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I. FISCAL YEAR 2024 SELECTED FINANCIAL TARGETS ^{(1) (2)}

	Q2 FY2024	FY2024
Revenue (million)	\$1,560 - \$1,590	\$6,570 - \$6,630
GAAP Expenses (million)	\$1,206 - \$1,226	\$5,022 - \$5,079
Non-GAAP Expenses (million)	\$1,005 - \$1,015	\$4,140 - \$4,180
Non-GAAP Other Income & Expense Net (million)	\$2 - \$4	\$24 - \$28
Non-GAAP Tax Rate	15%	15%
Fully Diluted Outstanding Shares (million)	155 - 157	155 - 157
GAAP Operating Margin		Midpoint: ~23.5%
Non-GAAP Operating Margin		Midpoint: ~37.0%
GAAP Earnings Per Share	\$2.05 - \$2.16	\$9.56 - \$9.74
Non-GAAP Earnings Per Share	\$3.09 - \$3.14	\$13.47 - \$13.55
Cash Flow from Operations (million)		~ \$1,400
Capital Expenditures (million)		~\$140

II. LONG-TERM FINANCIAL OBJECTIVES ⁽¹⁾

While the results in any given period will vary due to timing of product deliverables, acquisitions or other near-term priorities, our long-term, multi-year objectives are:

Revenue	Margin	Earnings
Annual double-digit revenue growth Design Automation: double-digits Design IP: mid-teens	Annual non-GAAP operating margin expansion of more than 100 bps	Annual non-GAAP EPS growth in the mid-teens range

(1) These targets and multi-year objectives are provided as of February 21, 2024. See below for GAAP to non-GAAP reconciliations for more information.

(2) Assumes no further changes to export control restrictions or the current U.S. government "Entity List" restrictions.

III. REVENUE BY PRODUCT GROUP (Unaudited)

(\$ millions)	FY22	Q123	Q223	Q323	Q423	FY23	Q124
EDA	3,194.8	874.3	900.8	972.2	931.4	3,678.7	970.7
% of Revenue	62.9%	64.2%	64.6%	65.5%	58.2%	62.9%	58.9%
Design IP	1,315.5	343.7	335.2	350.2	513.7	1,542.7	525.7
% of Revenue	25.9%	25.2%	24.0%	23.5%	32.1%	26.4%	31.9%
Software Integrity	465.8	127.8	132.1	132.9	131.7	524.6	138.2
% of Revenue	9.2%	9.4%	9.5%	8.9%	8.2%	9.0%	8.4%
Other	105.4	15.5	26.7	31.9	22.3	96.6	14.6
% of Revenue	2.1%	1.1%	1.9%	2.1%	1.4%	1.7%	0.8%
Total	5,081.5	1,361.3	1,394.9	1,487.3	1,599.1	5,842.6	1,649.2

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

- EDA, which includes digital and custom integrated circuit (IC) design software, verification hardware and software products, manufacturing-related design products, field-programmable gate array (FPGA) design software, artificial intelligence (AI) driven EDA solutions, and professional services;
- Design IP, which includes our Synopsys IP portfolio;
- Software Integrity, which includes solutions that test software code for security vulnerabilities and quality defects, as well as professional and managed services; and
- Other, which includes university programs, optical products, mechatronic simulation, and the impact of gains and losses from foreign currency hedges.

Note: Amounts included in the table above may not foot due to rounding. Product revenue data for multi-product transactions reflect internal allocations based upon certain assumptions and management's methodology. In addition, we allocate maintenance revenue to the products to which those maintenance services relate.

IV. REVENUE BY GEOGRAPHIC REGION (Unaudited)

(\$ millions)	FY22	Q123	Q223	Q323	Q423	FY23	Q124
North America	2,406.0	678.4	668.2	653.9	832.8	2,833.3	819.0
% of Revenue	47%	50%	48%	44%	52%	48%	50%
Europe	493.4	135.0	157.0	145.6	158.0	595.6	159.1
% of Revenue	10%	10%	11%	10%	10%	10%	10%
Korea	531.5	145.8	156.8	163.9	168.3	634.8	184.6
% of Revenue	10%	11%	11%	11%	11%	11%	11%
China	795.4	197.8	196.4	304.0	188.0	886.3	250.0
% of Revenue	16%	15%	14%	20%	12%	15%	15%
Other	855.2	204.4	216.4	219.8	252.0	892.6	236.6
% of Revenue	17%	15%	16%	15%	16%	15%	14%
Total	5,081.5	1,361.3	1,394.9	1,487.3	1,599.1	5,842.6	1,649.2

