product, which includes embedded software integral to the functionality of the hardware product. The second performance obligation is to provide maintenance on the hardware and our embedded software, including 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 recognized as revenue at a point in time when control of the hardware is transferred to the customer. We have concluded that control generally transfers upon shipment 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 maintenance is recognized as revenue that is ratably over the maintenance term.

Professional Services

Our arrangements often include service elements other than maintenance and support services. These services include training, design assistance, and consulting. These services are generally performed on a time and materials basis, and are recognized over time, as the customer simultaneously receives and consumes the benefit provided. Certain arrangements also include the customization or modification of licensed IP. Revenue from these contracts is recognized over time as the services are performed, when the development is specific to the customer's needs and we have enforceable rights to payment for performance completed. Inputs such as costs incurred and hours expended are used in order to measure progress of performance. We have a history of accurately 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, specification and testing requirement changes, and changes in customer delivery priorities. Payments for services are generally due upon milestones in the contract or upon consumption of the hourly resources.

Flexible Spending Accounts

Our customers frequently enter into non-cancelable Flexible Spending Account arrangements (FSA) whereby the customer commits to a fixed dollar amount over a specified period of time that can be used to purchase from a list of our products or services. These arrangements do not meet the definition of a revenue contract until the customer

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executes a separate order (pulldown request) to identify the required products and services that they are purchasing. The combination of the FSA arrangement and the subsequent order creates enforceable rights and obligations, thus meeting the definition of a revenue contract. Each separate order under the agreement is treated as an individual contract and accounted for based on the respective performance obligations included within the pulldown requests.

Significant Judgments

Our contracts with customers often include promises to transfer multiple products and services to a customer. Customers can negotiate for a broad portfolio of solutions, and favorable terms along with future purchase options to manage their overall costs. Analysis of the terms and conditions in these contracts and their effect on revenue recognition may require significant judgment. We have concluded that (1) our EDA software licenses in TSL contracts and software licenses in certain Ansys' semiconductor industry subscription products are not distinct from our obligation to provide unspecified software updates to the licensed software throughout the license term, because those promises represent inputs to a single, combined performance obligation, and (2) where unspecified additional software product rights are part of the contract with the customer, such rights are accounted for as part of the single performance obligation that includes the licenses, updates, and technical support, because such rights are provided for the same period of time and have the same time-based pattern of transfer to the customer. In reaching this conclusion, we considered the nature of the obligation to customers, which is to provide an ongoing right to use the most up to date and relevant software. As EDA customers operate in a rapidly changing and competitive environment, satisfying the obligation requires providing critical updates to the existing software products, including ongoing iterative interaction with customers to make the software relevant to customers' ability to meet the time to go to market with advanced products.

Software subscription arrangements for S&A solutions 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. We have concluded that the updates to time-based software licenses are not considered integral to maintaining the utility of the software and hence the license and support services as separate performance obligations. We also license S&A software on a perpetual basis 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.

Our contracts with customers can involve hundreds of products and various license rights. Customers often negotiate a broad portfolio of solutions, and favorable terms along with future purchase options to manage their overall costs. Determining whether the purchase options are considered distinct performance obligations that should be accounted for separately as material rights versus combined together may require significant judgment.

Judgment is also required to determine the standalone selling price (SSP) for each distinct performance obligation. For non-software performance obligations (IP, Hardware, and services), SSP is established based on observable prices of products and services sold separately. SSP for license (and related updates and support) in a contract with multiple performance obligations is determined by applying a residual approach whereby all other non-software performance obligations within a contract are first allocated a portion of the transaction price based upon their respective SSP, using observable prices, with any residual amount of the transaction price allocated to the license because we do not sell the license separately, and the pricing is highly variable. For S&A product subscription sales, we use all information reasonably available to us to determine the estimated SSP of time-based software license and support services.

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) in our consolidated balance sheets. For specific software, hardware, and IP agreements with payment plans, we record 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 we have the unconditional right to invoice or retain performance risk concerning that performance obligation. These contract assets transition to receivables when the rights become unconditional, generally upon the completion of a milestone. A deferred revenue is recorded when revenue is recognized subsequent to invoicing.

Warranties and Indemnities

Warranties. We generally warrant our products to be free from defects in media and to substantially conform to material specifications for a period of 90 days for our software products and for up to six months for our hardware products.

Indemnities. In addition to such warranties, in certain cases, we provide our customers with limited indemnification with respect to claims that their use of our software products infringes on patents, copyrights, trademarks or trade secrets. We are unable to estimate the potential impact of these commitments on the future results of operations.

Net Income Per Share. We compute basic net income 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 per share reflects the dilution from potential common shares outstanding such as stock options and unvested restricted stock units (RSUs) and awards during the period using the treasury stock method. See Note 16. *Net Income (Loss) Per Share* of the *Notes to Consolidated Financial Statements* in this Annual Report.

Foreign Currency Translation. The functional currency of the majority of our active foreign subsidiaries is the foreign subsidiary's local currency. Assets and liabilities that are not denominated in the functional currency are remeasured into the functional currency with any related gains or losses recorded in earnings. We translate assets and liabilities of our non-U.S. dollar functional currency foreign operations into the U.S. dollar reporting currency at exchange rates in effect at the balance sheet date. We translate income and expense items of such foreign operations into the U.S. dollar reporting currency at average exchange rates for the period. Accumulated translation adjustments are reported in stockholders' equity, as a component of accumulated other comprehensive income (loss).

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 consolidated financial statements.

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 adopted the standard during fiscal 2025, on a retrospective basis, and the adoption provided more granular disclosure of significant operating expenses within our segment disclosure. See Note 19. *Segment Disclosure* of the *Notes to Consolidated Financial Statements* in this Annual Report for further details.

Recent Accounting Pronouncements Not Yet Adopted

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.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The ASU allows companies to apply a practical expedient when estimating credit losses on current accounts receivable and contract assets. The ASU will be effective for us beginning in fiscal 2027 and will be applied on a prospective basis. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU 2025-06, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which modernizes the accounting for internal-use software costs and clarifies the criteria for capitalization. The ASU will be effective for us beginning in fiscal 2029, either on a prospective, retrospective, or a modified 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 in fiscal 2025. There was no material change to the fair value of the contingent consideration receivable as of October 31, 2025.

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

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Revenue	\$ —	\$ 468,720	\$ 524,605
Cost of revenue	—	153,081	191,350
Operating expenses	—	265,029	337,235
Other income (expense), net	—	2,003	292
Income (loss) from discontinued operations	—	52,613	(3,688)
Gain (loss) on Software Integrity Divestiture	(8,299)	868,830	—
Income (loss) from discontinued operations before income taxes	(8,299)	921,443	(3,688)
Income tax provision (benefit)	(4,399)	99,773	(6,531)
Income (loss) from discontinued operations, net of income taxes	\$ (3,900)	\$ 821,670	\$ 2,843

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

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Amortization and depreciation	\$ —	\$ 16,317	\$ 51,971
Reduction of operating lease right-of-use assets	\$ —	\$ 2,162	\$ 5,120
Amortization of capitalized costs to obtain revenue contracts	\$ —	\$ 25,051	\$ 30,071
Stock-based compensation	\$ —	\$ 34,381	\$ 50,198
Deferred income taxes	\$ (6,933)	\$ (31,679)	\$ (3,136)
Purchases of property and equipment	\$ —	\$ 1,487	\$ 3,232

Note 4. Business Combinations

Fiscal 2025

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

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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 Consolidated Financial Statements* in this Annual Report.

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	<u>34,858,480</u>
Less: cash acquired	(931,740)
Total purchase consideration, net of cash acquired	<u>\$ 33,926,740</u>
Allocations	
Total current assets	\$ 898,127
Property and equipment	106,209
Goodwill	23,442,889
Intangible assets	12,990,000
Other long-term assets	253,815
Deferred revenue	(637,076)
Other current liabilities	(303,526)
Long-term deferred revenue	(34,070)
Long-term deferred tax liabilities	(2,624,094)
Other long-term liabilities	(165,534)
	<u>\$ 33,926,740</u>

(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 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. *Employee Benefit Plans* 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.

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The operating results of Ansys have been included in our consolidated financial statements for the fiscal year ended October 31, 2025 from the Acquisition Date.

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	<u>\$ 12,990,000</u>	

(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 Divestitures

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 did not represent a strategic shift in operations that would have a major effect on Synopsys' business and are also not material to our financial results, and therefore, are not presented as discontinued operations. The assets and liabilities of OSG and PowerArtist were classified as assets held for sale as of the Acquisition Date. OSG and PowerArtist were included in our Design Automation segment.

On October 17, 2025, we completed the Regulatory Divestitures for cash consideration of \$604.0 million. As the result of the Regulatory Divestitures, we disposed \$55.1 million of net assets including goodwill of \$19.5 million, and recognized a pre-tax gain on sale of \$548.9 million, which was included in other income (expense), net in the

consolidated statements of income. In addition, we incurred \$32.6 million divestiture-related expenses, resulting in a net pre-tax gain on sale of \$516.3 million.

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.

	Year Ended October 31,	
	2025	2024
	(in thousands)	
Pro forma total revenue	\$ 8,920,890	\$ 8,450,296
Pro forma net income (loss)	\$ 743,822	\$ 651,499

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.

Fiscal 2024

During fiscal 2024, we completed several acquisitions for an aggregate purchase consideration of \$159.3 million, net of cash acquired. We do not consider these acquisitions to be material, individually or in the aggregate, to our consolidated financial statements. The total purchase consideration was allocated as follows: \$78.9 million to identifiable intangible assets, \$96.1 million to goodwill, and \$15.7 million to net tangible liabilities. The goodwill recognized from these acquisitions, of which \$61.8 million was attributable to the Design Automation reporting unit, and \$34.3 million was attributable to the Design IP reporting unit, was not deductible for income tax purposes.

Fiscal 2023

During fiscal 2023, we completed several acquisitions for an aggregate purchase consideration of \$295.4 million, net of cash acquired. We do not consider these acquisitions to be material, individually or in the aggregate, to our consolidated financial statements. The total purchase consideration was allocated as follows: \$95.8 million to identifiable intangible assets, \$229.4 million to goodwill, and \$29.8 million to net tangible liabilities. The goodwill recognized from these acquisitions was assigned to the Design Automation reporting unit, of which \$5.7 million was deductible for income tax purposes.

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 the Minority Investor was reduced to 24%. On December 23, 2024, we exercised the call option to purchase the remaining ownership interest held by the Minority Investor 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 this 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 consolidated statements of income, was not material to our results of operation.

During fiscal 2025, 2024 and 2023, OpenLight incurred a net loss of \$3.5 million, \$91.7 million and \$40.9 million, respectively, of which \$0.8 million, \$22.0 million and \$10.0 million, respectively, was attributable to redeemable non-controlling interest. The carrying value of the redeemable non-controlling interest was recorded at its estimated fair value of \$30.0 million as of October 31, 2024 in the consolidated balance sheets. We have excluded the financial results of OpenLight from our consolidated financial statements from the date of sale.

Transaction Costs

Transaction costs for acquisitions, primarily related to the Ansys Merger, were \$267.1 million, \$161.8 million and \$13.8 million during fiscal 2025, 2024 and 2023, respectively. These costs mainly consisted of professional fees and administrative costs for closed and pending acquisitions, as well as the Bridge Commitment financing costs, and were expensed as incurred in our consolidated statements of income.

Note 5. Revenue

Disaggregated Revenue

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

	Year Ended October 31,		
	2025	2024	2023
EDA	62.0 %	66.4 %	69.2 %
Design IP	24.8 %	31.1 %	29.0 %
Ansys	10.7 %	— %	— %
Other	2.5 %	2.5 %	1.8 %
Total	100.0 %	100.0 %	100.0 %

For additional information on our product groups and the revenue attributable to them by product type, refer to Part I, Item 1, *Business* in this Annual Report.

