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I. FISCAL YEAR 2022 SELECTED FINANCIAL TARGETS ^{(1) (2)}

	Q4 FY2022	FY2022
Revenue (million)	\$1,263 - \$1,293	\$5,060 - \$5,090
GAAP Expenses (million)	\$1,076 - \$1,096	\$3,978 - \$3,998
Non-GAAP Expenses (million)	\$919 - \$929	\$3,395 - \$3,405
Other Income and Expense Net (million)	\$3 - \$5	\$12 - \$14
Non-GAAP Tax Rate	18%	18%
Fully Diluted Outstanding Shares (million)	156 - 159	156 - 159
GAAP Operating Margin		Midpoint: ~21.4%
Non-GAAP Operating Margin		Midpoint: ~33.0%
GAAP Earnings Per Share	\$1.06 - \$1.18	\$6.37 - \$6.49
Non-GAAP Earnings Per Share	\$1.80 - \$1.85	\$8.80 - \$8.85
Cash Flow from Operations (million)		\$1,600 - \$1,650
Capital Expenditures (million)		~\$145

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
Annual double-digit revenue growth

- EDA: double-digits
- IP: mid-teens
- SIG: 15-20%

Margin
Annual non-GAAP operating margin expansion of more than 100 bps

Earnings
Annual non-GAAP EPS growth in the mid-teens range

Utilize our strong cash flow for organic investments, M&A and share buybacks.

(1) These targets and multi-year objectives are provided as of August 17, 2022.

(2) These targets and multi-year objectives assume there are no further changes to the current U.S. government "Entity List" restrictions.

The information provided herein should be reviewed in conjunction with Synopsys, Inc.'s earnings results as disclosed in its Current Report on Form 8-K filed with the Securities and Exchange Commission on August 17, 2022.

III. REVENUE BY PRODUCT GROUP (Unaudited)

(\$ millions)	FY20	Q121	Q221	Q321	Q421	FY21	Q122	Q222	Q322
EDA	2,116.3	536.2	587.6	590.3	617.2	2,331.3	632.3	641.8	623.0
% of Revenue	57%	55%	57%	56%	54%	56%	50%	50%	50%
IP & System Integration	1,202.6	339.6	339.3	363.8	420.6	1,463.3	527.5	520.6	495.9
% of Revenue	33%	35%	33%	34%	36%	35%	42%	41%	40%
Software Integrity	358.1	92.0	93.9	98.0	110.0	393.8	107.6	112.9	118.3
% of Revenue	10%	9%	9%	9%	10%	9%	8%	9%	9%
Other	8.3	2.6	3.5	5.0	4.7	15.8	2.9	4.0	10.5
% of Revenue	0%	0%	0%	0%	0%	0%	0%	0%	1%
Total	3,685.3	970.3	1,024.3	1,057.1	1,152.4	4,204.2	1,270.3	1,279.2	1,247.8

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

- EDA, which includes digital and custom integrated circuit (IC) design software, verification products, manufacturing-related products, and field-programmable gate array (FPGA) design software;
- IP & System Integration, which includes our DesignWare® IP portfolio, system design products, prototyping products, and professional services;
- 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 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)	FY20	Q121	Q221	Q321	Q421	FY21	Q122	Q222	Q322
North America	1,801.9	474.2	479.2	487.0	545.3	1,985.7	618.0	586.2	591.8
% of Revenue	49%	49%	47%	46%	47%	47%	49%	46%	47%
Europe	385.3	105.2	106.2	112.9	116.3	440.5	132.7	116.2	127.3
% of Revenue	10%	11%	10%	11%	10%	10%	10%	9%	10%
Korea	389.0	98.3	105.4	110.5	113.7	427.8	114.4	119.2	125.3
% of Revenue	11%	10%	10%	10%	10%	10%	9%	9%	10%
China	420.8	115.8	125.5	164.2	157.3	562.7	212.8	215.6	189.1
% of Revenue	11%	12%	12%	16%	14%	13%	17%	17%	15%
Other	688.3	176.9	208.1	182.6	220.0	787.5	192.3	242.1	214.2
% of Revenue	19%	18%	20%	17%	19%	19%	15%	19%	17%
Total	3,685.3	970.3	1,024.3	1,057.1	1,152.4	4,204.2	1,270.3	1,279.2	1,247.8

