

REFINITIV

DELTA REPORT

10-Q

ANSS - ANSYS INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 1049

■ CHANGES	124
■ DELETIONS	310
■ ADDITIONS	615

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2024-04-26
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2024-03-31

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

FORM 10-Q

(Mark)

(Mark One)

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

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

For the quarterly period ended **March 31, 2024**

June 30, 2024

OR

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

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: 0-20853

ANSYS, Inc.

(Exact)

(Exact name of registrant as specified in its charter)

Delaware

04-3219960

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

2600 ANSYS Drive, Canonsburg, PA

15317

(Address of Principal Executive Offices)

(Zip Code)

844

-

462-6797

(Registrant's)

Delaware

04-3219960

(State or other jurisdiction of incorporation or organization)

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

2600 ANSYS Drive, Canonsburg, PA

15317

(Address of Principal Executive Offices)

(Zip Code)

844-462-6797

(Registrant's telephone number, including area code)

N/A

(Former

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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Common Stock, \$0.01 par value per share	ANSS	Nasdaq Stock Market LLC
--	------	-------------------------

(Nasdaq Global Select Market)

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

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common Stock, \$0.01 par value per share

ANSS

Nasdaq Stock Market LLC

(Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller r

Large accelerated filer **Accelerated filer**

Non-accelerated filer **Smaller reporting company**

Emerging growth company

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 comp

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the Registrant's Common Stock, \$0.01 par value per share, outstanding as of **April 26, 2024** **July 26, 2024** was **87**

ANSYS, INC. AND SUBSIDIARIES

INDEX

<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	<u>Page No.</u>
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets - June 30, 2024 and December 31, 2023</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Income - Three and Six Months Ended June 30, 2024 and 2023</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Comprehensive Income - Three and Six Months Ended June 30, 2024 and 2023</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Cash Flows - Six Months Ended June 30, 2024 and 2023</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Stockholders' Equity - Three and Six Months Ended June 30, 2024 and 2023</u>	<u>7</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>8</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>43</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>45</u>
<u>PART II</u>	<u>OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>46</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>46</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>46</u>
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	<u>46</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	<u>46</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>46</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>47</u>
	<u>SIGNATURES</u>	<u>48</u>

PART I - FINANCIAL INFORMATION Page No.

<u>Item 1.</u>	<u>Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets -</u>		
<u>March</u>		
<u>3</u>		
<u>1</u>		
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Condensed Consolidated Statements of Income - Three	4	
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Condensed Consolidated Statements of Comprehensive Income - Three	5	
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Condensed Consolidated Statements of Cash Flows -	6	
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3		
Condensed Consolidated Statements of Stockholders' Equity - Three	7	
Months Ended		
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Notes to Condensed Consolidated Financial Statements	8	
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	38
Item 4.	Controls and Procedures	40
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings	41
Item 1A.	Risk Factors	41
Item 2.	Unregistered Sales of Equity Securities	41
	and	
	Use of Proceeds	
Item 3.	Defaults Upon Senior Securities	41
Item 4.	Mine Safety Disclosures	41
Item 5.	Other Information	41
Item 6.	Exhibits	42

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1.

Financial Statements:

ANSYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except share and per share data)	March 31,	December 31,
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,050,509	\$ 860,201
Short-term investments	20,100	189
Accounts receivable, less allowance for doubtful accounts of \$ 20,700	650,044	864,526
Other receivables and current assets	260,518	324,651
Total current assets	1,981,171	2,049,567
Long-term assets:		
Property and equipment, net	80,930	77,780
Operating lease right-of-use assets	111,069	116,980
Goodwill	3,797,859	3,805,874
Other intangible assets, net	806,375	835,417
Other long-term assets	210,165	273,030
Deferred income taxes	162,845	164,227
Total long-term assets	5,169,243	5,273,308
Total assets	\$ 7,150,414	\$ 7,322,875
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 27,899	\$ 22,772
Accrued bonuses and commissions	41,901	170,909
Accrued income taxes	15,885	22,454
Other accrued expenses and liabilities	187,722	215,645
Deferred revenue	433,167	457,514
Total current liabilities	706,574	889,294
Long-term liabilities:		
Deferred income taxes	73,092	75,301
Long-term operating lease liabilities	95,320	100,505
Long-term debt	753,970	753,891
Other long-term liabilities	111,815	113,520

Total long-term liabilities	1,034,197	1,043,217
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 2,000,000 shares authorized; zero shares issued or outstanding	953	953
Common stock, \$0.01 par value; 300,000,000 shares authorized; 95,267,307 shares issued	1,641,813	1,670,450
Additional paid-in capital	5,318,120	5,283,342
Treasury stock, at cost: 7,971,231 and 8,361,447 shares, respectively	(1,438,948)	(1,474,110)
Accumulated other comprehensive loss	(112,295)	(90,271)
Total stockholders' equity	5,409,643	5,390,364
Total liabilities and stockholders' equity	\$ 7,150,414	\$ 7,322,875

	June 30, 2024	December 31, 2023
<i>(in thousands, except share and per share data)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,098,958	\$ 860,201
Short-term investments	20,314	189
Accounts receivable, less allowance for doubtful accounts of \$16,500 and \$20,700, respectively	724,125	864,526
Other receivables and current assets	248,427	324,651
Total current assets	2,091,824	2,049,567
Long-term assets:		
Property and equipment, net	86,294	77,780
Operating lease right-of-use assets	109,081	116,980
Goodwill	3,793,510	3,805,874
Other intangible assets, net	776,461	835,417
Other long-term assets	272,662	273,030
Deferred income taxes	189,783	164,227
Total long-term assets	5,227,791	5,273,308
Total assets	\$ 7,319,615	\$ 7,322,875
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 24,993	\$ 22,772
Accrued bonuses and commissions	70,285	170,909
Accrued income taxes	18,437	22,454

Other accrued expenses and liabilities	171,179	215,645
Deferred revenue	423,848	457,514
Total current liabilities	708,742	889,294
Long-term liabilities:		
Deferred income taxes	59,752	75,301
Long-term operating lease liabilities	91,703	100,505
Long-term debt	754,049	753,891
Other long-term liabilities	118,866	113,520
Total long-term liabilities	1,024,370	1,043,217
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 2,000,000 shares authorized; zero shares issued or outstanding	—	—
Common stock, \$0.01 par value; 300,000,000 shares authorized; 95,267,307 shares issued	953	953
Additional paid-in capital	1,689,883	1,670,450
Retained earnings	5,448,154	5,283,342
Treasury stock, at cost: 7,891,884 and 8,361,447 shares, respectively	(1,431,774)	(1,474,110)
Accumulated other comprehensive loss	(120,713)	(90,271)
Total stockholders' equity	5,586,503	5,390,364
Total liabilities and stockholders' equity	\$ 7,319,615	\$ 7,322,875

The accompanying notes are an integral part of the condensed consolidated financial statements.