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

V. SELECTED FINANCIAL AND OPERATING METRICS

	FY22	Q123	Q223	Q323	Q423	FY23	Q124
Revenue License Type (millions) ⁽¹⁾							
- Time-based Products	\$2,993.8	\$782.3	\$808.2	\$922.9	\$870.2	\$3,383.6	\$904.4
- Upfront Products	\$1,226.7	\$336.7	\$345.5	\$298.0	\$449.2	\$1,429.3	\$447.9
- Maintenance and Service ⁽²⁾	\$861.0	\$242.4	\$241.1	\$266.4	\$279.7	\$1,029.7	\$297.0
Recurring Revenue (% of Total Revenue) ⁽³⁾	83%	80%	81%	85%	80%	81%	78%
Non-GAAP Operating Margin ⁽⁴⁾	33.0%	35.2%	33.3%	35.3%	36.2%	35.1%	38.7%
Cash, Cash Equivalents & Short-term Investments (millions)		\$1,302	\$1,695	\$1,835	\$1,591		\$1,273
- % held in U.S.		35%	51%	44%	53%		47%
Outstanding Debt		\$21	\$20	\$18	\$18		\$17
Operating Cash Flow ^{(1),(5)}	\$1,739	\$115	\$703	\$560	\$326	\$1,703	(\$88)
Capital Expenditures ⁽¹⁾	\$137	\$44	\$48	\$45	\$53	\$190	\$40
Share Repurchases (millions) ⁽¹⁾							
- Number of Shares	3.6	0.8	0.8	0.8	0.6	3.0	0.1
- Gross Share Repurchases	(\$1,100)	(\$306)	(\$300)	(\$300)	(\$300)	(\$1,206)	\$0
- Remaining Repurchase Authorization	\$1,400	\$1,094	\$794	\$494	\$194	\$194	\$194
DSO		61	59	43	45		60
Employee Headcount		~19,410	~19,305	~19,985	~20,275		~20,540
Revenue by Segment (millions) ⁽⁶⁾⁽⁷⁾							
- Design Automation	\$3,300.2	\$889.8	\$927.6	\$1,004.2	\$953.7	\$3,775.3	\$985.3
% of Total	64.9%	65.4%	66.5%	67.6%	59.7%	64.6%	59.7%
- Design IP	\$1,315.5	\$343.7	\$335.2	\$350.2	\$513.7	\$1,542.7	\$525.7
% of Total	25.9%	25.2%	24.0%	23.5%	32.1%	26.4%	31.9%
- Software Integrity	\$465.8	\$127.8	\$132.1	\$132.9	\$131.7	\$524.6	\$138.2
% of Total	9.2%	9.4%	9.5%	8.9%	8.2%	9.0%	8.4%
Adjusted Op Income by Segment (millions) ⁽⁶⁾⁽⁷⁾							
- Design Automation	\$1,206.6	\$346.0	\$360.1	\$415.7	\$317.9	\$1,439.7	\$364.9
- Design IP	\$421.5	\$117.6	\$86.3	\$86.7	\$241.4	\$532.1	\$249.5
- Software Integrity	\$47.0	\$15.5	\$18.3	\$22.4	\$20.0	\$76.3	\$24.0
Adjusted Operating Margin by Segment ⁽⁶⁾⁽⁷⁾							
- Design Automation	36.6%	38.9%	38.8%	41.4%	33.3%	38.1%	37.0%
- Design IP	32.0%	34.2%	25.8%	24.7%	47.0%	34.5%	47.5%
- Software Integrity	10.1%	12.1%	13.9%	16.9%	15.2%	14.5%	17.3%