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) in our consolidated balance sheets. For specific software, hardware, and IP agreements with payment plans, we record 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 we have 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 our consolidated balance sheets.

Contract balances are as follows:

	As of October 31,	
	2025	2024
	(in thousands)	
Contract assets, net	\$ 1,222,029	\$ 757,075
Unbilled receivables	\$ 45,528	\$ 44,166
Deferred revenue	\$ 2,628,518	\$ 1,732,568

Long-term contract assets were \$336.4 million as of October 31, 2025.

During fiscal 2025, we recognized revenue of \$1.5 billion 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. During fiscal 2024, we recognized revenue of \$1.5 billion, that was included in the deferred revenue balance as of October 31, 2023, 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 \$11.4 billion as of October 31, 2025, which includes \$2.0 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 45% of the backlog as of October 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. The backlog was approximately \$8.1 billion as of October 31, 2024, which included \$1.2 billion in non-cancellable FSA commitments from customers.

During fiscal 2025 and 2024, we recognized \$125.3 million and \$104.4 million, respectively, from performance obligations satisfied from sales-based royalties earned during the periods.

Costs of Obtaining a Contract with Customer

The incremental costs of obtaining a contract with a customer, which consist primarily of direct sales commission earned upon execution of the contract, were capitalized in compliance with authoritative guidance, and amortized over the estimated period of which the benefit is expected to be received. As direct sales commission paid for renewals are commensurate with the amounts paid for initial contracts, the deferred incremental costs will be recognized over the contract term.

Capitalized commission costs, net of accumulated amortization, as of October 31, 2025 were \$92.5 million, of which \$13.4 million were included in prepaid and other current assets, and \$79.1 million in other long-term assets in our consolidated balance sheets. Capitalized commission costs, net of accumulated amortization, as of October 31, 2024 were \$72.8 million, included in other long-term assets in our consolidated balance sheets. Amortization of these assets were \$53.2 million, \$48.5 million and \$52.1 million during fiscal 2025, 2024 and 2023, respectively, and are included in sales and marketing expense in our consolidated statements of income.

Note 6. Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of the aggregate purchase price over the fair value of the net tangible and identifiable intangible assets acquired in business combination. The change in the goodwill during fiscal 2025 resulted primarily from \$23.4 billion related to the Ansys Merger. For additional information, refer to Note 4. *Business Combination* of the *Notes to Consolidated Financial Statements* in this Annual Report.

We performed the required annual goodwill assessment in the fourth quarter of fiscal 2025, and concluded the goodwill was not impaired. There was no goodwill impairment in fiscal 2025, 2024 and 2023.

Goodwill activity by reportable segment consists of the following:

	Design Automation	Design IP	Total
	(in thousands)		
Balance at October 31, 2023	\$ 2,400,682	\$ 945,383	\$ 3,346,065
Additions	61,803	34,339	96,142
Adjustments	170	—	170
Effect of foreign currency translation	6,602	(129)	6,473
Balance at October 31, 2024	2,469,257	979,593	3,448,850
Additions	23,442,889	—	23,442,889
Adjustments (OSG Divestiture)	(19,471)	—	(19,471)
Effect of foreign currency translation	24,255	2,692	26,947
Balance at October 31, 2025	<u>\$ 25,916,930</u>	<u>\$ 982,285</u>	<u>\$ 26,899,215</u>

Intangible Assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be fully recoverable. The change in the gross carrying amounts of intangible assets in fiscal 2025 was due to the Ansys Merger. For additional information, refer to Note 4. *Business Combination* of the *Notes to Consolidated Financial Statements* in this Annual Report.

During the fourth quarter of fiscal 2024, we assessed long-lived assets for impairment and recorded an impairment charge of \$53.5 million related to acquired intangible assets. The impairment charge was triggered by a decline in estimated fair value resulting from the reductions in the expected future cash flows associated with our core/developed technology intangible assets related to our OpenLight business. There were no other impairment charges for long-lived assets in fiscal 2025, 2024 and 2023.

Intangible assets as of October 31, 2025 consists of the following:

	Gross Carrying Amount	Accumulated Amortization	Net Amount
	(in thousands)		
Core/developed technology	\$ 7,309,753	\$ 929,901	\$ 6,379,852
Customer relationships	5,415,558	428,377	4,987,181
Contract rights intangible	614,358	239,808	374,550
Trademarks and trade names	962,925	24,917	938,008
Total	<u>\$ 14,302,594</u>	<u>\$ 1,623,003</u>	<u>\$ 12,679,591</u>

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

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	Gross Carrying Amount	Accumulated Amortization and Impairment (in thousands)	Net Amount
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 acquired intangible assets, including the impairment charge, consists of the following:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Core/developed technology	\$ 247,210	\$ 104,797	\$ 42,892
Customer relationships	180,525	15,550	9,288
Contract rights intangible	64,648	3,872	2,389
Trademarks and trade names	12,000	15	7
Capitalized software development costs ⁽¹⁾	—	—	4,770
Total	\$ 504,383	\$ 124,234	\$ 59,346

⁽¹⁾ Amortization of capitalized software development costs is included in cost of products revenue in the consolidated statements of income.

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

Fiscal Year	(in thousands)
2026	\$ 1,613,410
2027	1,544,994
2028	1,384,004
2029	1,381,360
2030	1,375,519
2031 and thereafter	5,380,304
Total	\$ 12,679,591

Note 7. Balance Sheet Components

	As of October 31,	
	2025	2024
	(in thousands)	
Accounts receivable, net:		
Accounts receivable	\$ 1,548,858	\$ 941,312
Unbilled accounts receivable	45,528	44,166
Total accounts receivable	1,594,386	985,478
Less: allowance for credit losses	(88,959)	(51,008)
Total	\$ 1,505,427	\$ 934,470
Property and equipment, net:		
Computer and other equipment	\$ 1,150,804	\$ 1,011,712
Buildings	100,016	103,779
Furniture and fixtures	101,183	87,524
Land	13,888	18,219
Leasehold improvements	295,917	271,753
Total property and equipment	1,661,808	1,492,987
Less: accumulated depreciation ⁽¹⁾	(965,115)	(929,981)
Total	\$ 696,693	\$ 563,006
Accounts payable and accrued liabilities:		
Payroll and related benefits	\$ 822,575	\$ 624,823
Accounts payable	164,766	207,333
Accrued income taxes	94,664	147,115
Interest payable	49,826	—
Other accrued liabilities	194,380	184,321
Total	\$ 1,326,211	\$ 1,163,592
Other long-term liabilities:		
Deferred tax liability	\$ 1,001,070	\$ 36,557
Deferred compensation plan liabilities	447,232	386,757
Other	200,997	46,424
Total	\$ 1,649,299	\$ 469,738

⁽¹⁾ Accumulated depreciation includes write-offs due to retirement of fully depreciated fixed assets.

Note 8. Financial Assets and Liabilities

Cash Equivalents and Short-term Investments

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As of October 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	\$ 52,978	\$ —	\$ —	\$ —	\$ 52,978
Total:	<u>\$ 52,978</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 52,978</u>
Short-term investments:					
U.S. Treasury, agency & T-bills	\$ 6,661	\$ 19	\$ —	\$ —	\$ 6,680
Municipal bonds	22,004	61	—	—	22,065
Corporate debt securities	43,878	139	(18)	—	43,999
Other	185	—	—	—	185
Total:	<u>\$ 72,728</u>	<u>\$ 219</u>	<u>\$ (18)</u>	<u>\$ —</u>	<u>\$ 72,929</u>

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

Our short-term investment portfolio includes both corporate and government debt securities that have a maximum maturity of three years. The longer the duration of these securities, the more susceptible they are to changes in market interest rates and bond yields. As yields increase, those securities with a lower yield-at-cost show a mark-to-market unrealized loss. Most of our unrealized losses are due to changes in market interest rates, and bond yields. We believe that we have the ability to realize the full value of all of these investments upon maturity. As of October 31, 2025, our investments that were in a continuous loss position of 12 months or more, as well as the unrealized losses on those investments, were immaterial.

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

	Amortized Cost	Fair Value
	(in thousands)	
Less than 1 year	\$ 26,944	\$ 27,014
1-5 years	45,784	45,915
Total	<u>\$ 72,728</u>	<u>\$ 72,929</u>

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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 consolidated statements of cash flows. Restricted cash is primarily associated with deposits for office leases and employee loan programs.

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

	As of October 31,	
	2025	2024
	(in thousands)	
Cash and cash equivalents	\$ 2,888,030	\$ 3,896,532
Restricted cash included in prepaid and other current assets	4,680	1,529
Restricted cash included in other long-term assets	1,011	668
Cash, cash equivalents and restricted cash	\$ 2,893,721	\$ 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 consolidated statements of income. There were no material impairments of non-marketable equity securities in fiscal 2025, 2024, and 2023.

Derivatives

We recognize derivative instruments as either assets or liabilities in the 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 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 provided by operating activities in the 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 consolidated balance sheets. The cash flow impact upon settlement of these derivative contracts is included in net cash used in operating activities in the 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) (OCI) 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 OCI to be reclassified to the statements of income within the next 12 months.

We did not record any gains or losses related to discontinuation of foreign exchange forward contracts cash flow hedges for fiscal years 2025, 2024 and 2023.

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 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 October 31, 2025, the unamortized portion of the fair value of the 2025 Rate Lock Agreements was \$117.0 million. We had no interest rate hedge contracts outstanding as of October 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 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 consolidated statements of income are summarized as follows:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Gains (losses) recorded in other income (expense), net	\$ (5,492)	\$ (307)	\$ (5,899)

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

	As of October 31,	
	2025	2024
	(in thousands)	
Total gross notional amounts	\$ 1,587,863	\$ 1,686,341
Net fair value	\$ (1,234)	\$ 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 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 October 31, 2025				
Other current assets	\$	8,598	\$	265
Accrued liabilities	\$	9,504	\$	593
Balance at October 31, 2024				
Other current assets	\$	8,839	\$	12
Accrued liabilities	\$	6,918	\$	114

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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 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)				
Fiscal year ended October 31, 2025				
Foreign exchange contracts	Revenue	\$ 20,434	Revenue	\$ 3,155
Foreign exchange contracts	Operating expenses	(7,292)	Operating expenses	(3,320)
Interest rate contracts	Interest expense	(93,216)	Interest expense	(3,551)
Total		<u>\$ (80,074)</u>		<u>\$ (3,716)</u>
Fiscal year ended October 31, 2024				
Foreign exchange contracts	Revenue	\$ 3,940	Revenue	\$ 3,089
Foreign exchange contracts	Operating expenses	5,685	Operating expenses	112
Total		<u>\$ 9,625</u>		<u>\$ 3,201</u>
Fiscal year ended October 31, 2023				
Foreign exchange contracts	Revenue	\$ 8,390	Revenue	\$ (9,942)
Foreign exchange contracts	Operating expenses	16,596	Operating expenses	(15,334)
Total		<u>\$ 24,986</u>		<u>\$ (25,276)</u>

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.