3

Table of Contents

ANSYS, INC. AND SUBSIDIARIES			
CONDENSED CONSOLIDATED STATEMENTS OF INCOME			
(Unaudited)			
Three Months Ended			
(in thousands, except per share data)	March 31,	March 31,	
	2024	2023	
Revenue:			
Software licenses	\$ 160,321	\$ 219,152	
Maintenance and service	306,284	290,295	
Total revenue	466,605	509,447	
Cost of sales:			
Software licenses	10,044	11,744	
Amortization	22,484	19,618	
Maintenance and service	36,139	36,290	
Total cost of sales	68,667	67,652	
Gross profit	397,938	441,795	
Operating expenses:			
Selling, general and administrative	219,643	188,584	
Research and development	128,811	120,335	
Amortization	6,145	5,181	

Total operating expenses	354,599	314,100
Operating income	43,339	127,695
Interest income	10,995	4,078
Interest expense	((
	12,369	10,758
))
Other expense, net	((
	1,007	177
))
Income before income tax provision	40,958	120,838
Income tax provision	6,180	20,216
Net income	\$ 34,778	\$ 100,622
Earnings per share - basic:		
Earnings per share	\$ 0.40	\$ 1.16
Weighted average shares	87,067	86,930
Earnings per share - diluted:		
Earnings per share	\$ 0.40	\$ 1.15
Weighted average shares	87,780	87,431

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(in thousands, except per share data)</i>				
Revenue:				
Software licenses	\$ 283,232	\$ 204,897	\$ 443,553	\$ 424,049
Maintenance and service	310,906	291,702	617,190	581,997
Total revenue	594,138	496,599	1,060,743	1,006,046
Cost of sales:				
Software licenses	11,309	8,659	21,353	20,403
Amortization	22,385	20,079	44,869	39,697
Maintenance and service	35,661	39,602	71,800	75,892
Total cost of sales	69,355	68,340	138,022	135,992
Gross profit	524,783	428,259	922,721	870,054
Operating expenses:				
Selling, general and administrative	228,623	202,142	448,266	390,726
Research and development	132,624	125,023	261,435	245,358
Amortization	6,120	5,470	12,265	10,651
Total operating expenses	367,367	332,635	721,966	646,735
Operating income	157,416	95,624	200,755	223,319
Interest income	12,208	3,402	23,203	7,480
Interest expense	(12,238)	(11,560)	(24,607)	(22,318)
Other expense, net	(854)	(3,483)	(1,861)	(3,660)
Income before income tax provision	156,532	83,983	197,490	204,821
Income tax provision	26,498	14,457	32,678	34,673
Net income	\$ 130,034	\$ 69,526	\$ 164,812	\$ 170,148
Earnings per share - basic:				
Earnings per share	\$ 1.49	\$ 0.80	\$ 1.89	\$ 1.96

Weighted average shares	<u><u>87,332</u></u>	<u><u>86,696</u></u>	<u><u>87,199</u></u>	<u><u>86,813</u></u>
Earnings per share - diluted:				
Earnings per share	\$ <u><u>1.48</u></u>	\$ <u><u>0.80</u></u>	\$ <u><u>1.88</u></u>	\$ <u><u>1.95</u></u>
Weighted average shares	<u><u>87,777</u></u>	<u><u>87,192</u></u>	<u><u>87,779</u></u>	<u><u>87,312</u></u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

4

Table of Contents

ANSYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended	
(in thousands)	March 31,	March 31,
	2024	2023
Net income	\$ 34,778	\$ 100,622
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(13,284)	21,947
)	
Net unrealized losses on available-for-sale securities, net of tax of \$ 0	(- 77)	
)	
Comprehensive income	\$ 12,754	\$ 113,906

(in thousands)	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2024	2023	2024	2023
Net income	\$ 130,034	\$ 69,526	\$ 164,812	\$ 170,148
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(8,410)	8,003	(30,357)	21,287
Unrealized losses on available-for-sale securities, net of tax	(8)	—	(85)	—
Comprehensive income	\$ 121,616	\$ 77,529	\$ 134,370	\$ 191,435

The accompanying notes are an integral part of the condensed consolidated financial statements.

5

Table of Contents

ANSYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
(in thousands)	March 31,	March 31,
	2024	2023
Cash flows from operating activities:		



Net income	\$ 34,778	\$ 100,622
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	35,536	32,124
Operating lease right-of-use assets expense	5,664	5,381
Deferred income tax benefit	((
	2,340	2,915
))
Provision for bad debts	412	(
		118
)
Stock-based compensation expense	58,664	44,171
Other	402	307
Changes in operating assets and liabilities:		
Accounts receivable	264,474	185,385
Other receivables and current assets	60,593	68,991
Other long-term assets	((
	671	5,798
))
Accounts payable, accrued expenses and current liabilities	((
	147,636	135,365
))
Accrued income taxes	(1,481
	6,280	
)	
Deferred revenue	((
	17,714	25,879
))
Other long-term liabilities	((
	3,065	7,621
))
Net cash provided by operating activities	282,817	260,766
Cash flows from investing activities:		
Acquisitions, net of cash acquired	-	(
		120,584
)
Capital expenditures	((
	10,543	6,892
))
Purchases of short-term investments	((
	19,940	56
))
Other investing activities	((
	3,953	858
))
Net cash used in investing activities	((
	34,436	128,390
))
Cash flows from financing activities:		
Purchase of treasury stock	-	(
		196,494
)
Restricted stock withholding taxes paid in lieu of issued shares	((
	65,089	52,916
))
Proceeds from shares issued for stock-based compensation	10,446	8,582
Net cash used in financing activities	((
	54,643	240,828
))
Effect of exchange rate fluctuations on cash and cash equivalents	(1,750

		3,430
)
Net increase (decrease) in cash and cash equivalents		190,308 (
		106,782
)
Cash and cash equivalents, beginning of period		860,201 614,391
Cash and cash equivalents, end of period		\$ 1,050,509 \$ 507,689
Supplemental disclosure of cash flow information:		
Income taxes paid		\$ 16,721 \$ 7,650
Interest paid		\$ 11,939 \$ 10,666
Non-cash consideration in connection with acquisitions		\$ 1,640 \$ 5,056

	Six Months Ended	
	June 30, 2024	June 30, 2023
<i>(in thousands)</i>		
Cash flows from operating activities:		
Net income	\$ 164,812	\$ 170,148
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71,533	65,133
Operating lease right-of-use assets expense	11,515	10,750
Deferred income tax benefit	(42,584)	(36,764)
Provision for bad debts	768	2,311
Stock-based compensation expense	125,554	100,472
Other	774	855
Changes in operating assets and liabilities:		
Accounts receivable	114,807	133,435
Other receivables and current assets	70,450	47,903
Other long-term assets	6,202	(1,847)
Accounts payable, accrued expenses and current liabilities	(134,618)	(122,952)
Accrued income taxes	(3,383)	5,575
Deferred revenue	(22,686)	(45,371)
Other long-term liabilities	386	(6,016)
Net cash provided by operating activities	363,530	323,632
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(1,586)	(197,786)
Capital expenditures	(23,836)	(12,037)
Purchases of short-term investments	(20,099)	(72)
Other investing activities	(3,854)	(5,732)
Net cash used in investing activities	(49,375)	(215,627)
Cash flows from financing activities:		
Purchase of treasury stock	—	(196,494)
Restricted stock withholding taxes paid in lieu of issued shares	(76,707)	(59,855)
Proceeds from shares issued for stock-based compensation	10,446	13,622
Other financing activities	(2,922)	(1,294)
Net cash used in financing activities	(69,183)	(244,021)
Effect of exchange rate fluctuations on cash and cash equivalents	(6,215)	(500)
Net increase (decrease) in cash and cash equivalents	238,757	(136,516)
Cash and cash equivalents, beginning of period	860,201	614,391
Cash and cash equivalents, end of period	\$ 1,098,958	\$ 477,875

Supplemental disclosure of cash flow information:				
Income taxes paid		\$	60,537	\$ 83,635
Interest paid		\$	23,992	\$ 21,847
Non-cash consideration in connection with acquisitions		\$	—	\$ 5,056

The accompanying notes are an integral part of the condensed consolidated financial statements.