- (1) Amounts may not foot due to rounding.
- (2) Includes maintenance on term and perpetual licenses.
- (3) We define recurring revenue as revenue generated from time-based products, multi-period IP contracts, and maintenance and services, for which revenue is recognized over time.
- (4) Should be read in conjunction with our Form 8-K filed with the Securities and Exchange Commission (SEC) on February 21, 2024 and the reconciliations of certain non-GAAP financial measures, including, among other things, non-GAAP operating margin to their most closely applicable GAAP measures found in this financial supplement to our earnings results for the first quarter of fiscal year 2024 (the Supplement).
- (5) Typically tracks earnings before interest, taxes, depreciation and amortization over time (less cash taxes). It is important to consider multi-year averages, as operating cash flow is inherently lumpy.
- (6) We manage the business on a long-term, annual basis and consider quarterly fluctuations of revenue and profitability as a normal element of our business.
- (7) These segments results are presented in conformity with Accounting Standards Codification (ASC) 280, Segment Reporting. Synopsys' chief operating decision maker (CODM) is its Chief Executive Officer. The CODM does not allocate certain operating expenses managed at a consolidated level to our reportable segments and, as a result, the reported operating income and operating margin do not include these unallocated expenses as shown in the table above. Amount may not foot due to rounding.

VI. RECONCILIATIONS AND ADJUSTMENTS

SUPPLEMENTAL GAAP TO NON-GAAP INFORMATION ⁽¹⁾

(Unaudited and in thousands, except per share amounts)

	Three Months Ended January 31, 2024		
	GAAP	Adjustments ⁽²⁾	Non-GAAP
Cost of revenue:			
Products	\$ 193,638	\$ (21,892)	\$ 171,746
Maintenance and service	115,081	(10,042)	105,039
Amortization of acquired intangible assets	20,456	(20,456)	—
Operating expenses:			
Research and development	\$ 552,056	\$ (116,202)	\$ 435,854
Sales and marketing	263,408	(48,449)	214,959
General and administrative	138,374	(55,100)	83,274
Amortization of acquired intangible assets	6,597	(6,597)	—
Operating income	\$ 359,620	\$ 278,738	\$ 638,358
Interest and other income (expense), net	\$ 105,484	\$ (94,178)	\$ 11,306
Provision (benefit) for income taxes ⁽³⁾	\$ 18,897	\$ 78,553	\$ 97,450
Net income (loss) attributed to non-controlling interest and redeemable non-controlling interest ⁽⁴⁾	\$ (2,905)	\$ 1,447	\$ (1,458)
Net income attributed to Synopsys	\$ 449,112	\$ 104,560	\$ 553,672
Net income per diluted share	\$ 2.89	\$ 0.67	\$ 3.56

Shares used in computing per share amounts:

Diluted	155,334	155,334
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(1) Synopsys' first quarter of fiscal year 2024 ended on February 3, 2024. For presentation purposes, we refer to the closest calendar month end. The first quarter of fiscal year 2024 included one extra week.

(2) The adjustments to the various line items resulted from excluding the following non-GAAP measures: stock-based compensation of \$180.7 million, amortization of acquired intangible assets of \$27.1 million, acquisition/divestiture related items of \$31.9 million, change in the fair value of the non-qualified deferred compensation plan of \$40.1 million, gain on sale of strategic investments of \$55.1 million, and tax effect of non-GAAP adjustments of (\$78.6) million.

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

(4) The adjustment includes non-GAAP expenses attributable to non-controlling interest and redeemable non-controlling interest.

GAAP TO NON-GAAP OPERATING MARGIN RECONCILIATION ⁽¹⁾

(Unaudited)

	Three Months Ended January 31, 2024
GAAP operating margin	21.8 %
Amortization of acquired intangible assets ⁽²⁾	1.6 %
Stock-based compensation ⁽²⁾	11.0 %
Acquisition/divestiture related items ⁽³⁾	1.9 %
Non-qualified deferred compensation plan	2.4 %
Non-GAAP operating margin	38.7 %

(1) Synopsys' first quarter of fiscal year 2024 ended on February 3, 2024. For presentation purposes, we refer to the closest calendar month end. The first quarter of fiscal year 2024 included one extra week.

(2) The adjustment includes non-GAAP expenses attributable to non-controlling interest and redeemable non-controlling interest.

(3) The adjustment excludes the amortization of bridge financing costs entered into in connection with the pending acquisition of Ansys, that was recorded in interest and other income (expense), net in our unaudited condensed consolidated statements of income.

GAAP TO NON-GAAP TAX RATE RECONCILIATION ⁽¹⁾

(Unaudited)

	Three Months Ended
	January 31, 2024
GAAP effective tax rate	4.1 %
Income tax effect of above non-GAAP adjustments	10.9 %
Non-GAAP effective tax rate	15.0 %

(1) Synopsys' first quarter of fiscal year 2024 ended on February 3, 2024. For presentation purposes, we refer to the closest calendar month end. The first quarter of fiscal year 2024 included one extra week.