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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 Consolidated Financial Statements* in this Annual Report 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 Consolidated Financial Statements* in this Annual Report 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 October 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	\$ 52,978	\$ 52,978	\$ —	\$ —
Short-term investments:				
U.S. Treasury, agency & T-bills	6,680	—	6,680	—
Municipal bonds	22,065	—	22,065	—
Corporate debt securities	43,999	—	43,999	—
Others	185	—	185	—
Prepaid and other current assets:				
Foreign currency derivative contracts	8,863	—	8,863	—
Contingent consideration receivable	22,202	—	—	22,202
Other long-term assets:				
Deferred compensation plan assets	447,232	447,232	—	—
Marketable equity securities	785	785	—	—
Total assets	\$ 604,989	\$ 500,995	\$ 81,792	\$ 22,202
Liabilities				
Accounts payable and accrued liabilities:				
Foreign currency derivative contracts	\$ 10,097	\$ —	\$ 10,097	\$ —
Other long-term liabilities:				
Deferred compensation plan liabilities	447,232	447,232	—	—
Total liabilities	\$ 457,329	\$ 447,232	\$ 10,097	\$ —

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 October 31, 2025:

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	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	5.390 %	600,000
Term Loan due on July 17, 2028	5.480 %	2,850,000
Total		13,450,000
Unamortized discount and issuance costs		(89,156)
Total Senior Notes and Term Loan		13,360,844
Deferred payment on settlement of interest rate treasury lock		110,585
Other borrowings		13,086
Total		\$ 13,484,515
Reported as:		
Short-term debt		\$ 22,117
Long-term debt		13,462,398
Total		\$ 13,484,515

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 and pay related transaction fees and expenses.

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 \$10.1 billion as of October 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 October 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 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 the 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. On October 17, 2025, we made an early repayment of \$850.0 million on the Tranche 1 Term Loan. The outstanding balance under the Term Loan Agreement as of October 31, 2025 was \$3.45 billion.

Under the Term Loan Agreement, borrowings will 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 October 31, 2025, we were in compliance with the financial covenant as well as the other covenants.

Subsequent Event

On November 17, 2025, we made an early repayment of \$600.0 million on the Tranche 1 Term Loan, which reduced the Tranche 1 outstanding balance to \$0, and an early repayment of \$300.0 million on the Tranche 2 Term Loan. On December 17, 2025 we made another early repayment of \$2.2 billion on the Tranche 2 Term Loan, which reduced the Tranche 2 outstanding balance to \$350.0 million.

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 October 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 (as defined in the Revolving Credit Agreement) plus an applicable margin based on our credit ratings ranging from 0.795% to 1.200% or (ii) the ABR (as defined in the Revolving Credit Agreement) 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 October 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 October 31, 2025, we had \$13.1 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 October 31, 2025 are as follows:

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Fiscal year	Principal Payments	
	(in thousands)	
2026	\$	24,734
2027		1,624,734
2028		3,874,734
2029		24,734
2030		2,024,735
2031 and thereafter		6,000,000
Total	\$	13,573,671

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:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Operating lease expense ⁽¹⁾	\$ 117,722	\$ 92,222	\$ 90,680
Variable lease expense ⁽²⁾	32,389	23,835	20,395
Total lease expense	\$ 150,111	\$ 116,057	\$ 111,075

⁽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:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Cash paid for amounts included in the measurement of operating lease liabilities ⁽¹⁾	\$ 115,481	\$ 99,905	\$ 88,983
ROU assets obtained in exchange for operating lease liabilities ⁽²⁾	\$ 153,178	\$ 100,480	\$ 101,390

⁽¹⁾ Cash paid for amounts included in the measurement of operating lease liabilities included cash from discontinued operations of \$5.2 million and \$5.7 million in fiscal 2024 and 2023.

⁽²⁾ ROU assets obtained in exchange for operating lease liabilities included ROU assets from discontinued operations of \$2.2 million and \$1.2 million in fiscal 2024 and 2023.

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

	As of October 31,	
	2025	2024
Weighted-average remaining lease term (in years)	6.88	7.59
Weighted-average discount rate	3.40 %	2.86 %

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

<u>Fiscal year</u>	<u>Lease Payments</u> <u>(in thousands)</u>
2026	\$ 151,583
2027	154,521
2028	140,001
2029	130,259
2030	101,406
2031 and thereafter	232,094
Total future minimum lease payments	909,864
Less: Imputed interest	100,961
Total lease liabilities	<u>\$ 808,903</u>

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

<u>Fiscal year</u>	<u>Lease Receipts</u> <u>(in thousands)</u>
2026	\$ 18,767
2027	19,689
2028	20,280
2029	20,888
2030	17,867
Total	<u>\$ 97,491</u>

Note 12. 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, refer to *Note 17. Income Taxes* of the *Notes to Consolidated Financial Statements* in this Annual Report.

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 October 31,	
	2025	2024
	(in thousands)	
Cumulative currency translation adjustments	\$ (137,457)	\$ (161,954)
Unrealized gains (losses) on derivative instruments, net of taxes	(95,158)	(18,800)
Unrealized gains (losses) on available-for-sale securities, net of taxes	201	374
Total	<u>\$ (232,414)</u>	<u>\$ (180,380)</u>

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

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Reclassifications:			
Gains (losses) on cash flow hedges, net of taxes			
Revenues	\$ 3,155	\$ 3,089	\$ (9,942)
Operating expenses	(3,320)	112	(15,334)
Interest expense	(3,551)	—	—
Total	<u>\$ (3,716)</u>	<u>\$ 3,201</u>	<u>\$ (25,276)</u>

Amounts reclassified in fiscal 2025, 2024, and 2023 primarily consisted of gains (losses) from our cash flow hedging activities. See *Note 8. Financial Assets and Liabilities* of the *Notes to Consolidated Financial Statements* in this Annual Report.

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 October 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 expected debt levels.

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

	Year Ended October 31,		
	2025	2024	2023 ⁽¹⁾
	(in thousands, except per share price)		
Shares repurchased	—	74	2,992
Average purchase price per share	—	\$ 608.91	\$ 387.92
Aggregate purchase price	—	\$ 45,000	\$ 1,160,724
Reissuance of treasury stock	1,927	2,133	2,670

⁽¹⁾ Excludes 73,903 shares and \$45.0 million equity forward contract that was settled in November 2023.

Note 15. Employee Benefit Plans

Employee Stock Purchase Plan

Under our Employee Stock Purchase Plan (ESPP), participating employees are granted the right to purchase shares of common stock at a price per share that is 85% of the lesser of the fair market value of the shares at (1) the beginning of an offering period (generally, a rolling two year period) or (2) the purchase date (generally occurring at the end of each semi-annual purchase period), subject to the terms of ESPP, including a limit on the number of shares that may be purchased in a purchase period.

On April 10, 2025, our stockholders approved amendments to the ESPP to increase the number of shares of common stock authorized for issuance under the plan by 2.2 million shares. During fiscal 2025, 2024 and 2023, we issued 0.5 million, 0.5 million, and 0.6 million shares, respectively, under the ESPP at average per share prices of \$375.72, \$315.24 and \$266.82, respectively. As of October 31, 2025, 14.7 million shares of common stock were reserved for future issuance under the ESPP.

Equity Incentive Plans

2006 Employee Equity Incentive Plan. On April 25, 2006, our stockholders approved the 2006 Employee Equity Incentive Plan (2006 Employee Plan), which provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, RSU awards, stock appreciation rights and other forms of equity compensation, including performance stock awards and performance cash awards, as determined by the plan administrator. The terms and conditions of each type of award are set forth in the 2006 Employee Plan and in the award agreements governing particular awards.

RSUs are granted under the 2006 Employee Plan as part of our incentive compensation program. In general, RSUs vest over three to four years and are subject to the employee's continuing service with us. RSUs granted with specific performance criteria and certain market conditions vest to the extent the performance and market conditions are met. For each RSU granted under the 2006 Employee Plan, a share reserve ratio of 1.70 is applied for the purpose of determining the remaining number of shares reserved for future grants under the plan. Options granted under this plan generally have a contractual term of seven years and generally vest over four years.

On April 10, 2025, our stockholders amended the 2006 Employee Plan to, among other things, increase the number of shares of common stock reserved for future issuance under the plan by 1.6 million shares. As of October 31, 2025, an aggregate of 1.1 million stock options and 3.4 million RSUs were outstanding, and 14.1 million shares were available for future issuance under the 2006 Employee Plan.

2017 Non-Employee Directors Equity Incentive Plans. On April 6, 2017, our stockholders approved the 2017 Non-Employee Directors Equity Incentive Plan (2017 Directors Plan). The 2017 Directors Plan provides for equity awards to non-employee directors in the form of stock options, RSUs, restricted stock or a combination thereof. On April 6, 2017, our stockholders approved an aggregate of 0.45 million shares of common stock reserved under the 2017 Directors Plan.

We grant restricted stock awards and options under the 2017 Directors Plan. Restricted stock awards generally vest on an annual basis and options vest over a period of three years. As of October 31, 2025, 9,395 stock options were outstanding, and a total of 359,486 shares of common stock were reserved for future issuance under the 2017 Directors Plan.

Assumed Equity Plans

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 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.

If these assumed equity awards are cancelled, forfeited or expire unexercised, the underlying shares do not become available for future issuance.

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 is being 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 is being recognized as stock-based compensation expense had an estimated weighted average fair value at the Acquisition Date of \$453.83 per share. As of October 31, 2025, there were 0.9 million shares of our common stock underlying the outstanding Assumed Equity Awards under the Assumed Equity Plans.

Other Assumed Stock Plans through Acquisitions. In addition, we have assumed certain outstanding stock awards of other acquired companies, including restricted stock units and options. If these assumed equity awards are canceled, forfeited or expire unexercised, the underlying shares do not become available for future grant. As of October 31, 2025, 235 shares of our common stock remained subject to such outstanding assumed equity awards.

Equity Incentive Plans - General Information

Restricted Stock Units. The following table contains information concerning activities related to restricted stock units granted under the 2006 Employee Plan and assumed from acquisitions including those associated with our discontinued operations:

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	Restricted Stock Units Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (In Years)	Aggregate Fair Value
(in thousands, except per share amounts and years)				
Balance at October 31, 2022 ⁽¹⁾	4,638	\$ 265.76	1.32	
Granted ⁽²⁾	2,083	\$ 394.34		
Vested ⁽³⁾	(1,839)	\$ 237.19		\$ 706,136
Forfeited	(365)	\$ 283.29		
Balance at October 31, 2023 ⁽¹⁾	4,517	\$ 335.26	1.41	
Granted ⁽²⁾	1,620	\$ 543.69		
Vested ⁽³⁾	(1,778)	\$ 303.23		\$ 962,127
Forfeited	(460)	\$ 395.74		
Balance at October 31, 2024 ⁽¹⁾	3,899	\$ 429.36	1.35	
Assumed upon acquisition of Ansys	1,116	\$ 571.20		
Granted ⁽²⁾	1,280	\$ 494.29		
Vested ⁽³⁾	(1,753)	\$ 407.12		\$ 865,731
Forfeited	(224)	\$ 466.51		
Balance at October 31, 2025	4,318	\$ 492.36	1.05	

⁽¹⁾ No restricted stock units were assumed in connection with acquisitions during these fiscal years.

⁽²⁾ The number of granted restricted stock units includes those granted to senior management with market-based and performance-based vesting criteria in addition to service-based vesting criteria (market-based RSUs) reported at the maximum possible number of shares that may ultimately be issuable if all applicable market-based and performance-based criteria are achieved at their maximum levels and all applicable service-based criteria are fully satisfied.

⁽³⁾ The number of vested restricted stock units includes shares that were withheld on behalf of employees to satisfy the minimum statutory tax withholding requirements.