Table of Contents

ANSYS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional		Retained		Treasury S	
			Paid-In		Earnings			
	(in thousands)		Shares	Amount	Shares	Amount		
Balance, January 1, 2024	95,267	\$ 953	\$ 1,670,450	\$ 5,283,342	8,361	\$ (1,474,110)	\$ (90,271)	\$ 5,390,364
Acquisition activity of previously acquired businesses	1,818		(719)	2,537				
Stock-based compensation activity			(34,443)	3,988				
	30,455		382					
			()	()				
Other comprehensive loss			(22,024)	22,024				
			()	()				
Net income			34,778	34,778				
Balance, March 31, 2024	95,267	\$ 953	\$ 1,641,813	\$ 5,318,120	7,971	\$ (1,438,948)	\$ (112,295)	\$ 5
Stock								
Accumulated Other Total								
Comprehensive Loss Stockholders' Equity								

,409,643

	Common Stock		Additional		Retained		Tre	
			Paid-In		Earnings			
	(in thousands)		Shares	Amount	Shares	Amount		

(in thousands)		Shares	Amount	Shares	Amount	
Balance,	95,267	\$ 953	\$ 1,540,317	\$ 4,782,930	8,317	\$ (1,335,627)
January					122,722	
1, 2023))
		Treasury shares acquired,	650	((
		including excise tax	197,416	197,416		
))	
		Stock-based compensation	((34,350	(
		activity	34,529	356	179	
))		
		Other comprehensive income	13,284	13,284		
		Net income	100,622	100,622		
Balance,	95,267	\$ 953	\$ 1,505,788	\$ 4,883,552	8,611	\$ (1,498,693)
March					109,438	
31, 2023))
		Common Stock		Accumulated		Total
				Other		Stockholders'
				Comprehensive		Equity
				(Loss) Income		
					,851	

(in thousands)		Common Stock	Additional Paid-In Capital	Retained Earnings	Shares	Amount	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance, January 1, 2024		95,267	\$ 953	\$1,670,450	\$5,283,342	8,361	\$ (1,474,110)	\$ (90,271) \$ 5,390,364
Acquisition activity of previously acquired businesses				1,818		(8)	719	2,537
Stock-based compensation activity				(30,455)		(382)	34,443	3,988
Other comprehensive loss								(22,024) (22,024)
Net income					34,778			34,778
Balance, March 31, 2024		95,267	\$ 953	\$1,641,813	\$5,318,120	7,971	\$ (1,438,948)	\$ (112,295) \$ 5,409,643
Stock-based compensation activity				48,070		(79)	7,174	55,244
Other comprehensive loss								(8,418) (8,418)
Net income					130,034			130,034
Balance, June 30, 2024		95,267	\$ 953	\$1,689,883	\$5,448,154	7,892	\$ (1,431,774)	\$ (120,713) \$ 5,586,503
(in thousands)		Common Stock	Additional Paid-In Capital	Retained Earnings	Shares	Amount	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
Balance, January 1, 2023		95,267	\$ 953	\$ 1,540,317	\$ 4,782,930	8,317	\$ (1,335,627)	\$ (122,722) \$ 4,865,851
Treasury shares acquired, including excise tax					650	(197,416)		(197,416)
Stock-based compensation					(34,529)	(356)	34,350	(179)

Other comprehensive income						13,284	13,284
Net income				100,622			100,622
Balance, March 31, 2023	95,267	\$ 953	\$ 1,505,788	\$ 4,883,552	8,611	\$ (1,498,693)	\$ (109,438) \$ 4,782,162
Treasury shares acquired, including excise tax						343	343
Stock-based compensation activity			44,365		(105)	10,013	
Other comprehensive income							54,378
Net income				69,526			8,003
Balance, June 30, 2023	95,267	\$ 953	\$ 1,550,153	\$ 4,953,078	8,506	\$ (1,488,337)	\$ (101,435) \$ 4,914,412

The accompanying notes are an integral part of the condensed consolidated financial statements.

7

Table of Contents

ANSYS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

June 30, 2024
(Unaudited)

1. Organization

ANSYS, Inc. (Ansyst, we, us, our) develops and globally markets engineering simulation software and services widely used by engineers, As defined by the accounting guidance for segment reporting, we operate as one segment.

Given the integrated approach to the multi-discipline problem-solving needs of our customers, a single sale may contain components from **Pending Acquisition**

On January 15, 2024, we entered into an Agreement and Plan of Merger (the Merger Agreement) with Synopsys, Inc., a Delaware corporatio

2. Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Accounting Guidance Issued and Not Yet Adopted

Segment reporting: In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting* (Topic 280): *Improvements to Reportable* .

Income tax disclosures: In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes* (Topic 740): *Improvements to Income Tax*

8

Table of Contents

Cash, Cash Equivalents and Short-Term Investments

Cash and cash equivalents consist primarily of highly liquid investments such as deposits held at major banks and money market funds.

Short-term investments consist of available-for-sale debt securities with remaining maturities greater than three months at the date of purchase.

3. Revenue from Contracts with Customers

Disaggregation of Revenue

The following table summarizes revenue:

		Three Months Ended	
(in thousands, except percentages)		March 31, 2024	March 31, 2023
Revenue:			
Subscription lease licenses		\$ 94,800	\$ 147,922
Perpetual licenses		65,521	71,230
Software licenses		160,321	219,152
Maintenance		289,340	268,593
Service		16,944	21,702
Maintenance and service		306,284	290,295
Total revenue		\$ 466,605	\$ 509,447
Direct revenue, as a percentage of total revenue		66.5 %	76.3 %
Indirect revenue, as a percentage of total revenue		33.5 %	23.7 %

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(in thousands, except percentages)				
Revenue:				
Subscription lease licenses	\$ 218,589	\$ 134,999	\$ 313,389	\$ 282,921
Perpetual licenses	64,643	69,898	130,164	141,128
Software licenses	283,232	204,897	443,553	424,049
Maintenance	293,826	273,692	583,166	542,285
Service	17,080	18,010	34,024	39,712
Maintenance and service	310,906	291,702	617,190	581,997
Total revenue	\$ 594,138	\$ 496,599	\$ 1,060,743	\$ 1,006,046
Direct revenue, as a percentage of total revenue	76.0 %	71.2 %	71.8 %	73.8 %
Indirect revenue, as a percentage of total revenue	24.0 %	28.8 %	28.2 %	26.2 %

Our software license revenue is recognized up front, while maintenance and service revenue is recognized over the term of the contract

9

Table of Contents

Deferred Revenue

Deferred revenue consists of billings made or payments received in advance of revenue recognition from customer agreements. The timing of the changes in deferred revenue, inclusive of both current and long-term deferred revenue, during the **three six** months ended **March 31**,

(in thousands)	2024	2023
Beginning balance - January 1	\$ 479,754	\$ 435,758
Acquired deferred revenue	- 6,555	
Deferral of revenue	448,381	483,502
Recognition of revenue	()	()

466,605	509,447
))
Currency translation	(701
6,929	
)	
Ending balance - March 31	\$ 454,601 \$ 417,069

(in thousands)	2024	2023
Beginning balance - January 1	\$ 479,754	\$ 435,758
Acquired deferred revenue	-	7,910
Deferral of revenue	1,038,334	961,520
Recognition of revenue	(1,060,743)	(1,006,046)
Currency translation	(11,425)	(2,636)
Ending balance - June 30	\$ 445,920	\$ 396,506

Total revenue allocated to remaining performance obligations as of **March 31, 2024** **June 30, 2024** will be recognized as revenue as follows:

(in thousands)	
Next 12 months	\$ 866,273
Months 13-24	333,293
Months 25-36	125,623
Thereafter	44,264
Total revenue allocated to remaining performance obligations	\$ 1,369,453

(in thousands)	
Next 12 months	\$ 862,037
Months 13-24	323,747
Months 25-36	130,501
Thereafter	77,722
Total revenue allocated to remaining performance obligations	\$ 1,394,007

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes **292.8** million \$541.8 million and **\$ 317.6** million, \$527.9 million, respectively.