TOTAL ADJUSTED SEGMENT OPERATING INCOME RECONCILIATION ^{(1) (2)}

(in millions)

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

	Three Months Ended
	January 31, 2024
GAAP total operating income – as reported	\$ 359.6
Other expenses managed at consolidated level	
-Amortization of acquired intangible assets ⁽³⁾	27.1
-Stock-based compensation ⁽³⁾	180.7
-Non-qualified deferred compensation plan	40.1
-Acquisition/divestiture related items ⁽⁴⁾	30.9
Total adjusted segment operating income	\$ 638.4

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

(2) Synopsys' first quarter of fiscal year 2024 ended on February 3, 2024. For presentation purposes, we refer to the closest calendar month end. The first quarter of fiscal year 2024 included one extra week.

(3) The adjustment includes non-GAAP expenses attributable to non-controlling interest and redeemable non-controlling interest.

(4) The adjustment excludes the amortization of bridge financing costs entered into in connection with the pending acquisition of Ansys, that was recorded in interest and other income (expense), net in our unaudited condensed consolidated statements of income.

GAAP TO NON-GAAP RECONCILIATION OF SECOND QUARTER FISCAL YEAR 2024 TARGETS ⁽¹⁾

(in thousands, except per share amounts)

	Range for Three Months Ending	
	April 30, 2024	
	Low	High
Target GAAP expenses	\$ 1,206,000	\$ 1,226,000
Adjustments:		
Amortization of acquired intangible assets	(26,000)	(29,000)
Stock-based compensation	(175,000)	(182,000)
Target non-GAAP expenses	\$ 1,005,000	\$ 1,015,000

	Range for Three Months Ending	
	April 30, 2024	
	Low	High
Target GAAP earnings per diluted share attributed to Synopsys	\$ 2.05	\$ 2.16
Adjustments:		
Amortization of acquired intangible assets	0.19	0.17
Stock-based compensation	1.17	1.12
Tax adjustments	(0.32)	(0.31)
Target non-GAAP earnings per diluted share attributed to Synopsys	\$ 3.09	\$ 3.14

Shares used in non-GAAP calculation (midpoint of target range) 156,000 156,000

(1) Synopsys' second quarter of fiscal year 2024 will end on May 4, 2024. For presentation purposes, we refer to the closest calendar month end.

GAAP TO NON-GAAP RECONCILIATION OF FULL FISCAL YEAR 2024 TARGETS ⁽¹⁾

(in thousands, except per share amounts)

	Range for Fiscal Year Ending	
	October 31, 2024	
	Low	High
Target GAAP expenses	\$ 5,021,932	\$ 5,078,932
Adjustments:		
Amortization of acquired intangible assets	(103,000)	(108,000)
Stock-based compensation	(748,000)	(760,000)
Acquisition/divestiture related items	(30,932)	(30,932)
Target non-GAAP expenses	\$ 4,140,000	\$ 4,180,000

	Range for Fiscal Year Ending	
	October 31, 2024	
	Low	High
Target GAAP earnings per diluted share attributed to Synopsys	\$ 9.56	\$ 9.74
Adjustments:		
Amortization of acquired intangible assets	0.69	0.66
Stock-based compensation	4.87	4.79
Acquisition/divestiture related items	0.20	0.20
Gain on sale of strategic investments	(0.35)	(0.35)
Tax adjustments	(1.50)	(1.49)
Target non-GAAP earnings per diluted share attributed to Synopsys	\$ 13.47	\$ 13.55

Shares used in non-GAAP calculation (midpoint of target range) 156,000 156,000

(1) Synopsys' fiscal year 2024 will end on November 2, 2024. For presentation purposes, we refer to the closest calendar month end.

GAAP TO NON-GAAP RECONCILIATION OF OPERATING MARGIN AT MIDPOINT OF FULL FISCAL YEAR 2024 TARGETS ⁽¹⁾⁽²⁾

	Fiscal Year Ending October 31, 2024
At midpoint of revenue and expense guidance ranges	
GAAP operating margin	23.5 %
Amortization of acquired intangible assets	1.6 %
Stock-based compensation	11.4 %
Acquisition/divestiture related items	0.5 %
Target non-GAAP operating margin	<u>37.0 %</u>

(1) Synopsys' fiscal year 2024 has one extra week and will end on November 2, 2024. For presentation purposes, we refer to the closest calendar month end.