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Stock Options. The following table summarizes stock option activity and includes stock options granted under all equity plans including those associated with our discontinued operations:

	Options Outstanding			
	Shares Under Stock Option ⁽¹⁾	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life (In Years)	Aggregate Intrinsic Value
	(in thousands, except per share amounts and years)			
Balance at October 31, 2022	2,160	\$ 150.37	3.57	\$ 328,120
Granted	294	\$ 361.64		
Exercised	(849)	\$ 109.83		
Canceled/forfeited/expired	(90)	\$ 245.86		
Balance at October 31, 2023	1,515	\$ 208.49	3.70	\$ 376,563
Granted	238	\$ 551.41		
Exercised	(429)	\$ 141.83		
Canceled/forfeited/expired	(42)	\$ 376.97		
Balance at October 31, 2024	1,282	\$ 288.91	3.63	\$ 301,781
Assumed upon acquisition of Ansys	5	\$ 124.53		
Granted	232	\$ 502.29		
Exercised	(323)	\$ 171.82		
Canceled/forfeited/expired	(42)	\$ 463.57		
Balance at October 31, 2025	1,154	\$ 357.66	3.74	\$ 141,969
Vested and expected to vest as of October 31, 2025	1,154	\$ 357.66	3.74	\$ 141,969
Exercisable at October 31, 2025	709	\$ 279.76	2.66	\$ 131,982

⁽¹⁾ The balance at fiscal year-end includes certain stock options that were previously assumed in connection with other acquisitions.

The aggregate intrinsic value in the preceding table represents the pre-tax intrinsic value based on stock options with an exercise price less than our closing stock price of \$453.82 at the end of fiscal 2025. The pre-tax intrinsic value of options exercised and their average exercise prices including those associated with our discontinued operations are:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands, except per share price)		
Intrinsic value	\$ 104,394	\$ 185,663	\$ 241,385
Average exercise price per share	\$ 171.82	\$ 141.83	\$ 109.83

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Restricted Stock Units and Stock Options. The following table contains additional information concerning activities related to stock options and restricted stock units that were granted under the 2006 Employee Plan and assumed from acquisitions, except for the Ansys Merger, including those associated with our discontinued operations:

	Available for Grant ⁽¹⁾⁽²⁾
	(in thousands)
Balance at October 31, 2022	13,111
Options granted ⁽²⁾	(294)
Options canceled/forfeited/expired ⁽²⁾	89
Restricted stock units granted ⁽¹⁾⁽³⁾	(3,540)
Restricted stock units forfeited ⁽¹⁾	620
Additional shares reserved	3,300
Balance at October 31, 2023	13,286
Options granted ⁽²⁾	(238)
Options canceled/forfeited/expired ⁽²⁾	40
Restricted stock units granted ⁽¹⁾⁽³⁾	(2,754)
Restricted stock units forfeited ⁽¹⁾	782
Additional shares reserved	3,400
Balance at October 31, 2024	14,516
Options granted ⁽²⁾	(232)
Options canceled/forfeited/expired ⁽²⁾	41
Restricted stock units granted ⁽¹⁾⁽³⁾	(2,176)
Restricted stock units forfeited ⁽¹⁾	365
Additional shares reserved	1,600
Balance at October 31, 2025	14,114

⁽¹⁾ *Restricted stock units includes awards granted under the 2006 Employee Plan and assumed through acquisitions. The number of RSUs reflects the application of the award multiplier of 1.70 as described above. No additional options and RSUs will be granted under the Assumed Equity Plans.*

⁽²⁾ *Options granted by us are not subject to the award multiplier ratio described above.*

⁽³⁾ *The number of granted restricted stock units includes market-based RSUs reported at the maximum possible number of shares that may ultimately be issuable if all applicable market-based and performance-based criteria are achieved at their maximum levels and all applicable service-based criteria are fully satisfied.*

Restricted Stock Awards. The following table summarizes restricted stock award activities under the 2017 Directors Plan:

	Restricted Shares	Weighted-Average Grant Date Fair Value
	(in thousands, except per share amounts)	
Unvested at October 31, 2022	5	\$ 310.02
Granted	5	\$ 387.79
Vested	(5)	\$ 310.02
Forfeited	—	\$ —
Unvested at October 31, 2023	5	\$ 387.79
Granted	3	\$ 561.23
Vested	(4)	\$ 382.88
Forfeited	—	\$ —
Unvested at October 31, 2024	4	\$ 541.51
Granted	6	\$ 419.34
Vested	(4)	\$ 550.58
Forfeited	—	\$ —
Unvested at October 31, 2025	6	\$ 419.64

Valuation and Expense of Stock-Based Compensation. We estimate the fair value of stock options and employee stock purchase rights under the ESPP on the grant date. The value of awards expected to vest is recognized as expense over the applicable service periods. We use the Black-Scholes option-pricing model to determine the fair value of stock options and employee stock purchase plan rights. The Black-Scholes option-pricing model incorporates various assumptions including expected volatility, expected term and interest rates. The expected volatility for both stock options and employee stock purchase rights is estimated by a combination of implied volatility for publicly traded options of our common stock with a term of six months or longer and the historical stock price volatility over the estimated expected term of such awards, which is based on historical experience.

Restricted stock units are valued based on the closing price of our common stock on the grant date. We use the straight-line attribution method to recognize stock-based compensation costs over the service period of the award except for performance-based RSUs and market-based RSUs.

We estimated the fair value of market-based RSUs on the grant date using a Monte Carlo simulation model. Under the award agreements, the vesting of the market-based RSUs is contingent on achieving total stockholder return (TSR) relative to a peer index as well as revenue growth metrics. The maximum potential awards that may be earned are 187.5% of the target number of the initial awards. For market-based RSUs granted in February and August 2023, the performance period during which the achievement goals will be measured is fiscal 2023, fiscal 2024 and fiscal 2025. The awards will vest in December 2025 if the TSR target, revenue growth metrics, and service conditions are achieved. For market-based RSUs granted in December 2023, the performance period during which the achievement goals will be measured is fiscal 2024, fiscal 2025 and fiscal 2026. The awards will vest in December 2026 if the TSR target, revenue growth metrics, and service conditions are achieved. For market-based RSUs granted in January and February 2025, the performance period during which the achievement goals will be measured is fiscal 2025, fiscal 2026 and fiscal 2027. The awards will vest in December 2027 if the TSR target, revenue growth metrics, and service conditions are achieved.

We estimate the probability of achievement of applicable performance goals for performance-based and market-based RSUs in each reporting period and recognize related stock-based compensation expense using the graded-vesting method. The amount of stock-based compensation expense recognized in any period can vary based on the attainment or expected attainment of the various performance goals. If such performance goals are not ultimately met, no compensation expense is recognized and any previously recognized compensation expense is reversed.

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The assumptions presented in the following table are used to estimate the fair value of stock options and employee stock purchase rights granted under our stock plans:

	Year Ended October 31,		
	2025	2024	2023
Stock Options:			
Expected life (in years)	4.1	4.1	4.1
Risk-free interest rate	3.53% - 4.53%	3.62% - 4.61%	3.80% - 4.80%
Volatility	34.84% - 42.33%	32.09% - 35.42%	32.74% - 36.16%
Weighted average estimated fair value	\$170.77	\$178.67	\$120.33
ESPP:			
Expected life (in years)	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0
Risk-free interest rate	3.66% - 4.31%	3.88% - 5.27%	4.85% - 5.38%
Volatility	34.69% - 38.34%	31.40% - 34.39%	28.03% - 35.27%
Weighted average estimated fair value	\$166.64	\$179.10	\$120.82

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:

	Year Ended October 31,		
	2025	2024	2023
Expected life (in years)	2.67 - 2.79	2.89	0.90 - 2.70
Risk-free interest rate	3.90% - 4.39%	4.41%	4.36% - 4.80%
Volatility	33.40% - 34.72%	34.03%	34.79% - 42.86%
Grant date fair value	\$409.94 - \$464.17	\$600.29	\$357.29 - \$465.79

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

	Year Ended October 31,		
	2025 ⁽¹⁾	2024	2023
	(in thousands)		
Cost of products	\$ 89,366	\$ 66,403	\$ 49,896
Cost of maintenance and service	41,897	32,189	29,572
Research and development expense	456,804	359,244	282,540
Sales and marketing expense	178,384	121,524	91,082
General and administrative expense	126,843	78,575	60,004
Stock-based compensation expense from continuing operations before taxes	893,294	657,935	513,094
Stock-based compensation expense from discontinued operations before taxes	—	34,381	50,198
Total stock-based compensation expense before taxes	893,294	692,316	563,292
Income tax benefit	(134,441)	(115,271)	(90,915)
Stock-based compensation expense after taxes	\$ 758,853	\$ 577,045	\$ 472,377

⁽¹⁾ Includes \$150.5 million of stock-based compensation expense related to the Assumed Equity Awards in connection with the Ansys Merger.

As of October 31, 2025, we had \$1.5 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 1.9 years. As of October 31, 2025, we had \$88.2 million of total unrecognized stock-based compensation expense relating to the ESPP, which is expected to be recognized over a period of 2.0 years.

Deferred Compensation Plan. We maintain the Synopsys Deferred Compensation Plan (Deferred Plan), which permits eligible employees to defer up to 50% of their annual cash base compensation and up to 100% of their eligible cash variable compensation. Amounts may be withdrawn from the Deferred Plan pursuant to elections made by the employees in accordance with the terms of the plan. Since the inception of the Deferred Plan, we have not made any matching or discretionary contributions to the Deferred Plan. There are no Deferred Plan provisions that provide for any guarantees or minimum return on investments. Undistributed amounts under the Deferred Plan are subject to the claims of our creditors.

Deferred plan assets and liabilities are as follows:

	As of October 31,	
	2025	2024
	(in thousands)	
Plan assets recorded in other long-term assets	\$ 447,232	\$ 386,757
Plan liabilities recorded in other long-term liabilities ⁽¹⁾	\$ 447,232	\$ 386,757

⁽¹⁾ *Undistributed deferred compensation balances due to participants.*

Income or loss from the change in fair value of the Deferred Plan assets is recorded in other income (expense), net. The increase or decrease in the fair value of the undistributed Deferred Plan obligation is recorded in total cost of revenue and operating expense. The following table summarizes the impact of the Deferred Plan:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Increase (reduction) to cost of revenue and operating expense	\$ 65,492	\$ 85,446	\$ 20,196
Interest and other income (expense), net	65,492	85,446	20,196
Net increase (decrease) to net income	\$ —	\$ —	\$ —

Other Retirement Plans. We sponsor various defined contribution retirement plans for our eligible U.S. and non-U.S. employees. Total contributions to these plans were \$80.7 million, \$51.3 million, and \$50.8 million in fiscal 2025, 2024, and 2023, respectively. For employees in the United States and Canada, we match pre-tax employee contributions up to a maximum of U.S. \$7,500 and Canadian \$4,000, respectively, per participant per year, except for legacy Ansys employees with maximum matching contributions of 4.25% of the employee's eligible compensation.

Certain of our international subsidiaries sponsor defined benefit retirement plans. The unfunded projected benefit obligation for these defined benefit retirement plans as of October 31, 2025 and 2024 was immaterial and recorded in other long-term liabilities in our consolidated balance sheets.

Note 16. Net Income (Loss) Per Share

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:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands, except per share amounts)		
Numerator:			
Net income from continuing operations attributed to Synopsys	\$ 1,336,120	\$ 1,441,710	\$ 1,227,045
Net income (loss) from discontinued operations attributed to Synopsys	(3,900)	821,670	2,843
Net income attributed to Synopsys	<u>\$ 1,332,220</u>	<u>\$ 2,263,380</u>	<u>\$ 1,229,888</u>
Denominator:			
Weighted average common shares for basic net income per share	163,947	153,138	152,146
Dilutive effect of common share equivalents from equity-based compensation	1,709	2,806	3,049
Weighted average common shares for diluted net income per share	<u>165,656</u>	<u>155,944</u>	<u>155,195</u>
Net income (loss) per share attributed to Synopsys - basic:			
Continuing operations	\$ 8.15	\$ 9.41	\$ 8.06
Discontinued operations	(0.02)	5.37	0.02
Basic net income per share	<u>\$ 8.13</u>	<u>\$ 14.78</u>	<u>\$ 8.08</u>
Net income (loss) per share attributed to Synopsys - diluted:			
Continuing operations	\$ 8.07	\$ 9.25	\$ 7.91
Discontinued operations	(0.03)	5.26	0.01
Diluted net income per share	<u>\$ 8.04</u>	<u>\$ 14.51</u>	<u>\$ 7.92</u>
Anti-dilutive employee stock-based awards excluded	427	229	475

Subsequent Event

In December 2025, we entered into a securities purchase agreement for a private placement with NVIDIA Corporation, pursuant to which we sold an aggregate of approximately 4.8 million shares of our common stock at a price of \$414.79 per share for net proceeds of \$2.0 billion.