4. Acquisitions

During the three and six months ended **March 31, 2024** **June 30, 2024**, we incurred acquisition-related expenses of \$ **14.3** \$12.4 million and \$26.7 million, respectively, primarily consisting of costs related to the Merger Agreement with Synopsys. Acquis

On December 5, 2023, we entered into an agreement to make a strategic equity **investment**. The investment **is in Humanetics in the amount** **300.0** million.

2023 Acquisitions

On January 3, 2023, we completed the acquisition of DYNAmore for a purchase price of \$ **140.8** \$140.8 million, or \$ **128.0** \$128.0 million net of cash acquired. The acquisition expanded our position as a simulation solution provider within the automotiv

Additionally, during the year ended December 31, 2023, we completed other acquisitions to expand our solution offerings and enhance our \$94.4 million, or \$88.3 million net of cash acquired.

The operating results of each acquisition have been included in our condensed consolidated financial statements since each respective

10

Table of Contents

5. Other Receivables and Current Assets and Other Accrued Expenses and Liabilities

Our other receivables and current assets and other accrued expenses and liabilities comprise the following balances:

(in thousands)	March 31, 2024	December 31, 2023
Receivables related to unrecognized revenue	\$ 149,487	\$ 253,646
Income taxes receivable, including overpayments and refunds	36,778	22,104
Prepaid expenses and other current assets	74,253	48,901
Total other receivables and current assets	\$ 260,518	\$ 324,651
Accrued vacation	42,546	42,435
Payroll-related accruals	39,142	25,012
Accrued expenses and other current liabilities	106,034	148,198
Total other accrued expenses and liabilities	\$ 187,722	\$ 215,645

(in thousands)	June 30, 2024	December 31, 2023
Receivables related to unrecognized revenue	\$ 157,924	\$ 253,646
Income taxes receivable, including overpayments and refunds	25,091	22,104
Prepaid expenses and other current assets	65,412	48,901
Total other receivables and current assets	\$ 248,427	\$ 324,651
Accrued vacation	38,333	42,435
Accrued expenses and other current liabilities	132,846	173,210
Total other accrued expenses and liabilities	\$ 171,179	\$ 215,645

Receivables related to unrecognized revenue represent the current portion of billings made for customer contracts that have not yet been recognized as revenue.

6. Earnings Per Share

Basic earnings per share (EPS) amounts are computed by dividing earnings by the weighted average number of common shares outstanding during the period. The details of basic and diluted EPS are as follows:

(in thousands, except per share data)	Three Months Ended	
	March 31, 2024	March 31, 2023
Net income	\$ 34,778	\$ 100,622
Weighted average shares outstanding - basic	87,067	86,930
Dilutive effect of stock plans	713	501

Weighted average shares outstanding - diluted	87,780	87,431
Basic earnings per share	\$ 0.40	\$ 1.16
Diluted earnings per share	\$ 0.40	\$ 1.15
Anti-dilutive shares	53	650

11

Table of Contents

<i>(in thousands, except per share data)</i>	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$ 130,034	\$ 69,526	\$ 164,812	\$ 170,148
Net income	<u>87,332</u>	86,696	<u>87,199</u>	86,813
Weighted average shares outstanding - basic	445	496	580	499
Dilutive effect of stock plans	<u>87,777</u>	87,192	<u>87,779</u>	87,312
Weighted average shares outstanding - diluted	<u>\$ 1.49</u>	\$ 0.80	<u>\$ 1.89</u>	\$ 1.96
Basic earnings per share	<u>\$ 1.48</u>	\$ 0.80	<u>\$ 1.88</u>	\$ 1.95
Diluted earnings per share	1	50	27	350
Anti-dilutive shares				

7. Goodwill and Intangible Assets

Intangible assets are classified as follows:

<i>(in thousands)</i>	March 31, 2024		December 31, 2023	
	Gross	Accumulated	Gross	Accumulated
	Carrying	Amortization	Carrying	Amortization
	Amount		Amount	
Finite-lived intangible assets:				
Developed software and core technologies	\$ 1,147,238	\$ (1,146,022)	\$ 576,985	\$ 557,359
))))
Customer lists	286,269	(289,874)	94,724	89,800
))))
Trade names	189,767	(190,203)	145,547	143,880
))))
Total	\$ 1,623,274	\$ (1,626,099)	817,256	791,039
))))
Indefinite-lived intangible asset:				
Trade name	\$ 357	\$ 357		

<i>(in thousands)</i>	June 30, 2024		December 31, 2023	
	Gross	Accumulated	Gross	Accumulated
	Carrying	Amortization	Carrying	Amortization
	Amount		Amount	
Finite-lived intangible assets:				
Developed software and core technologies	\$ 1,146,254	\$ (597,181)	\$ 1,146,022	\$ (557,359)
Customer lists	285,300	(100,577)	289,874	(89,800)
Trade names	189,639	(147,331)	190,203	(143,880)

Total	\$ 1,621,193	\$ (845,089)	\$ 1,626,099	\$ (791,039)
Indefinite-lived intangible asset:				
Trade name	\$ 357	\$ 357		

Finite-lived intangible assets are amortized over their estimated useful lives of two years to seventeen years.

years.

As of **March 31, 2024** **June 30, 2024**, estimated future amortization expense for the intangible assets reflected above was as follows:

(in thousands)	
Remainder of 2024	\$ 83,630
2025	115,308
2026	116,148
2027	119,371
2028	112,994
2029	99,177
Thereafter	159,390
Total intangible assets subject to amortization	806,018
Indefinite-lived trade name	357
Other intangible assets, net	\$ 806,375

(in thousands)		
Remainder of 2024		\$ 55,019
2025		115,124
2026		115,953
2027		119,173
2028		112,820
2029		99,010
Thereafter		159,005
Total intangible assets subject to amortization		776,104
Indefinite-lived trade name		357
Other intangible assets, net		\$ 776,461

The changes in goodwill during the **threesix** months ended **March 31, 2024** **June 30, 2024** and 2023 were as follows:

(in thousands)	2024	2023
Beginning balance - January 1	\$ 3,805,874	\$ 3,658,267
Acquisitions and adjustments	2,872	69,227

(in thousands)	2024	2023
Beginning balance - January 1	\$ 3,805,874	\$ 3,658,267
Acquisitions and adjustments ⁽¹⁾	1,583	115,644
Currency translation	(13,947)	18,205
Ending balance - June 30	\$ 3,793,510	\$ 3,792,116

(1)	
Currency translation	(9,701
	10,887
)

Ending balance - March 31 \$ 3,797,859 \$ 3,737,195

(1) In accordance with the accounting for business combinations, we recorded adjustments to goodwill for the effect of changes in the p
During the first quarter of 2024, we completed the annual impairment test for goodwill and the indefinite-lived intangible asset and d
12

Table of Contents

8. Cash Equivalents and Short-Term Investments

During the ~~three~~six months ended **March 31, 2024**June 30, 2024, we invested in available-for-sale debt securities, which are included in

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less Than 12 Continuous Months	Estimated Fair Value
<hr/>				
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less Than 12 Continuous Months	Estimated Fair Value
Cash equivalents:				
Money market funds	\$ 257,967	\$ -	\$ -	\$ -
Total cash equivalents	257,967	-	-	-
Short-term investments:				
Corporate debt securities	15,267	-	-	(84)
Municipal bonds	4,981	-	-	(29)
Other short-term investments	179	-	-	-
Total short-term investments	20,427	-	-	(113)
Total cash equivalents and short-term investments	\$ 278,394	\$ -	\$ -	(113) \$

(1)

Cash equivalents:
Money market funds
\$ 294,440 \$ - \$ - \$ 294,440
Total cash equivalents
294,440 - - 294,440
Short-term investments:
Corporate debt securities
15,046 1 (14,988
59
)
Municipal bonds
4,943 - (4,924
19
)
Other short-term investments
188 - - 188
Investments
Total short-term investments
20,177 1 (20,100
Investments
78
)
Total cash equivalents and short-term investments
\$ 314,617 \$ 1 \$ (\$ 314,540
78
)

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

Of the \$

15.0

million \$15.2 million corporate debt securities, \$

13.8

million \$15.1 million are in a loss position at **March 31, 2024**June 30, 2024. Of the \$

4.9

million \$5.0 million municipal bonds, \$

4.5

million \$4.6 million are in a loss position at **March 31, 2024** June 30, 2024.