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

	FY20	Q121	Q221	Q321	Q421	FY21	Q122	Q222	Q322
Revenue License Type (millions) ⁽¹⁾									
- Time-based Products	\$2,365.2	\$631.3	\$648.8	\$665.6	\$688.1	\$2,633.8	\$707.5	\$723.8	\$754.3
- Upfront Products	\$735.6	\$174.4	\$209.1	\$203.3	\$274.3	\$861.1	\$368.3	\$336.6	\$268.6
- Maintenance and Service ⁽²⁾	\$584.5	\$164.7	\$166.4	\$188.3	\$190.0	\$709.4	\$194.5	\$218.8	\$224.9
Recurring Revenue (% of Total Revenue) ⁽³⁾	86%	87%	86%	86%	81%	85%	80%	81%	84%
Non-GAAP Operating Margin ⁽⁴⁾	28.0%	29.6%	31.0%	31.9%	29.5%	30.5%	36.2%	36.8%	31.4%
Cash, Cash Equivalents & Short-term Investments (millions)		\$1,023	\$1,458	\$1,530	\$1,581		\$1,272	\$1,721	\$1,531
- % held in U.S.		40%	54%	56%	49%		38%	56%	49%
Outstanding Debt		\$123	\$116	\$107	\$100		\$24	\$24	\$22
Operating Cash Flow ^{(1),(5)}	\$991	\$174	\$526	\$422	\$371	\$1,493	\$156	\$750	\$440
Capital Expenditures ⁽¹⁾	\$155	\$28	\$16	\$23	\$27	\$94	\$42	\$26	\$36
Share Repurchases (millions) ⁽¹⁾									
- Number of Shares	1.6	0.8	0.8	0.5	0.7	2.8	0.7	1.0	0.7
- Gross Share Repurchases	(\$242)	(\$253)	(\$145)	(\$175)	(\$215)	(\$788)	(\$250)	(\$250)	(\$257)
- Remaining Repurchase Authorization	\$458	\$205	\$60	\$325	\$110	\$110	\$750	\$500	\$243
DSO		74	54	50	45		75	51	50
Employee Headcount		~15,355	~15,555	~15,870	~16,360		~16,640	~16,695	~18,330
Revenue by Segment (millions) ⁽⁶⁾⁽⁷⁾									
- Semiconductor & System Design	\$3,327.2	\$878.3	\$930.4	\$959.1	\$1,042.4	\$3,810.4	\$1,162.7	\$1,166.4	\$1,129.5
% of Total	90%	91%	91%	91%	90%	91%	92%	91%	91%
- Software Integrity	\$358.1	\$92.0	\$93.9	\$98.0	\$110.0	\$393.8	\$107.6	\$112.9	\$118.3
% of Total	10%	9%	9%	9%	10%	9%	8%	9%	9%
Adjusted Op Income by Segment (millions) ⁽⁶⁾⁽⁷⁾									
- Semiconductor & System Design	\$990.8	\$278.9	\$308.8	\$328.7	\$326.6	\$1,243.1	\$447.4	\$457.2	\$380.8
- Software Integrity	\$40.8	\$7.9	\$8.4	\$8.7	\$13.3	\$38.3	\$12.0	\$13.0	\$11.3
Adjusted Operating Margin by Segment ⁽⁶⁾⁽⁷⁾									
- Semiconductor & System Design	29.8%	31.8%	33.2%	34.3%	31.3%	32.6%	38.5%	39.2%	33.7%
- Software Integrity	11.4%	8.6%	9.0%	8.8%	12.1%	9.7%	11.2%	11.5%	9.5%