Note 17. Income Taxes

The domestic and foreign components of our total income before provision for income taxes are as follows:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
United States	\$ 983,195	\$ 1,333,132	\$ 1,144,410
Foreign	409,947	180,726	161,060
Total income before provision for income taxes	<u>\$ 1,393,142</u>	<u>\$ 1,513,858</u>	<u>\$ 1,305,470</u>

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The components of the provision (benefit) for income taxes are as follows:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Current:			
Federal	\$ 376,014	\$ 345,859	\$ 252,186
State	25,041	19,808	23,042
Foreign	118,696	110,021	22,869
	<u>519,751</u>	<u>475,688</u>	<u>298,097</u>
Deferred:			
Federal	(339,076)	(312,677)	(191,249)
State	(109,078)	(39,164)	(219)
Foreign	(15,606)	(24,129)	(16,441)
	<u>(463,760)</u>	<u>(375,970)</u>	<u>(207,909)</u>
Provision (benefit) for income taxes	<u>\$ 55,991</u>	<u>\$ 99,718</u>	<u>\$ 90,188</u>

The provision (benefit) for income taxes differs from the taxes computed with the statutory federal income tax rate as follows:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Statutory federal tax	\$ 292,560	\$ 317,912	\$ 274,149
State tax (benefit), net of federal effect	26,897	48,393	438
Federal tax credits	(64,818)	(70,119)	(60,500)
Tax (benefit) on foreign earnings	28,008	3,316	(17,571)
Foreign-derived intangible income deduction	(106,903)	(104,835)	(80,034)
Tax settlements	—	—	(23,752)
Stock-based compensation	20,583	(43,419)	(39,995)
Changes in valuation allowance	(148,006)	(57,371)	29,631
Capital loss on the sale of investments	(30,868)	—	—
Acquisition costs	17,877	—	—
Other	20,661	5,841	7,822
Provision (benefit) for income taxes	<u>\$ 55,991</u>	<u>\$ 99,718</u>	<u>\$ 90,188</u>

On December 22, 2017, the Tax Cuts and Jobs Act (Tax Act) was enacted, which significantly changed prior U.S. tax law and includes numerous provisions that affect our business. Effective in our fiscal 2023 year, the Tax Act requires that research and development expenditures be capitalized and amortized instead of being deducted when incurred. Domestic research is capitalized over five years and foreign research is capitalized over fifteen years. Capitalization of research and development expenditures also results in a corresponding deferred tax benefit and decreased our effective tax rate due to increasing the foreign-derived intangible income deduction.

We have provided for foreign withholding taxes on 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. Where foreign subsidiaries are considered indefinitely reinvested, and if the tax effect of undistributed earnings and other outside basis differences were recognized, the nature of taxes expected would primarily be withholding, taxes in non-conforming states, and taxes on intermediate holding companies outside of the U.S., net of foreign tax credits where available. As of October 31, 2025, the taxes due, after allowable foreign tax credits, are not expected to be material.

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The significant components of deferred tax assets and liabilities are as follows:

	As of October 31,	
	2025	2024
	(in thousands)	
Net deferred tax assets:		
Deferred tax assets:		
Deferred revenue	\$ 164,953	\$ 37,849
Deferred compensation	88,079	73,869
Intangible and depreciable assets	57,278	65,489
Capitalized research and development costs	1,352,914	978,085
Stock-based compensation	110,861	74,934
Tax loss carryovers	54,854	37,787
Foreign tax credit carryovers	43,342	42,534
Research and other tax credit carryovers	139,998	107,643
Operating lease liabilities	127,570	108,235
Accruals and reserves	117,113	49,935
Gross deferred tax assets	2,256,962	1,576,360
Valuation allowance	(38,900)	(170,672)
Total deferred tax assets	2,218,062	1,405,688
Deferred tax liabilities:		
Intangible assets	2,982,708	80,034
Operating lease right-of-use-assets	104,486	84,512
Undistributed earnings of foreign subsidiaries	24,074	8,800
Other	269	21,641
Total deferred tax liabilities	3,111,537	194,987
Net deferred tax assets (liabilities)	\$ (893,475)	\$ 1,210,701

It is more likely than not that the results of future operations will be able to generate sufficient taxable income to realize the net deferred tax assets. The valuation allowance provided against our deferred tax assets as of October 31, 2025 is mainly attributable to foreign tax credits available to non-U.S. subsidiaries. The valuation allowance decreased by a net of \$131.8 million in fiscal 2025, primarily related to realization of California research credits.

We have the following tax loss and credit carryforwards available to offset future income tax liabilities:

<u>Carryforward</u>	<u>Amount</u>	<u>Expiration Date</u>
	(in thousands)	
Federal net operating loss carryforward	\$ 11,531	2026-2042
Federal research credit carryforward	1,636	2026-2035
Federal foreign tax credit carryforward	35,780	2031
International foreign tax credit carryforward	3,170	Indefinite
International net operating loss carryforward	196,491	2027-Indefinite
California research credit carryforward	171,267	Indefinite
Other state research credit carryforward	29,849	2026-2045
State net operating loss carryforward	37,840	2032-2045

The federal and state net operating loss carryforward is from acquired companies and the annual use of such loss is subject to significant limitations under Internal Revenue Code Section 382. Foreign tax credits may only be used to offset tax attributable to foreign source income.

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The gross unrecognized tax benefits increased by approximately \$111.9 million during fiscal 2025 resulting in gross unrecognized tax benefits of \$173.7 million as of October 31, 2025. A reconciliation of the beginning and ending balance of gross unrecognized tax benefits is summarized as follows:

	As of October 31,	
	2025	2024
	(in thousands)	
Beginning balance	\$ 61,854	\$ 64,880
Increases in unrecognized tax benefits related to prior year tax positions	22,568	1,106
Decreases in unrecognized tax benefits related to prior year tax positions	(11,686)	(8,639)
Increases in unrecognized tax benefits related to current year tax positions	25,664	8,036
Reductions in unrecognized tax benefits due to lapse of applicable statute of limitations	(4,089)	(4,380)
Increases in unrecognized tax benefits acquired	79,321	161
Changes in unrecognized tax benefits due to foreign currency translation	102	690
Ending balance	<u>\$ 173,734</u>	<u>\$ 61,854</u>

As of October 31, 2025 and 2024, approximately \$173.7 million and \$61.9 million, respectively, of the unrecognized tax benefits would affect our effective tax rate if recognized upon resolution of the uncertain tax positions.

Interest and penalties related to estimated obligations for tax positions taken in our tax returns are recognized as a component of income tax expense (benefit) in the consolidated statements of income and totaled approximately \$(0.2) million, \$(1.0) million and \$(10.6) million for fiscal years 2025, 2024 and 2023, respectively. As of October 31, 2025 and 2024, the combined amount of accrued interest and penalties related to tax positions taken on our tax returns were approximately \$0.9 million and \$1.1 million, respectively.

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 \$0.0 and \$29.0 million.

We and/or our subsidiaries remain subject to tax examination in the following jurisdictions:

<u>Jurisdiction</u>	<u>Year(s) Subject to Examination</u>
United States	Fiscal years after 2021
California	Fiscal years after 2020
Ireland	Fiscal years after 2020
Japan	Fiscal years after 2020
Korea	Fiscal years after 2020
Taiwan	Fiscal years after 2023
China	Fiscal years after 2015
India	Fiscal years after 2018

In addition, we have made acquisitions with operations in several of our significant jurisdictions which may have years subject to examination different from the years indicated in the above table.

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

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for calendar tax years 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 the tax authorities in certain jurisdictions. No material assessments have been proposed in these examinations.

Legislative Developments

On July 4, 2025, U.S. 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, including expensing for domestic research expenditures commencing in fiscal 2026 and changes to foreign-derived intangible income deduction in fiscal 2027. We are currently evaluating the impacts of OBBB.

Effective our fiscal 2024, we are subject to the new 15% corporate alternative minimum tax (CAMT) enacted as part of the Inflation Reduction Act of 2022 (the IR Act). As of October 31, 2025, this has not had an impact on our consolidated financial statements. We will monitor regulatory developments and will continue to evaluate the impact, if any, of the CAMT.

The IR Act 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. As of October 31, 2025, this has not had an impact on our consolidated financial statements.

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 Organisation for Economic Co-operation and Development (the OECD) has model rules for a global minimum tax framework, which is 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 2) which define global minimum tax rules and imposes a 15% minimum tax rate. Various countries have started to enact new laws related to Pillar 2, including certain new laws effective beginning in fiscal 2025. As of fiscal 2025, the impact of Pillar 2 is not material.

Note 18. Other Income (Expense), Net

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

	Year Ended October 31,		
	2025	2024	2023
		(in thousands)	
Interest income	\$ 277,684	\$ 67,017	\$ 36,674
Gain on divestitures	548,906	—	—
Gains on assets related to deferred compensation plan	65,492	85,446	20,196
Gain on sale of building	51,385	1,906	—
Gain (loss) on sale of strategic investments	(3,635)	55,077	—
Foreign currency exchange gains (losses)	1,842	6,294	(1,529)
Other, net	(16,730)	(20,764)	(20,407)
Total	\$ 924,944	\$ 194,976	\$ 34,934

Assets Held for Sale

We commenced a plan to sell one office building with approximately 118,000 square feet during the first quarter of fiscal 2025. The carrying value of the building was included within prepaid and other current assets at the end of the first quarter. 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 consolidated statements of income.

Note 19. 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, Ansys products, 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 is included within our Design Automation segment based on how our CODM evaluates 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 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 Consolidated Financial Statements* in this Annual Report.

Information by reportable segment is as follows:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Total Segments:			
Revenue	\$ 7,054,178	\$ 6,127,436	\$ 5,318,014
Cost of revenue and operating expenses	4,421,327	3,765,377	3,389,987
Adjusted operating income	2,632,851	2,362,059	1,928,027
Adjusted operating margin	37 %	39 %	36 %
Design Automation:			
Revenue	\$ 5,302,340	\$ 4,221,122	\$ 3,775,288
Cost of revenue and operating expenses	3,088,814	2,589,237	2,361,362
Adjusted operating income	2,213,526	1,631,885	1,413,926
Adjusted operating margin	42 %	39 %	37 %
Design IP:			
Revenue	\$ 1,751,838	\$ 1,906,314	\$ 1,542,726
Cost of revenue and operating expenses	1,332,513	1,176,140	1,028,625
Adjusted operating income	419,325	730,174	514,101
Adjusted operating margin	24 %	38 %	33 %

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, restructuring charges, 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:

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	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Total segment adjusted operating income	\$ 2,632,851	\$ 2,362,059	\$ 1,928,027
Reconciling items:			
Amortization of acquired intangible assets	(504,383)	(124,234)	(54,576)
Stock-based compensation expense	(893,294)	(657,935)	(513,094)
Deferred compensation plan	(65,492)	(85,446)	(20,196)
Restructuring charges	—	—	(53,091)
Acquisition/divestiture related items	(254,755)	(138,733)	(13,831)
Total operating income	<u>\$ 914,927</u>	<u>\$ 1,355,711</u>	<u>\$ 1,273,239</u>

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 and property and equipment, net, related to operations in the United States and other geographic areas are:

	Year Ended October 31,		
	2025	2024	2023
	(in thousands)		
Revenue:			
United States	\$ 3,100,095	\$ 2,739,756	\$ 2,462,009
Europe	888,524	614,584	514,780
China	814,324	989,524	855,023
Korea	946,999	773,018	625,502
Other	1,304,236	1,010,554	860,700
Consolidated	<u>\$ 7,054,178</u>	<u>\$ 6,127,436</u>	<u>\$ 5,318,014</u>

	As of October 31,	
	2025	2024
	(in thousands)	
Property and Equipment, net:		
United States	\$ 327,803	\$ 335,306
Other	368,890	227,700
Total	<u>\$ 696,693</u>	<u>\$ 563,006</u>

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

One customer, including its subsidiaries, accounted for 12.6%, and 13.5% of our consolidated revenue in fiscal 2024 and 2023, respectively. No customer accounted for over 10% of our accounts receivable as of October 31, 2025, and October 31, 2024.