The unrealized losses presented above are primarily attributable to changes in interest rates. We believe that we have the ability to

The following table outlines maturities of our available-for-sale debt securities as of **March 31, 2024** June 30, 2024:

(in thousands)	Amortized Cost	Fair Value
Less than 1 year	\$ 4,232	\$ 4,226
1-3 years	15,757	15,686
Total	\$ 19,989	\$ 19,912

13

Table of Contents

(in thousands)	Amortized Cost	Fair Value
Less than 1 year	\$ 8,045	\$ 8,023
1-3 years	12,203	12,112
Total	\$ 20,248	\$ 20,135

9. Fair Value Measurement

The valuation hierarchy for disclosure of assets and liabilities reported at fair value prioritizes the inputs for such valuations int

.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
-
- Level 2: quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability;
-
- Level 3: unobservable inputs based on our own assumptions used to measure assets and liabilities at fair value.

A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significa

Our debt is classified within Level 2 of the fair value hierarchy because these borrowings are not actively traded and have a variable

The following tables provide the assets carried at fair value and measured on a recurring basis:

(in thousands)	Fair Value Measurements at Reporting Date Using:				
	March 31, 2024	Quoted Prices in Active Markets	Significant Other Observable	Significant Unobservable	
		(Level 1)	Inputs	Inputs	
			(Level 2)	(Level 3)	
Assets					
Cash equivalents:					
Money market funds	\$ 294,440	\$ 294,440	\$ -	\$ -	
Short-term investments:					
Corporate debt securities	\$ 14,988	\$ -	\$ 14,988	\$ -	
Municipal bonds	\$ 4,924	\$ -	\$ 4,924	\$ -	
Other short-term investments	\$ 188	\$ -	\$ 188	\$ -	
Deferred compensation plan investments	\$ 2,370	\$ 2,370	\$ -	\$ -	
Equity securities	\$ 591	\$ 591	\$ -	\$ -	

(in thousands)	Fair Value Measurements at Reporting Date Using:				
	December 31, 2023		Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
			(Level 1)	(Level 2)	(Level 3)
Assets (Liabilities)					
Cash equivalents:					
Money market funds	\$ 170,821	\$ 170,821	\$ -	\$ -	\$ -
Short-term investments:					
Other short-term investments	\$ 189	\$ -	\$ 189	\$ -	\$ -
Deferred compensation plan investments	\$ 2,337	\$ 2,337	\$ -	\$ -	\$ -
Equity securities	\$ 634	\$ 634	\$ -	\$ -	\$ -
Forward contracts	\$ (412)	\$ -	\$ (412)	\$ -	\$ -
))			

(in thousands)	Fair Value Measurements at Reporting Date Using:				
	June 30, 2024		Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
			(Level 1)	(Level 2)	(Level 3)
Assets					
Cash equivalents:					
Money market funds	\$ 257,967	\$ 257,967	\$ -	\$ -	\$ -
Short-term investments:					
Corporate debt securities	\$ 15,183	\$ -	\$ 15,183	\$ -	\$ -
Municipal bonds	\$ 4,952	\$ -	\$ 4,952	\$ -	\$ -
Other short-term investments	\$ 179	\$ -	\$ 179	\$ -	\$ -
Deferred compensation plan investments	\$ 2,398	\$ 2,398	\$ -	\$ -	\$ -
Equity securities	\$ 593	\$ 593	\$ -	\$ -	\$ -
Fair Value Measurements at Reporting Date Using:					
		Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs	
		(Level 1)	(Level 2)	(Level 3)	
Assets (Liabilities)					
Cash equivalents:					
Money market funds	\$ 170,821	\$ 170,821	\$ -	\$ -	\$ -
Short-term investments:					
Other short-term investments	\$ 189	\$ -	\$ 189	\$ -	\$ -
Deferred compensation plan investments	\$ 2,337	\$ 2,337	\$ -	\$ -	\$ -
Equity securities	\$ 634	\$ 634	\$ -	\$ -	\$ -
Forward contracts	\$ (412)	\$ -	\$ (412)	\$ -	\$ -

The cash equivalents in the preceding tables represent money market funds, valued at net asset value, with carrying values which approximated their fair values.

14

Table of Contents

The short-term investments in the preceding tables represent available-for-sale debt securities and time deposits. The deferred compensation plan investments in the preceding tables represent trading securities held in a rabbi trust for the benefit of employees. The equity securities represent our investment in a publicly traded company. These securities are traded in an active market with quoted prices. The forward contracts represent currency hedges to mitigate exchange rate exposure. These contracts are classified within Level 2 because they are not traded on an active market.

10. Leases

Our right-of-use assets and lease liabilities primarily include operating leases for office space. Our executive offices and those related to our research and development activities are included in the lease liability. The lease liability includes an option to lease additional space in January 2025 and an option to terminate the lease in December 2025. No options are included in the lease liability. Absent the exercise of options in the lease, our remaining lease term would be 4.5 years. The lease liability cost for 2024 is \$4.5 million per annum through 2024 and \$4.7 million per annum for 2025 - 2029.

The components of our global lease cost reflected in the condensed consolidated statements of income are as follows:

(in thousands)	Three Months Ended			
	March 31,		March 31,	
	2024	2023	2024	2023
Lease liability cost	\$ 7,328	\$ 7,041		
Variable lease cost not included in the lease liability	1,383	1,183		
			Six Months Ended	
	June 30,		June 30,	
	2024		2023	
Lease liability cost	\$ 7,128	\$ 7,069	\$ 14,456	\$ 14,110
Variable lease cost not included in the lease liability ⁽¹⁾	1,259	1,428	2,642	2,611
Total lease cost	\$ 8,387	\$ 8,497	\$ 17,098	\$ 16,721
(1)				
Total lease cost	\$ 8,711	\$ 8,224		

⁽¹⁾ Variable lease cost includes common area maintenance, property taxes, utilities and fluctuations in rent due to a change in an independent variable. Other information related to operating leases is as follows:

(in thousands)	Three Months Ended			
	March 31,		March 31,	
	2024	2023	2024	2023
Cash paid for amounts included in the measurement of the lease liability:				
Operating cash flows from operating leases	\$ (7,213)	\$ (6,779)		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1,389	\$ 4,414		

	As of March 31,	
	2024	2023
Weighted-average remaining lease term of operating leases	6.2 years	6.7 years
Weighted-average discount rate of operating leases	3.4 %	3.2 %

15

Table of Contents

	Three Months Ended	Six Months Ended

(in thousands)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Cash paid for amounts included in the measurement of the lease liability:				
Operating cash flows from operating leases	\$ (6,941)	\$ (6,926)	\$ (14,154)	\$ (13,705)
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 5,024	\$ 902	\$ 6,413	\$ 5,316
As of June 30,				
	2024	2023		
Weighted-average remaining lease term of operating leases			5.8 years	6.6 years
Weighted-average discount rate of operating leases			3.3 %	3.2 %

The maturity schedule of the operating lease liabilities as of **March 31, 2024** **June 30, 2024** is as follows:

(in thousands)	
Remainder of 2024	\$ 20,216
2025	23,107
2026	20,629
2027	18,789
2028	17,132
Thereafter	30,774
Total future lease payments	130,647
Less: Present value adjustment	(12,791)
)
Present value of future lease payments	\$ 117,856

(in thousands)		
Remainder of 2024		\$ 14,238
2025		26,667
2026		22,555
2027		18,027
2028		16,213
Thereafter		29,777
Total future lease payments		127,477
Less: Present value adjustment		(11,387)
Present value of future lease payments⁽¹⁾		\$ 116,090

(1) ⁽¹⁾

Includes the current portion of operating lease liabilities of \$

22.5

million, \$24.4 million, which is reflected in other accrued expenses and liabilities in the condensed consolidated balance sheets.