(2) These numbers represent the midpoint of targets in the prepared remarks provided on February 21, 2024, and do not represent official guidance for fiscal year 2024.


VII. NOTICE TO INVESTORS

GAAP TO NON-GAAP RECONCILIATIONS

Please see our Current Report on Form 8-K filed with the SEC on February 21, 2024 available at <http://www.sec.gov> for the reasons why Synopsys believes that the presentation of non-GAAP financial measures provides useful information to our stockholders regarding our financial condition and results of operations and the purposes for which management uses such non-GAAP financial measures. Certain non-GAAP data used by management, as well as the reconciliation of such data to its most closely applicable GAAP measures, is contained in the first quarter of fiscal year 2024 earnings release available on Synopsys' website at <https://investor.synopsys.com/news/default.aspx> and our Current Report on Form 8-K filed with the SEC on February 21, 2024. Synopsys is unable to provide a reconciliation of its long-term, multi-year target for annual non-GAAP EPS growth and certain second quarter and full fiscal year 2024 non-GAAP financial targets to the corresponding GAAP financial measures on a forward-looking basis because Synopsys believes that it would not be possible for it to have the required information necessary to quantitatively reconcile such measures with sufficient precision without unreasonable efforts due to, among other things, the potential variability and limited predictability of the excluded items necessary for reconciliation such as, acquisition/divestiture-related items, restructuring charges, tax deduction variability, changes in the fair value of non-qualified deferred compensation plan, and gains (losses) on the sale of strategic investments. For the same reasons, Synopsys is unable to address the probable significance of the unavailable information.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein and in our investor conference call contain forward-looking statements, including, but not limited to, statements regarding short-term and long-term financial targets, expectations and objectives; strategies related to our products, technology and services; business and market outlook, opportunities, strategies and technological trends, such as AI; our pending acquisition of ANSYS, Inc. (the Ansys Merger), including, among other things, expectations regarding the financing of the pending acquisition; the exploration of strategic alternatives for our Software Integrity segment; the potential impact of the uncertain macroeconomic and geopolitical environment on our financial results; the expected impact of U.S. and foreign government actions and regulatory changes, including export control restrictions, on our financial results; customer demand and market expansion; our planned product releases and capabilities; industry growth rates; the expected realization of our contracted but unsatisfied or partially unsatisfied performance obligations (backlog); software trends; planned stock repurchases; our expected tax rate; and the impact and result of pending legal, administrative and tax proceedings. These statements involve risks, uncertainties and other factors that could cause our actual results, time frames or achievements to differ materially from those expressed or implied in such forward-looking statements. Such risks,



uncertainties and factors include, but are not limited to: macroeconomic conditions and geopolitical uncertainty in the global economy; uncertainty in the growth of the semiconductor and electronics industries; the highly competitive industry we operate in; actions by the U.S. or foreign governments, such as the imposition of additional export restrictions or tariffs; consolidation among our customers and our dependence on a relatively small number of large customers; risks and compliance obligations relating to the global nature of our operations; failure to complete the Ansys Merger on the terms described in our filings with the SEC, if at all; failure to obtain required governmental approvals related to the Ansys Merger or the imposition of conditions to such governmental approvals that may have an adverse effect on us; failure to realize the benefits expected from the Ansys Merger; and more. Additional information on potential risks, uncertainties and other factors that could affect Synopsys' results is included in filings we make with the SEC from time to time, including in the sections entitled "Risk Factors" in our latest Annual Report on Form 10-K and in our latest Quarterly Report on Form 10-Q. The financial information contained in this Supplement should be read in conjunction with the consolidated financial statements and notes thereto included in Synopsys' most recent reports on Forms 10-K and 10-Q, each as may be amended from time to time. Synopsys' financial results for its first quarter of fiscal year 2024 are not necessarily indicative of Synopsys' operating results for any future periods. The information provided herein is as of February 21, 2024. Synopsys undertakes no duty to, and does not intend to, update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by law.

EFFECTIVENESS OF INFORMATION

The information provided herein is as of February 21, 2024. Although this Supplement will remain available on Synopsys' website through the date of the earnings results call for the second quarter of fiscal year 2024, its continued availability through such date does not mean that Synopsys is reaffirming or confirming its continued validity. Synopsys undertakes no duty to, and does not intend to, update any forward-looking statement, whether as a result of new information or future events, or otherwise update, the information contained in this Supplement unless required by law.