Note 20. Restructuring Charges

In the first quarter of fiscal 2023, we initiated a restructuring plan for involuntary employee terminations as part of a business reorganization (the 2023 Plan). The 2023 Plan was substantially completed in the third quarter of fiscal 2023 and total charges under the 2023 Plan consisting primarily of severance costs and facility exit costs were \$77.0 million, of which \$23.9 million were related to discontinued operations.

During fiscal 2025, we made payments of \$0.8 million related to continuing operations under the 2023 Plan. As of October 31, 2025, \$0.7 million were recorded in accounts payable and accrued liabilities, and the remaining outstanding restructuring related liabilities of \$3.1 million were recorded in other long-term liabilities in the consolidated balance sheets.

During fiscal 2024, we made payments of \$3.6 million related to continuing operations and \$0.5 million related to discontinued operations under the 2023 Plan. As of October 31, 2024, the payroll and related benefits liabilities of \$0.8 million were recorded in accounts payable and accrued liabilities, and the remaining outstanding restructuring related liabilities of \$3.8 million were recorded in other long-term liabilities in the consolidated balance sheets.

During fiscal 2023, we recorded restructuring charges related to continuing operations of \$53.1 million and made payments of \$44.9 million under the 2023 Plan. We recorded restructuring charges related to discontinued operations of \$23.9 million and made payments of \$23.4 million under the 2023 Plan. As of October 31, 2023, the payroll and related benefits liabilities related to continuing operations of \$3.7 million were recorded in accounts payable and accrued liabilities, and the remaining outstanding restructuring related liabilities of \$4.5 million were recorded in other long-term liabilities in the consolidated balance sheets. The payroll and related benefits liabilities related to discontinued operations were \$0.5 million.

Subsequent event

In November 2025, we initiated a restructuring plan for involuntary employee terminations as part of a business reorganization (the 2026 Plan) upon approval by the Board of Directors. The 2026 Plan will allow us to invest in key growth opportunities and drive business efficiencies following the completion of the Ansys Merger. Total charges under the 2026 Plan are expected to be in the range of \$300.0 million and \$350.0 million, and will consist primarily of severance costs, other one-time termination benefits and facility exit costs. The 2026 Plan is anticipated to be completed by the end of fiscal 2027, with majority of the workforce reduction in fiscal 2026.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

- (a) *Evaluation of Disclosure Controls and Procedures.* As of October 31, 2025, Synopsys carried out an evaluation under the supervision and with the participation of Synopsys' management, including the Chief Executive Officer and Chief Financial Officer, 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 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 Chief Executive Officer and Chief Financial Officer have concluded that, as of October 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 Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding its required disclosure.
- (b) *Management's Report on Internal Control Over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for Synopsys. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of October 31, 2025. In assessing the effectiveness of our internal control over financial reporting, our management used the framework established in *Internal Control Integrated Framework (2013)* issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our management has concluded that, as of October 31, 2025, our internal control over financial reporting was effective based on these criteria. We acquired Ansys during fiscal 2025 and have excluded Ansys from our assessment of the effectiveness of our internal control over financial reporting as of October 31, 2025. Total assets and total revenues of Ansys represent approximately 21% and 11% of each of our total consolidated assets and of total consolidated revenue as of and for the year ended October 31, 2025. Our independent registered public accounting firm, KPMG LLP, has issued an auditors' report on the effectiveness of our internal control over financial reporting, which is included herein.
- (c) *Changes in Internal Control Over Financial Reporting.* There were no changes in Synopsys' internal control over financial reporting during the fiscal quarter ended October 31, 2025 that have materially affected, or are reasonably likely to materially affect, Synopsys' 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.

Item 9B. Other Information

Insider Adoption or Termination of Trading Arrangements

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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, except as described in the table below:

Name and Title	Action	Date Adopted	Character of Trading Arrangement ⁽¹⁾	Aggregate Number of Common Stock to be Purchased or Sold Pursuant to Trading Arrangement	Expiration Date ⁽²⁾
Sassine Ghazi <i>President, Chief Executive Officer and Director</i>	Adoption	9/19/2025	Rule 10b5-1 Trading Arrangement	Up to 43,811 shares to be sold	10/30/2026
Janet Lee <i>General Counsel and Corporate Secretary</i>	Adoption	10/01/2025	Rule 10b5-1 Trading Arrangement	Up to 1,000 shares to be sold	7/31/2026
Aart de Geus <i>Executive Chair</i>	Adoption	10/14/2025	Rule 10b5-1 Trading Arrangement	Up to 74,641 shares to be sold	10/15/2026

(1) Except as indicated by footnote, each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the Rule).

(2) Except as indicated by footnote, each trading arrangement permitted or permits transactions through and including the earlier to occur of (a) the completion of all purchases or sales or (b) the date listed in the table. Each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" only permitted or only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

For information required by this Item relating to our executive officers, see *Information about our Executive Officers* in Part I, Item 1 of this Annual Report.

The information required by this Item relating to our directors and nominees is included under the heading “Proposal 1 — Election of Directors,” in our definitive Proxy Statement to be filed within 120 days after October 31, 2025 for the 2026 Annual Meeting of Stockholders (our Proxy Statement) and is incorporated herein by reference. The information required by this Item regarding our Audit Committee is included under the headings “Audit Committee Report” and “Corporate Governance” in our Proxy Statement and is incorporated herein by reference. We will provide disclosure of delinquent Section 16(a) reports, if any, in our Proxy Statement, and such disclosure, if any, is incorporated herein by reference.

The information required by this Item relating to our code of ethics and its applicability to our Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer is included under the heading “Ethics and Business Conduct” in our Proxy Statement and is incorporated herein by reference.

The information required by this Item relating to our insider trading policies and procedures is included under the heading “Proposal 3 — Advisory Vote to Approve Executive Compensation — Insider Trading Policy,” in our Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item relating to director and executive compensation is included under the headings “Compensation Discussion and Analysis,” “Executive Compensation Tables,” “Director Compensation,” “Compensation Committee Interlocks and Insider Participation,” and “Compensation Committee Report” in our Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item relating to security ownership of certain beneficial owners and management is included under the heading “Security Ownership of Certain Beneficial Owners and Management” in our Proxy Statement, and the information required by this Item relating to securities authorized for issuance under equity compensation plans is included under the heading “Equity Compensation Plan Information” in our Proxy Statement, and, in each case, is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this Item relating to the review, approval or ratification of transactions with related persons is included under the heading “Transactions with Related Persons” in our Proxy Statement, and the information required by this Item relating to director independence is included under the heading “Director Independence,” and, in each case, is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item is included under the headings “Fees and Service of Independent Registered Public Accounting Firm” and “Audit Committee Pre-Approval Policies and Procedures” in our Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Form 10-K:

(1) Financial Statements

The following documents are included as Part II, Item 8 of this Form 10-K:

	Page
Report of Independent Registered Public Accounting Firm (KPMG LLP, Santa Clara, CA, PCAOB ID: 185)	54
Consolidated Balance Sheets	57
Consolidated Statements of Income	58
Consolidated Statements of Comprehensive Income	60
Consolidated Statements of Stockholders' Equity	61
Consolidated Statements of Cash Flows	62
Notes to Consolidated Financial Statements	64

(2) Financial Statement Schedules

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes herein.

(3) Exhibits

See Item 15(b) below.

(b) Exhibits

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Agreement and Plan of Merger, dated as of January 15, 2024, by and among Synopsys, Inc., ANSYS, Inc. and ALTA Acquisition Corp.	8-K	000-19807	2.1	1/16/2024	
2.2	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	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	Description of Synopsys' Securities Pursuant to Section 12 of the Securities Exchange Act of 1934	10-K	000-19807	4.2	12/15/2020	
4.2	Indenture, dated as of March 17, 2025, between Synopsys and U.S. Bank Trust Company, National Association, as trustee	8-K	000-19807	4.1	3/17/2025	

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Exhibit Number	Exhibit Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
4.3	First Supplemental Indenture, dated as of March 17, 2025, between the Synopsys and U.S. Bank Trust Company, National Association, as trustee.	8-K	000-19807	4.2	3/17/2025	
4.4	Form of 4.550% senior notes due 2027 (included in Exhibit 4.3).	8-K	000-19807	4.3	3/17/2025	
4.5	Form of 4.650% senior notes due 2028 (included in Exhibit 4.3).	8-K	000-19807	4.4	3/17/2025	
4.6	Form of 4.850% senior notes due 2030 (included in Exhibit 4.3).	8-K	000-19807	4.5	3/17/2025	
4.7	Form of 5.000% senior notes due 2032 (included in Exhibit 4.3).	8-K	000-19807	4.6	3/17/2025	
4.8	Form of 5.150% senior notes due 2035 (included in Exhibit 4.3).	8-K	000-19807	4.7	3/17/2025	
4.9	Form of 5.700% senior notes due 2055 (included in Exhibit 4.3).	8-K	000-19807	4.8	3/17/2025	
10.1	Sixth Amendment Agreement, dated February 13, 2024, by and among Synopsys, as borrower, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent for the lenders.	8-K	000-19807	2.1	2/14/2024	
10.2	Term Loan Facility Credit Agreement, dated February 13, 2024, by and among Synopsys, as borrower, the lenders party thereto, HSBC Securities (USA) Inc., and Bank of America, N.A., as co-syndication agents, Mizuho Bank, LTD., The Bank of Nova Scotia, TD Bank, N.A., Truist Bank, and Wells Fargo Bank, National Association, as co-documentation agents, and JPMorgan Chase Bank, N.A., as administrative agent for the lenders.	8-K	000-19807	2.2	2/14/2024	
10.3*	2006 Employee Equity Incentive Plan, as amended	8-K	000-19807	10.1	4/11/2025	
10.4*	Form of Restricted Stock Unit Grant Notice and Award Agreement under 2006 Employee Equity Incentive Plan	8-K	000-19807	10.3	4/14/2023	
10.5*	Form of Stock Option Grant Notice and Award Agreement under 2006 Employee Equity Incentive Plan	8-K	000-19807	10.4	4/14/2023	