There were no material leases that have been signed but not yet commenced as of **March 31, 2024** **June 30, 2024**.

11. Debt

On June 30, 2022, we entered into a credit agreement (as amended, the 2022 Credit Agreement) with PNC Bank, National Association, as a

The 2022 Credit Agreement provides for a \$

755.0 \$755.0 million unsecured term loan facility and a \$

500.0

million \$500.0 million unsecured revolving loan facility, which includes a \$50.0 million \$50.0 million sublimit for the issuance of letters of credit. The revolving loan facility is available for working capital and Borrowings under the term loan and revolving loan facilities accrue interest at a rate that is based on the Term SOFR plus an applicable 0.500%, (ii) the PNC Bank, National Association prime rate, and (iii) Daily Simple SOFR plus an adjustment for SOFR plus 1.00%. The applicable margin for the borrowings is a percentage per annum based on the lower of (1) a pricing level determined by On September 29, 2023, the 2022 Credit Agreement was amended to provide for an interest rate adjustment (Sustainability Rate Adjustment 0.05% and will be adjusted annually based on the KPIs of the preceding year.

The 2022 Credit Agreement also provides for the option to add certain foreign subsidiaries as borrowers and to borrow in Euros, Sterling 150.0 \$150.0 million. Borrowings under the revolving loan facility denominated in these currencies will accrue interest at a rate that

Under the 2022 Credit Agreement, the weighted average interest rate in effect for the three and six months ended March 31, 2024 June 30 6.32 6.28%, respectively, as compared to 5.88% and 5.56 5.72% for the three and six months ended June 30, 2023, respectively. The rate in effect as of March 31, 2024 June 30, 2024 and for the 6.26%.

The 2022 Credit Agreement contains customary representations and warranties, affirmative and negative covenants and events of default. 250.0 million.

16

Table of Contents

\$250.0 million.

As of March 31, 2024 June 30, 2024, we had \$755.0 \$755.0 million of borrowings outstanding under the term loan, with a carrying value of \$754.0 million, \$754.0 million, which is net of \$1.0 \$1.0 million of unamortized debt discounts and issuance costs. The total amount was included in long-term debt. As of March 31, 2024 June 30, 2024

As of December 31, 2023, we had \$755.0 \$755.0 million of borrowings outstanding under the term loan, with a carrying value of \$753.9 \$753.9 million, which is net of \$1.1 \$1.1 million of unamortized debt discounts and issuance costs. The total amount was included in long-term debt. As of December 31, 2023, we were in compliance with all covenants under the 2022 Credit Agreement as of March 31, 2024 June 30, 2024 and December 31, 2023.

12. Income Taxes

Our income before income tax provision, income tax provision and effective tax rates were as follows:

Three Months Ended			
(in thousands, except percentages)	March 31, 2024	March 31, 2023	
Income before income tax provision	\$ 40,958	\$ 120,838	
Income tax provision	\$ 6,180	\$ 20,216	
Effective tax rate	15.1 %	16.7 %	

(in thousands, except percentages)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Income before income tax provision	\$ 156,532	\$ 83,983	\$ 197,490	\$ 204,821
Income tax provision	\$ 26,498	\$ 14,457	\$ 32,678	\$ 34,673
Effective tax rate	16.9 %	17.2 %	16.5 %	16.9 %

13. Stock Repurchase Program

There were no share repurchases in the first quarter/half of 2024. For the three/six months ended **March 31, 2023** **June 30, 2023**, 650 thousand shares were repurchased at a price of \$302.34 per share, with a total cost of \$196.5 million. As of **March 31, 2024** **June 30, 2024**, 1.1 million shares remained available for repurchase under the program.

14. Stock-Based Compensation

Total stock-based compensation expense and its net impact on basic and diluted earnings per share are as follows:

(in thousands, except per share data)	Three Months Ended	
	March 31, 2024	
	2024	2023
Cost of sales:		
Maintenance and service	\$ 3,343	\$ 2,878
Operating expenses:		
Selling, general and administrative	34,208	23,905
Research and development	21,113	17,388
Stock-based compensation expense before taxes	58,664	44,171
Related income tax benefits	(23,243)	(18,186)
Stock-based compensation expense, net of taxes	\$ 35,421	\$ 25,985
Net impact on earnings per share:		
Basic earnings per share	\$ (0.41)	\$ (0.30)
Diluted earnings per share	\$ (0.40)	\$ (0.30)

17

Table of Contents

(in thousands, except per share data)	Three Months Ended		Six Months Ended	
	June 30, 2024		June 30, 2023	
	2024	2023	2024	2023
Cost of sales:				
Maintenance and service	\$ 3,682	\$ 3,478	\$ 7,025	\$ 6,356
Operating expenses:				
Selling, general and administrative	38,761	32,194	72,969	56,099
Research and development	24,447	20,629	45,560	38,017
Stock-based compensation expense before taxes	66,890	56,301	125,554	100,472
Related income tax benefits	(14,046)	(10,669)	(37,289)	(28,855)
Stock-based compensation expense, net of taxes	\$ 52,844	\$ 45,632	\$ 88,265	\$ 71,617
Net impact on earnings per share:				
Basic earnings per share	\$ (0.61)	\$ (0.53)	\$ (1.01)	\$ (0.82)
Diluted earnings per share	\$ (0.60)	\$ (0.52)	\$ (1.01)	\$ (0.82)

15. Geographic Information

Revenue to external customers is attributed to individual countries based upon the location of the customer. Revenue by geographic area

(in thousands)	Three Months Ended	
	March 31, 2024	March 31, 2023
United States	\$ 199,948	\$ 246,707
China and Hong Kong	44,934	39,436
Japan	36,532	38,086
Germany	36,198	38,674
South Korea	24,370	21,864
Other Europe, Middle East and Africa (EMEA)	82,417	82,404
Other international	42,206	42,276
Total revenue	\$ 466,605	\$ 509,447

(in thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
United States	\$ 314,555	\$ 210,422	\$ 514,503	\$ 457,129
Japan	48,984	62,728	85,516	100,814
China and Hong Kong	27,838	32,144	72,772	71,580
Germany	36,272	40,665	72,470	79,339
South Korea	26,647	26,076	51,017	47,940
Other Europe, Middle East and Africa (EMEA)	94,530	85,573	176,947	167,977
Other international	45,312	38,991	87,518	81,267
Total revenue	\$ 594,138	\$ 496,599	\$ 1,060,743	\$ 1,006,046

Property and equipment by geographic area is as follows:

(in thousands)	March 31,	
	2024	2023
United States	\$ 59,674	\$ 56,421
France	5,301	4,771
India	4,897	5,057
Other EMEA	6,706	6,924
Other international	4,352	4,607
Total property and equipment, net	\$ 80,930	\$ 77,780

(in thousands)	June 30,	
	2024	2023
United States	\$ 62,695	\$ 56,421
India	6,277	5,057
France	5,317	4,771
Other EMEA	6,784	6,924
Other international	5,221	4,607
Total property and equipment, net	\$ 86,294	\$ 77,780

16. Contingencies and Commitments

We are subject to various claims, investigations, and legal and regulatory proceedings that arise in the ordinary course of business,

Our Indian subsidiary has several service tax audits pending that have resulted in formal inquiries being received on transactions thr
7.2 \$7.3 million. As such charges are not probable at this time, a reserve an estimated liability has not been recorded on the condense
7.2 \$7.3 million reserve. estimated liability. We are uncertain as to when these service tax matters will be concluded.