- (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 August 17, 2022 and the reconciliations of the non-GAAP financial measures to their comparable GAAP measures found in this financial supplement to our Q3 fiscal 2022 report (Supplement).
- (5) Typically tracks earnings before interest, taxes, depreciation and amortization (EBITDA) 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 consistent with the information required by ASC 280, Segment Reporting. Synopsys' chief operating decision maker (CODM) is our CEO. 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 July 31, 2022		
	GAAP	Adjustments ⁽²⁾	Non-GAAP
Cost of revenue:			
Products	\$ 164,077	\$ (15,255)	\$ 148,822
Maintenance and service	87,774	(6,849)	80,925
Amortization of intangible assets	19,330	(19,330)	-
Operating expenses:			
Research and development	\$ 444,826	\$ (68,068)	\$ 376,758
Sales and marketing	199,246	(22,835)	176,411
General and administrative	91,461	(18,738)	72,723
Amortization of intangible assets	7,124	(7,124)	-
Operating income	\$ 233,928	\$ 158,199	\$ 392,127
Other income (expense), net	\$ 2,426	\$ 1,092	\$ 3,518
Provision for income taxes	\$ 16,708	\$ 54,508	\$ 71,216
Net income (loss) attributed to non-controlling interest and redeemable non-controlling interest	\$ (2,980)	\$ -	\$ (2,980)
Net income attributed to Synopsys	\$ 222,626	\$ 104,783	\$ 327,409
Net income per diluted share	\$ 1.43	\$ 0.67	\$ 2.10

Shares used in computing per share amounts:

Diluted	155,806	155,806
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(1) Synopsys' third quarter of fiscal year 2022 ended on July 30, 2022. For presentation purposes, we refer to the closest calendar month end.

(2) The adjustments to the various line items resulted from excluding the following from non-GAAP measures: stock compensation of \$127.6 million, amortization of intangible assets of \$26.5 million, acquisition-related costs of \$5.2 million, changes in the fair value of the non-qualified deferred compensation plan of (\$1.1) million, and tax effect of non-GAAP adjustments of (\$54.5) million.

GAAP TO NON-GAAP OPERATING MARGIN RECONCILIATION ⁽¹⁾

(Unaudited)

	Three Months Ended July 31, 2022
GAAP operating margin	18.7%
Amortization of intangible assets	2.1%
Stock compensation	10.2%
Acquisition-related costs	0.4%
Non-qualified deferred compensation plan	0.0%
Non-GAAP operating margin	31.4%

(1) Synopsys' third quarter of fiscal year 2022 ended on July 30, 2022. For presentation purposes, we refer to the closest calendar month end.

TOTAL ADJUSTED SEGMENT OPERATING INCOME RECONCILIATION ⁽¹⁾ ⁽²⁾ ⁽³⁾

(in millions)

	Three Months Ended July 31, 2022	
GAAP total operating income – as reported	\$	233.9
Other expenses managed at consolidated level		
-Amortization of intangible assets		26.5
-Stock compensation		127.6
-Non-qualified deferred compensation plan		(1.1)
-Acquisition-related costs		5.2
Total adjusted segment operating income	\$	392.1

(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) These segments results are consistent with the information required by ASC 280, Segment Reporting. Synopsys' chief operating decision maker (CODM) is our CEO. 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.

(3) Synopsys' third quarter of fiscal year 2022 ended on July 30, 2022. For presentation purposes, we refer to the closest calendar month end.

GAAP TO NON-GAAP RECONCILIATION OF FOURTH QUARTER FISCAL YEAR 2022 TARGETS ⁽¹⁾

(in thousands, except per share amounts)

	Range for Three Months	
	October 31, 2022	
	Low	High
Target GAAP expenses	\$ 1,076,000	\$ 1,096,000
Adjustments:		
Amortization of intangible assets	(26,000)	(29,000)
Stock compensation	(131,000)	(138,000)
Target non-GAAP expenses	\$ 919,000	\$ 929,000
	Range for Three Months	
	October 31, 2022	
	Low	High
Target GAAP earnings per diluted share	\$ 1.06	\$ 1.18
Adjustments:		
Amortization of intangible assets	0.18	0.17
Stock compensation	0.88	0.83
Tax adjustments	(0.32)	(0.33)
Target non-GAAP earnings per diluted share	\$ 1.80	\$ 1.85
Shares used in non-GAAP calculation (midpoint of target range)	157,500	157,500