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Exhibit Number	Exhibit Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.6*	Employee Stock Purchase Plan, as amended	8-K	000-19807	10.2	4/11/2025	
10.7*	2017 Non-Employee Directors Equity Incentive Plan	8-K	000-19807	10.8	4/10/2017	
10.8*	Form of Restricted Stock Grant Notice and Award Agreement under 2017 Non-Employee Directors Equity Incentive Plan	10-K	000-19807	10.9	12/14/2017	
10.9*	Form of Stock Options Grant Notice and Option Agreement under 2017 Non-Employee Directors Equity Incentive Plan	10-K	000-19807	10.10	12/14/2017	
10.10*	Synopsisys Amended and Restated Deferred Compensation Plan II	10-Q	000-19807	10.23	3/9/2009	
10.11	Form of Indemnification Agreement for directors and executive officers	8-K	000-19807	99.2	7/14/2011	
10.12*	Director's and Officer's Insurance and Company Reimbursement Policy	S-1	33-45138	10.2	2/24/1992 (effective date)	
10.13*	Executive Incentive Plan, as amended	10-Q	000-19807	10.1	2/17/2023	
10.14*	Amended and Restated Executive Change of Control Severance Benefit Plan	8-K	000-19807	10.19	12/21/2016	
10.15*	Executive Severance Benefit and Transition Plan	8-K	000-19807	10.1	2/9/2021	
10.16*	Offer Letter, dated November 23, 2022, by and between Synopsisys, Inc. and Shelagh Glaser	8-K	000-19807	10.1	11/29/2022	
10.17*	Employment Agreement, dated December 20, 2023 between Synopsisys, Inc. and Mr. Sassine Ghazi	8-K/A	000-19807	10.1	12/21/2023	
10.18*	Executive Chairperson Agreement, dated December 20, 2023 between Synopsisys, Inc. and Dr. Aart J. de Geus	8-K/A	000-19807	10.2	12/21/2023	
10.19*	Separation Agreement and General Release, dated July 17, 2025, between Synopsisys, Inc. and Ajei Gopal	10-Q	000-19807	10.1	9/9/2025	
10.20*	Transition Letter, dated July 17, 2025, between Synopsisys, Inc. and John F. Runkel, Jr.	10-Q	000-19807	10.2	9/9/2025	
19.1	Insider Trading Policy					X
21.1	Subsidiaries of Synopsisys, Inc.					X

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Exhibit Number	Exhibit Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm					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
97.1	Executive Officer Compensation Recovery Policy	10-K	000-19807	97.1	12/12/2023	
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended October 31, 2025, formatted in Inline XBRL: (i) Consolidated Balance Sheets as of October 31, 2025 and November 2, 2024, (ii) Consolidated Statements of Income for the Years Ended October 31, 2025, November 2, 2024 and October 28, 2023 (iii) Consolidated Statements of Comprehensive Income for the Years Ended October 31, 2025, November 2, 2024 and October 28, 2023, (iv) Consolidated Statements of Stockholders' Equity for the Years Ended October 31, 2025, November 2, 2024 and October 28, 2023, (v) Consolidated Statements of Cash Flows for the Years Ended October 31, 2025, November 2, 2024 and October 28, 2023, and (vi) Notes to 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.

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+ This exhibit is furnished with this Annual Report on Form 10-K 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.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 19, 2025

SYNOPSYS, INC.

By: _____
/s/ SHELAGH GLASER
Shelagh Glaser
Chief Financial Officer
(Principal Financial Officer)

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ SASSINE GHAZI</u> Sassine Ghazi	President, Chief Executive Officer (Principal Executive Officer) and Director	December 19, 2025
<u>/s/ SHELAGH GLASER</u> Shelagh Glaser	Chief Financial Officer (Principal Financial Officer)	December 19, 2025
<u>/s/ SUDHINDRA KANKANWADI</u> Sudhindra Kankanwadi	Chief Accounting Officer (Principal Accounting Officer)	December 19, 2025
<u>/s/ AART J. DE GEUS</u> Aart J. de Geus	Executive Chair of the Board of Directors	December 19, 2025
<u>/s/ LUIS BORGEN</u> Luis Borgen	Director	December 19, 2025
<u>/s/ JANICE D. CHAFFIN</u> Janice D. Chaffin	Director	December 19, 2025
<u>/s/ BRUCE R. CHIZEN</u> Bruce R. Chizen	Director	December 19, 2025
<u>/s/ AJEI GOPAL</u> Ajei Gopal	Director	December 19, 2025
<u>/s/ MERCEDES JOHNSON</u> Mercedes Johnson	Director	December 19, 2025
<u>/s/ ROBERT G. PAINTER</u> Robert G. Painter	Director	December 19, 2025
<u>/s/ JEANNINE P. SARGENT</u> Jeannine P. Sargent	Director	December 19, 2025
<u>/s/ JOHN G. SCHWARZ</u> John G. Schwarz	Director	December 19, 2025
<u>/s/ RAVI VIJAYARAGHAVAN</u> Ravi Vijayaraghavan	Director	December 19, 2025

Certain information contained in this document has been redacted pursuant to Item 601(a)(6) of Regulation S-K. Redacted information is indicated with the notation “[***]”.

INSIDER TRADING POLICY

1. PURPOSE

This Insider Trading Policy (the “**Policy**”) establishes rules and procedures designed to prevent Covered Persons (as defined below) from trading, or causing the trading of, or engaging in any other Transactions (as defined below) in, Synopsys stock or any other securities that Synopsys may issue, including, but not limited to, preferred stock, notes, bonds or convertible securities (collectively, “**Synopsys Securities**”) or securities of other publicly traded companies while in possession of material non-public information, or **MNPI** (as defined below), and engaging in other related activities, such as tipping others to make such trades or other Transactions. These illegal activities are commonly referred to as “insider trading.” These prohibitions on insider trading, and the others set forth in this Policy, continue to apply to Transactions involving securities even after termination of your service to Synopsys.

Failure to comply with this Policy could be a serious violation of U.S. securities laws by you and/or Synopsys and could result in disciplinary actions, including the termination of your employment, or substantial civil and criminal penalties for you and Synopsys. The Securities and Exchange Commission (“**SEC**”) can also seek substantial civil penalties from any person who, at the time of an insider trading violation, “directly or indirectly controlled the person who committed such violation,” which could apply to Synopsys and/or management and supervisory personnel. Even for violations that result in a small or no profit, the SEC can seek penalties from a company and/or its management and supervisory personnel as control persons.

2. PERSONS COVERED BY THIS POLICY

This Policy applies to Synopsys and its subsidiaries, and all of their directors, officers and employees, as well as consultants, independent contractors or designated agents, and their respective Family Members and Controlled Entities (each as defined below) (collectively, “**Covered Persons**” or “**you**”).

2.1 Transactions by Family Members and Others

This Policy also applies to your family members who reside with you. This includes (A) anyone else who lives in your household (regardless of whether their Transactions were directed or known by you) such as a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws and (B) any other persons who do not live in your household, but whose Transactions in securities are directed by you or are subject to your influence or control, such as individuals who consult with you before they trade in securities (collectively referred to as “**Family Members**”).

You are responsible for the Transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in securities, and you should treat all such Transactions for the purposes of this Policy and applicable securities laws as if the Transactions were for your own account.

2.2 Transactions by Entities that you Influence or Control

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as “**Controlled Entities**”), whether through having substantial beneficial ownership, serving as a trustee, or in any other manner. Transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

3. POLICY

3.1 Prohibition on Transacting While in Possession of MNPI

Covered Persons, Family Members, and Controlled Entities may not Transact (as defined below) in Synopsys Securities while in possession of MNPI about Synopsys. Covered Persons may not Transact in any other company's stock or its other securities while you possess MNPI about that company as a result of your work with Synopsys.

MNPI is information that is both (a) material and (b) non-public.

Material. In general, information should be regarded as "material" if it has "market significance," that is, there is a substantial likelihood that it would be considered important by a reasonable investor in making a decision regarding the purchase or sale of stock, or if the disclosure of the information would be expected to significantly alter the total mix of information in the marketplace about a stock.

While it is not possible to define all categories of material information, there are various categories of information that would often be regarded as material, such as:

- a. Quarterly and year-end results;
- b. Developments causing financial results to be substantially different from then-current guidance;
- c. Forecasts of financial results;
- d. Proposed major acquisitions or divestitures;
- e. Significant write-downs in assets or increases in reserves;
- f. Significant new product and service offering announcements;
- g. Significant changes in executive management;
- h. Significant communications to or from regulatory or government agencies;
- i. Entry into a new, or cancellation of, a major strategic relationship or other contract(s);
- j. Planned stock splits or issuances of dividends;
- k. New public or private equity or debt offerings;
- l. Actual or threatened major litigation, or the resolution of such litigation; and
- m. Significant cybersecurity incidents, such as a data breach.

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of an important new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. When in doubt about whether non-public information is material, you should presume it is material. If you are unsure whether information is material, you should either consult the General Counsel's office before making any decision to disclose such information (other than to persons who need to know it) or to Transact in or recommend securities to which that information relates or assume that the information is material.

Non-public. The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must have been given the opportunity to absorb the information. Material information is "non-public" if it has not been broadly disseminated to the

public for a sufficient period to be reflected in the price of the stock; as a general rule, information should be considered non-public until at least one full trading day has elapsed after the information is broadly disseminated to the public, for example, through an SEC filing, major newswire services, national news services, web casts or financial news services.

Transact or Transaction. For purposes of this Policy, a “**Transaction**” (or the act of engaging in a Transaction, to “**Transact**”) includes purchases, sales, or other transactions in publicly traded securities, including common stock, options to purchase common stock, or any other type of securities, including but not limited to preferred stock, convertible debentures, and warrants, as well as exchange-traded put or call options or swaps relating to these securities, or any such actions on any other organized market. Transactions also include all gifts and donations of Synopsys Securities. Transactions do not include the exceptions listed in Section 3.7 below.

3.2 Prohibition on Tipping

Covered Persons, Family Members, and Controlled Entities may not disclose MNPI about Synopsys, or about any other company that was obtained as the result of work for Synopsys, to any others outside of Synopsys, unless required as part of your regular job duties or authorized by the General Counsel’s office. In no circumstance may such person disclose MNPI about Synopsys, or about any other company obtained as the result of work for Synopsys, that you know or should know will be used to Transact in that company’s stocks. Covered Persons may not advise other people, including Family Members, to buy or sell Synopsys Securities, or any other company’s securities, if you possess any MNPI about that company.

3.3. Restrictions on Particular Transactions (Options, Hedging, Pledging and Others)

Certain Transactions present a heightened legal risk and/or the appearance of improper or inappropriate conduct. Covered Persons, Family Members, and Controlled Entities therefore may not engage in any of these Transactions, whether or not they are in possession of MNPI.

Short Sales. Such persons may not engage in any short sales of Synopsys Securities. A short sale is the sale of securities not owned by the seller or, if owned, not delivered.

Publicly-Traded Options. Such persons may not Transact in put options, call options or other derivative securities, on an exchange or in any other organized market, regarding Synopsys Securities.

Hedging Transactions. Such persons may not engage in hedging Transactions. Hedging Transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars or exchange funds.

Margin Accounts and Pledged Securities. Such persons may not hold Synopsys Securities in a margin account or otherwise pledge Synopsys Securities as collateral for a loan.

Standing and Limit Orders. Such persons may not enter a standing or limit order with respect to Synopsys Securities at any time while otherwise prohibited by this Policy from Transacting in Synopsys Securities. Covered Persons may also not enter into a standing or limit order with respect to Synopsys Securities covering any period of time in which the Covered Person expects to be in possession of MNPI or be in a Closed Trading Window (as defined below).

3.4 Additional Restrictions for Designated Insiders: Closed Trading Windows

Designated Insiders (as defined below), as well as their Family Members and Controlled Entities, are prohibited from Transacting in Synopsys Securities during Closed Trading Windows (as defined below).