We sell software licenses and services to our customers under contractual agreements. Such agreements generally include certain provis

18

[Table of Contents](#)

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

The following discussion and analysis should be read in conjunction with the accompanying unaudited condensed consolidated financial s
Business

Ansys, a corporation formed in 1994, develops and globally markets engineering simulation software and services widely used by engineer
When visionary companies need to know how their world-changing ideas will perform, they close the gap between design and reality using
Our strategy of Pervasive Insights seeks to deepen the use of simulation in our core market, to inject simulation throughout the produ
.

- More products. Our broad and deep multiphysics portfolio enables us to grow with customers as they use simulation to solve more
.
- More users. Investments in simulation education and user experience simplification has made simulation more accessible to a broa
.
- More computations. Larger and more complex simulations drive more computation, requiring customers to use more Ansys licenses to
Through decades of investments in the academic community and enhanced user experiences, our solutions have become accessible and relev
The engineering simulation software market is strong and growing. The market growth is driven by customers' need for rapid, quality in
.
- Electrification;
- Autonomy;
- Connectivity;
- The industrial internet of things; and
- Sustainability, including minimizing waste and physical prototyping, and improving circularity and development time.

19

[Table of Contents](#)

We have been investing and intend to continue to invest in our portfolio to broaden the range of physics and enable customers to analy

We license our technology to businesses in a diverse set of industries, educational institutions and governmental agencies. We believe

We address the competition and price pressure that we face in the short- and long-term by focusing on expanding the breadth, depth, ea

Synopsys Merger Agreement

On January 15, 2024, we entered into the Merger Agreement with Synopsys and Merger Sub. The Merger Agreement provides for the merger of Synopsys and Merger Sub. The Merger Agreement is effective as of January 15, 2024, and will be consummated on or before June 30, 2024. If the Merger is consummated, our common stock will be delisted from the Nasdaq Global Select Market. We anticipate the transaction to close in the first half of 2025.

The foregoing summary of the Merger Agreement and the transactions contemplated thereby does not purport to be complete and is subject to the terms of the Merger Agreement and the documents incorporated herein by reference.

Overview

Overall GAAP and Non-GAAP Results

This section includes a discussion of GAAP and non-GAAP results. For reconciliations of non-GAAP results to GAAP results, see the section titled "Reconciliations of Non-GAAP Results to GAAP Results" in the "Financial Information" section of this report.

The 2024 and 2023 period non-GAAP results exclude the income statement effects of stock-based compensation, excess payroll taxes relating to stock-based compensation, and the effects of the change in the fair value of the Company's stock options.

Our GAAP and non-GAAP results for the three and six months ended March 31, 2024 and June 30, 2024 as compared to the three and six months ended March 31, 2023 and June 30, 2023.

Three Months Ended March 31, 2024	
Revenue	(8.4) %
GAAP Operating income	(66.1) %
Non-GAAP Operating income	(26.0) %
GAAP Diluted earnings per share	(65.2) %
Non-GAAP Diluted earnings per share	(24.9) %

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Revenue	19.6 %	5.4 %
GAAP Operating income	64.6 %	(10.1) %
Non-GAAP Operating income	47.7 %	8.7 %
GAAP Diluted earnings per share	85.0 %	(3.6) %
Non-GAAP Diluted earnings per share	56.3 %	12.8 %

Our results reflect a decline in revenue during the three and six months ended March 31, 2024 and June 30, 2024 due to reductions in subscription lease license revenue, partially offset by an increase in maintenance revenue. We also experienced increased operating expenses during the three and six months ended March 31, 2024 and June 30, 2024.

Table of Contents

For 2024, quarterly growth rates will be variable across the quarters and are affected by the performance comparisons to 2023. Specifically, the first quarter's operating results reflect a structural timing dynamic affected by the renewal base this quarter in which fewer lease contracts were up for renewal, resulting in comparatively lower up-front lease license revenue recognition, impacting revenue, operating income and EPS. As a comparison, the first quarter of 2023 reflected a 65% constant currency growth rate in subscription lease license revenue driven by a meaningful increase in the value of multi-year deals. Quarterly revenue and ACV in Q1 2024 are not representative of the momentum in our business given the shift in customers' software usage or cash flows. This further highlights the importance of measuring our results based on our fiscal year-to-date performance.

This section also includes a discussion of constant currency results, which we use for financial and operational decision-making and a comparison to the prior year.

Impact of Foreign Currency

Our comparative financial results were impacted by fluctuations in the U.S. Dollar during the three and six months ended March 31, 2024 and June 30, 2024.

(in thousands)	Three Months Ended March 31, 2024
Revenue	\$ (3,903)
GAAP Operating income	\$ (3,398)
Non-GAAP Operating income	\$ (3,178)

(in thousands)	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Revenue	\$ (9,806)	\$ (13,709)
GAAP Operating income	\$ (6,715)	\$ (10,113)
Non-GAAP Operating income	\$ (6,761)	\$ (9,939)

In constant currency, our variances were as follows:

Three Months Ended March 31, 2024	
Revenue	(7.6) %
GAAP Operating income	(63.4) %
Non-GAAP Operating income	(24.4) %

21

Table of Contents

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Revenue	21.6 %	6.8 %
GAAP Operating income	71.6 %	(5.6) %
Non-GAAP Operating income	51.4 %	11.3 %

Other Key Business Metric

Annual Contract Value (ACV) is a key performance metric and is useful to investors in assessing the strength and trajectory of our business.

- the annualized value of maintenance and subscription lease contracts with start dates or anniversary dates during the period, plus
- the value of perpetual license contracts with start dates during the period, plus
- the annualized value of fixed-term services contracts with start dates or anniversary dates during the period, plus
- the value of work performed during the period on fixed-deliverable services contracts.

When we refer to the anniversary dates in the definition of ACV above, we are referencing the date of the beginning of the next twelve months.

Example 1: For purposes of calculating ACV, a \$100,000 subscription lease contract or a \$100,000 maintenance contract with a term of 12 months would contribute \$100,000 to ACV.

Example 2: For purposes of calculating ACV, a \$300,000 subscription lease contract or a \$300,000 maintenance contract with a term of 12 months would contribute \$300,000 to ACV.

Example 3: A perpetual license valued at \$200,000 with a contract start date of March 1, 2024 would contribute \$200,000 to ACV in fiscal year 2024.

During the three and six months ended March 31, 2024 June 30, 2024 and 2023 our ACV was as follows:

(in thousands, except percentages)	Three Months Ended March 31,					
	2024		2023		Change	
	Actual	Constant Currency	Actual	Actual	Constant	Currency
	Amount		Amount	%	Amount	%
Three Months Ended June 30,						
(in thousands, except percentages)	2024		2023		Change	
	Actual	Constant Currency	Actual	Actual	Constant	Currency
	Amount		Amount	%	Amount	%
	\$ 520,545	\$ 533,712	\$ 488,349	\$ 32,196	6.6	\$ 45,363
Six Months Ended June 30,						
(in thousands, except percentages)	2024		2023		Change	
	Actual	Constant Currency	Actual	Actual	Constant	Currency
	Amount		Amount	%	Amount	%
	\$ 927,950	\$ 944,145	\$ 887,756	\$ 40,194	4.5	\$ 56,389

Recurring ACV \$ 407,405	\$ 410,433	\$ 399,407	\$ 7,998	2.0	\$ 11,026	2.8
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includes both subscription lease license and maintenance ACV and excludes perpetual license and service ACV.