GAAP TO NON-GAAP RECONCILIATION OF FULL FISCAL YEAR 2022 TARGETS ⁽¹⁾

(in thousands, except per share amounts)

	Range for Fiscal Year	
	October 31, 2022	
	Low	High
Target GAAP expenses	\$ 3,978,389	\$ 3,998,389
Adjustments:		
Amortization of intangible assets	(96,000)	(99,000)
Stock compensation	(464,000)	(471,000)
Acquisition-related costs	(11,332)	(11,332)
Restructuring charges	(12,057)	(12,057)
Target non-GAAP expenses	\$ 3,395,000	\$ 3,405,000
	Range for Fiscal Year	
	October 31, 2022	
	Low	High
Target GAAP earnings per diluted share	\$ 6.37	\$ 6.49
Adjustments:		
Amortization of intangible assets	0.63	0.62
Stock compensation	3.01	2.96
Acquisition-related costs	0.07	0.07
Restructuring charges	0.08	0.08
Tax adjustments	(1.36)	(1.37)
Target non-GAAP earnings per diluted share	\$ 8.80	\$ 8.85
Shares used in non-GAAP calculation (midpoint of target range)	157,500	157,500

(1) Synopsys' fourth quarter of fiscal year 2022 and fiscal year 2022 will end on October 29, 2022. 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 2022 TARGETS ⁽¹⁾⁽²⁾

	Twelve Months Ending October 31, 2022
At midpoint of revenue and expense guidance ranges	
GAAP operating margin	21.4%
Amortization of intangible assets	1.9%
Stock compensation	9.2%
Acquisition-related costs	0.2%
Restructuring charges	0.3%
Target non-GAAP operating margin	<u>33.0%</u>

(1) Synopsys' fiscal year 2022 will end on October 29, 2022. 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 August 17, 2022, and do not represent official guidance for fiscal year 2022.



VII. NOTICE TO INVESTORS

GAAP TO NON-GAAP RECONCILIATIONS

Please see our Current Report on Form 8-K filed with the SEC on August 17, 2022 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 directly comparable GAAP measures, is contained in the third quarter of fiscal year 2022 earnings release available on Synopsys' website at <https://www.synopsys.com/company/investor-relations/financial-news.html> and our Current Report on Form 8-K filed with the SEC on August 17, 2022. In addition to the adjustments described in the Current Report on Form 8-K, the non-GAAP financial measures provided in this Supplement also exclude changes in the fair value of our non-qualified deferred compensation plans since such changes typically do not require current cash settlement and because they are not used by us in assessing the profitability of our business operations.

FORWARD-LOOKING STATEMENTS

This Supplement contains forward-looking statements, including, but not limited to, statements regarding Synopsys' short-term and long-term financial targets, expectations and objectives; strategies related to our products and technology; business and market outlook, opportunities and strategies; customer demand and market expansion; our planned product releases and capabilities; industry growth rates; software trends; planned acquisitions and stock repurchases; our expected tax rate; the expected impact of U.S. and foreign government actions and regulatory changes on our financial results; and the continued impact of the COVID-19 pandemic. 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: risks from the continued impact of the COVID-19 pandemic on the global economy and on our business, operations and financial condition; macroeconomic conditions and uncertainty in the global economy; uncertainty in the growth of the semiconductor and electronics industries; the highly competitive industry we operate in; 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 as well as actions by the U.S. or foreign governments, such as the imposition of additional export restrictions or tariffs; 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 Annual Report on Form 10-K for the fiscal year ended October 31, 2021, and in our latest Quarterly Report on Form 10-Q.

EFFECTIVENESS OF INFORMATION

The information provided herein is as of August 17, 2022. Although this Supplement will remain available on Synopsys' website through the date of the earnings results call for the fourth quarter of fiscal year 2022, its continued availability through such date does not mean that Synopsys is reaffirming or confirming its continued validity. Synopsys undertakes no duty, and does not intend to update any forward-looking statement, whether as a result of new information or future events, or otherwise update, the information contained in this Supplement unless required by law.