Designated Insiders are members of Synopsys’ Board of Directors (“**Board**”), all persons who have been designated by the Board as members of the “Corporate Staff,” all vice presidents, and all other persons who, because of their regular access to MNPI about Synopsys, have been designated by any

vice president (or above) as a person who should be subject to the window period restrictions of this Policy. The General Counsel's office maintains a list of all Designated Insiders. Each quarter the General Counsel's office will ask various vice presidents and above to determine which individuals should be considered Designated Insiders. The General Counsel shall notify each person who has been designated as a Designated Insider under this Policy. Even if you have not been notified, if you believe you should be a Designated Insider, you should not Transact in Synopsys Securities during Closed Trading Windows.

Closed Trading Windows include Scheduled Closed Trading Windows and Special Closed Trading Windows.

"Scheduled Closed Trading Windows" are periods of time during each fiscal quarter, typically corresponding with times when Designated Insiders may be aware of MNPI about Synopsys financial results. Synopsys' Scheduled Closed Trading Windows are posted on Synopsys' legal intranet site at [***]. While these dates are subject to change, Scheduled Closed Trading Windows typically start at the close of market on the 15th day of the month in which the applicable fiscal quarter closes and conclude at the close of market on the first trading day following the date Synopsys publicly discloses its financial results for the applicable fiscal quarter. If there is any ambiguity about the length of a Scheduled Closed Trading Window, the more restrictive interpretation applies.

In addition to Scheduled Closed Trading Windows for Designated Insiders, Synopsys may implement a **"Special Closed Trading Window"** at any time in connection with certain company events that could give rise to MNPI. Covered Persons subject to a Special Closed Trading Window may not Transact in Synopsys Securities until they have been informed by the General Counsel's office that the Special Closed Trading Window has ended.

Accounts at E*Trade may be "blocked" for Designated Insiders during Closed Trading Windows in order to prevent Transactions, but you should not rely on whether or not such accounts are blocked to determine whether Synopsys is within a Closed Trading Window or whether you are permitted to Transact under this Policy. Further, for the avoidance of doubt, this Policy applies to the accounts of all Covered Persons, whether or not maintained at E*Trade or another provider.

3.5 Preclearance Requirement for the Preclearance Group

In addition to the restrictions set forth above, all members of the Board, officers of Synopsys specifically designated as "Executive Officers" by the Board (**"Section 16 Officers"**) in accordance with Section 16(a) of the Securities Exchange Act of 1934, as amended (the **"Exchange Act"**), and any other individuals that are identified by the General Counsel from time to time (collectively, the **"Preclearance Group"**), must seek preclearance before trading in Synopsys Securities outside of Transactions pursuant to an approved 10b5-1 Plan.

No member of the Preclearance Group, or any Family Member or Controlled Entity of such a person, may Transact in Synopsys Securities without first obtaining written preclearance of the Transaction from the General Counsel's office.

Requests for preclearance should be submitted to the General Counsel's office via email at least three (3) business days in advance of the proposed Transaction.

The General Counsel's office is under no obligation to approve a Transaction submitted for preclearance and may determine not to permit the Transaction for any reason, even if the Transaction would not violate the law or this Policy. The General Counsel's office may request additional information in determining whether to approve the Transaction.

If a person seeks preclearance and permission to engage in the Transaction is denied, then they should refrain from initiating any Transaction in Synopsys Securities until approval is granted by the General Counsel's office and should not inform any other person of the restriction. Preclearance for any

Transaction is effective for only the two (2) trading days following the written communication of the decision.

When a request for preclearance is made, the requestor should carefully consider whether they may be aware of any MNPI about Synopsys and should fully describe those circumstances to the General Counsel's office. Along with the request, you must certify that, among other things, you are not in possession of MNPI.

In all cases, the obligation not to Transact while in possession of MNPI belongs to the individual, and preclearance does not eliminate that obligation. For clarity, if the Covered Person becomes aware of MNPI after preclearance is granted, but before the Transaction is made, the Covered Person must not Transact.

3.6 Additional Restrictions for the Board and Section 16 Officers

In addition to the requirements above, members of the Board and Section 16 Officers must also comply with any additional restrictions in Synopsys' Section 16 Officer and Director Trading Procedures Policy.

3.7 Exceptions

The requirements of this Policy do not apply to the following Transactions, except as specifically noted:

Purchases of Synopsys Securities under Synopsys' Employee Stock Purchase Plan. The purchase of Synopsys Securities under the Employee Stock Purchase Plan is not considered a Transaction under this Policy. However, any subsequent Transactions in any such Synopsys Securities are Transactions under this Policy.

Stock Option Exercises and Stock Award Vesting and Withholding. Not considered Transactions under this Policy are: (1) the exercise of stock options by cash payment under a Synopsys or Synopsys-assumed equity plan; (2) the exercise of stock options in a stock-for-stock exercise with Synopsys; (3) an election to have Synopsys withhold securities to cover tax obligations in connection with an option exercise or vesting of a restricted stock unit. However, the sale of any Synopsys Securities issued upon the exercise of a stock option, a cashless exercise of a stock option through a broker (as this involves selling a portion of the underlying shares to cover the costs of exercise) and any other market sale of shares are considered Transactions.

Mutual Funds and ETFs. Transactions in mutual funds and/or exchange-traded funds ("**ETFs**") that are invested in Synopsys Securities are not Transactions subject to this Policy.

Transactions Pursuant to an Approved 10b5-1 Plan. Good-faith Transactions pursuant to a written trading plan under Rule 10b5-1 of the Exchange Act that are compliant with the requirements in this section, are not Transactions under this Policy.

Requirements for all 10b5-1 Plans:

- Must not be adopted or modified while the Covered Person is subject to a Scheduled Closed Trading Window or Special Closed Trading Window, or in possession of MNPI.
- Must be entered into and operated (including with respect to modifications and terminations) in good faith for the duration of the 10b5-1 Plan and not as part of a plan or scheme to evade the law.
- All adoptions, modifications, and terminations of a 10b5-1 Plan must be approved by the General Counsel's Office.

The Covered Person should submit a request for approval to the General Counsel's office via at least ten (10) business days before entering into the 10b5-1 Plan. When such a request is made,

the requestor should carefully consider whether they may be aware of any MNPI about Synopsys and should describe fully those circumstances to the General Counsel's office.

The General Counsel's office is under no obligation to approve a request for adopting, modifying, or terminating a 10b5-1 Plan and may determine not to approve a request for any reason, even if the request would not violate the law or this Policy.

In all cases, the obligation not to enter into a 10b5-1 Plan while in possession of MNPI belongs to the individual, and approval by the General Counsel's Office does not eliminate that obligation. For clarity, if the Covered Person becomes aware of MNPI after preclearance is granted, but before the plan is entered into, the Covered Person must not enter into the plan.

- The 10b5-1 Plan should contain a representation certifying that (i) the Covered Person is entering into the 10b5-1 Plan in good faith, and not as a part of a plan or scheme to evade the prohibitions of Rule 10b5-1; (ii) will act in good faith with respect to such plan throughout the duration of the plan; and (iii) is not in possession of MNPI at the time of entering into the plan.
- The first Transaction under an approved 10b5-1 Plan may not occur:
 - For members of the Board and officers of Synopsys, until the later of:
 - ninety (90) days following the plan adoption or modification; or
 - two business days following the disclosure of Synopsys' quarterly financial results on Forms 10-Q or 10-K, as applicable, for the fiscal quarter in which the plan was adopted, but in no event later than 120 days.
 - For all other Covered Persons, until the later of:
 - thirty (30) days following the plan adoption or modification; or
 - the close of market on the first trading day following the disclosure of Synopsys' quarterly financial results for the fiscal quarter in which the plan was adopted.
 - If you have terminated a previous 10b5-1 Plan after adopting a new plan, the periods above for the new plan begin on the date of the termination of the previous plan.
- You may not have more than one 10b5-1 Plan in effect that includes trades that occur during the same time period, except as otherwise permitted by Rule 10b5-1.
- You may not have more than one single-trade 10b5-1 Plan in effect in any twelve (12) month period.

Notwithstanding the foregoing, Synopsys may Transact pursuant to an approved Rule 10b5-1 Plan as provided in Synopsys' Share Repurchase Program Policy.

4. POST-TERMINATION TRANSACTIONS

The prohibitions on trading set forth in this Policy continue to apply to Transactions involving securities even after termination of your service to Synopsys. If you are in possession of MNPI about Synopsys or another company that you learned through your work for Synopsys when your service terminates, you should not trade in that company's securities until that information has become public or is no longer material, whichever occurs first. In addition, if it is a Scheduled Closed Trading Window or Special Closed Trading Window or you are otherwise restricted from trading Synopsys Securities under this Policy at the time you cease to be affiliated with Synopsys, you are expected to abide by the applicable trading restrictions until at least the end of each applicable trading restriction.

5. ENFORCEMENT

Individuals who violate this Policy shall be subject to disciplinary action by Synopsys, which may include ineligibility for future participation in Synopsys' equity plans or termination of employment for cause, or in the case of Board members, being asked to resign or not being renominated. In determining consequences resulting from a violation of this Policy, the General Counsel will consider a number of factors including, but not limited to, the individual's culpability, cooperation with the investigation, the individual's past violations, if any, consistency with consequences for other violations, extent of the harm to Synopsys, including, the impact on Synopsys' culture, the availability of restitution, penalties assessed by regulators and the need for deterrence.

6. QUESTIONS

Any questions regarding the Policy should be directed to the General Counsel's Office via email at [***].

SUBSIDIARIES OF SYNOPSYS, INC.*

Name	Jurisdiction of Incorporation
ANSYS France SAS	France
ANSYS, Inc.	Delaware
ANSYS Luxembourg Holding Company S.à.r.l.	Luxembourg
ANSYS UK Limited	United Kingdom
SNPS Ireland New Limited	Ireland
Synopsys (India) Private Limited	India
Synopsys International Limited	Ireland
Synopsys International Services, Inc.	Delaware
Synopsys Taiwan Co., Ltd.	Taiwan
Synopsys USIE Holdings LLC	Delaware

*Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Synopsys, Inc. are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-84517, 333-68011 and 333-285378) on Form S-3, and in the registration statements (Nos. 333-288887, 333-287620, 333-279729, 333-272097, 333-265121, 333-256387, 333-238629, 333-231761, 333-225237, 333-221990, 333-217177, 333-215526, 333-213246, 333-206458, 333-196428, 333-195167, 333-189019, 333-185600, 333-181875, 333-179940, 333-174587, 333-169275, 333-166274, 333-157791, 333-151070, 333-151067, 333-134899, 333-125225, 333-125224, 333-116222, 333-108507, 333-106149, 333-103636, 333-103635, 333-103418, 333-100155, 333-99651, 333-97319, 333-97317, 333-75638, 333-77000, 333-71056, 333-63216, 333-56170, 333-45056, 333-38810, 333-32130, 333-90643, 333-84279, 333-77597, 333-77127, 333-68883, 333-60783, 333-50947, 333-45181, 333-42069, and 333-22663) on Form S-8, of our report dated December 19, 2025, with respect to the consolidated financial statements of Synopsys, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Santa Clara, California
December 19, 2025

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Sassine Ghazi, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 officer(s) 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 officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 19, 2025

/s/ Sassine Ghazi

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

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Shelagh Glaser, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 officer(s) 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 officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 19, 2025

/s/ Shelagh Glaser

Shelagh Glaser

Chief Financial Officer

(Principal Financial Officer)

**Certification of Principal Executive Officer and Principal Financial Officer 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 Annual Report on Form 10-K for the fiscal year ended October 31, 2025 (the "Form 10-K") 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-K 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 December 19, 2025.

/s/ Sassine Ghazi

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

/s/ Shelagh Glaser

Shelagh Glaser
Chief Financial Officer
(Principal 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-K 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-K), irrespective of any general incorporation language contained in such filing.