Our trailing twelve-month recurring ACV, converted from the functional currency to U.S. Dollars at the 2023 period monthly average exc

(in thousands, except percentages)	Twelve Months Ended March 31,		Change	
	2024	2023	Amount	%
Recurring ACV at 2023 monthly average exchange rates	\$ 1,944,685	\$ 1,709,434	\$ 235,251	13.8

Recurring ACV includes both subscription lease license and maintenance ACV and excludes perpetual license and service ACV.

22

Table of Contents

(in thousands, except percentages)	Twelve Months Ended June 30,		Change	
	2024	2023	Amount	%
Recurring ACV at 2023 monthly average exchange rates	\$ 1,993,296	\$ 1,746,058	\$ 247,238	14.2

Industry Commentary:

During the **first** **second** quarter of 2024, ACV growth was supported by our core industries of automotive, high-tech and aerospace and def in high-tech ACV during the quarter, we electronics solutions. We continue to see demand our automotive customers increase simulation us development of advanced chips, often with bespoke functionality. Our A&D customers continue to rely on simulation in support of complex, connected see investment from the A&D sector as organizations adopt mor a critical driver of simulation investment in electric vehicles (EVs). Our portfolio is well-positioned develop novel propulsion systems to support automotive companies focused on addressing tight margins on EV sales and optimizing efficiency in both operations and vehicle performance. The energy sector also contributed to ACV growth in the first quarter driven by the need to continually deliver, convert and consume various forms of fuel more efficiently, as well as develop scalable, renewable energy sources.

improve commercial aviation sustainability.

Geographic Trends:

The following table presents our geographic revenue variances using actual and constant currency rates during the three and six months

Three Months Ended March 31, 2024			
Actual	Constant Currency		
Americas	(18.8)	% (18.8)	%
EMEA	(2.0)	% (3.4)	%
Asia-Pacific	6.0	% 10.2	%
Total	(8.4)	% (7.6)	%

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
	Actual	Constant Currency	Actual	Constant Currency
Americas	47.2 %	47.3 %	11.7 %	11.7 %
EMEA	3.6 %	4.4 %	0.8 %	0.6 %
Asia-Pacific	(7.4)%	(1.6)%	(1.1)%	3.9 %
Total	19.6 %	21.6 %	5.4 %	6.8 %

The value and duration of multi-year subscription lease contracts executed during the period significantly impact the recognition of r

Use of Estimates:

The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, li deferred revenue, operating lease assets and liabilities, fair values of stock awards, deferred compensation, income taxes, uncertain

Forward-Looking Information

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933

Forward-looking statements use words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "likely," "may," "outlook," "plan," "predict," "project," "should," "target," "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "likely"

23

Table of Contents

otherwise, except as may be required by law.

The risks associated with the following, among others, could cause actual results to differ materially from those described in any for
.

- our ability to complete the proposed transaction with Synopsys on anticipated terms and timing, including obtaining stockholder
.
- the realization of the anticipated benefits of the proposed transaction with Synopsys, including potential disruptions to our an
.
- restrictions on our operations during the pendency of the proposed transaction with Synopsys that could impact our ability to pu
.
- adverse conditions in the macroeconomic environment, including inflation, recessionary conditions and volatility in equity and f
.
- impacts from tariffs, trade sanctions, export controls or other trade barriers, including export control restrictions and licens
.
- impacts resulting from the conflict between Israel and Hamas, including impacts from changes to diplomatic relations and trade p
.
- impacts from changes to diplomatic relations and trade policy between the United States and Russia or between the United States
.
- constrained credit and liquidity due to disruptions in the global economy and financial markets, which may limit or delay availa
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- our ability to timely recruit and retain key personnel in a highly competitive labor market, including potential financial impac
.
- our ability to protect our proprietary technology; cybersecurity threats or other security breaches, including in relation to br
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- increased volatility in our revenue due to the timing, duration and value of multi-year subscription lease contracts; and our re
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- declines in our customers' customers' businesses resulting in adverse changes in procurement patterns; disruptions in accounts re
.
- our ability and our channel partners' partners' ability to comply with laws and regulations in relevant jurisdictions; and the ou
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- uncertainty regarding income tax estimates in the jurisdictions in which we operate; and the effect of changes in tax laws and r

24

Table of Contents

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- the quality of our products, including the strength of features, functionality and integrated multiphysics capabilities; our ability to compete effectively in the market;
- investments in complementary companies, products, services and technologies; our ability to complete and successfully integrate acquisitions;
- investments in global sales and marketing organizations and global business infrastructure; and dependence on our channel partners;
- current and potential future impacts of ~~any~~ global health crisis, natural disaster or ~~catastrophe, and catastrophe~~; the actions of governments and other entities in response to such events;
- operational disruptions generally or specifically in connection with transitions to and from remote work environments; and the financial impact of such disruptions;
- our intention to repatriate previously taxed earnings and to reinvest all other earnings of our non-U.S. subsidiaries;
- plans for future capital spending; the extent of corporate benefits from such spending including with respect to customer relationships and product development;
- our ability to execute on our strategies related to environmental, social, and governance matters, and meet evolving and varied stakeholder expectations;
- other risks and uncertainties described in our reports filed from time to time with the Securities and Exchange Commission ([SEC](#)).

Important Information and Where to Find It

This document [Quarterly Report on Form 10-Q](#) refers to a proposed transaction between Synopsys and Ansys. In connection with the proposed transaction, Synopsys and Ansys will file a [Prospectus](#) with the SEC. Each party's [prospectus](#) has been filed and may also continue to file with the SEC other documents regarding the proposed transaction. The [prospectus](#) has been mailed to all Ansys stockholders as of the record date. INVESTORS AND SECURITY HOLDERS ARE

Investors and security holders may obtain free copies of the registration statement, proxy statement/prospectus and all other relevant documents filed by Synopsys with the SEC by visiting the [Investor Relations](#) section of Synopsys' website at <https://investor.synopsys.com/overview/default.aspx> or upon written request to Synopsys, Inc., 675 Almanor Avenue, Sunnyvale, California 94085, Attention: Investor Relations.

25

Table of Contents

The documents filed by Synopsys with the SEC also may be obtained free of charge at Synopsys' website at <https://investor.synopsys.com/overview/default.aspx> or upon written request to Synopsys at Synopsys, Inc., 675 Almanor Avenue, Sunnyvale, California 94085, Attention: Investor Relations.

The documents filed by Ansys with the SEC also may be obtained free of charge at Ansys' website at <https://investors.ansys.com/> or upon written request to Ansys at Ansys, Inc., 2000 University Avenue, Suite 100, San Jose, California 95114, Attention: Investor Relations. Ansys' [proxy statement](#) for its 2024 Annual Meeting of Stockholders on Schedule 14A filed with the SEC on April 10, 2024, contains information about the proposed transaction. Ansys' [proxy statement](#) for its 2024 Annual Meeting of Stockholders on Schedule 14A filed with the SEC on April 10, 2024, contains information about the proposed transaction.

Information about Ansys' directors and executive officers and their ownership of Ansys' common stock is set forth in Ansys' [proxy statement](#) for its 2024 Annual Meeting of Stockholders on Schedule 14A filed with the SEC on April 10, 2024. To the extent that holdings of Ansys' securities have changed since the amounts printed in Ansys' [proxy statement](#), such changes have been or will be reflected on [Statements of Change in Ownership on Form 4](#) filed with the SEC. Information about Synopsys' directors and executive officers is set forth in Synopsys' [proxy statement](#) for its 2024 Annual Meeting of Stockholders on Schedule 14A filed with the SEC on February 16, 2024 and Synopsys' subsequent filings with the SEC. Additional information regarding the direct and indirect interests of those persons and other persons who may be deemed participants in the proposed transaction also may be obtained by reading the [proxy statement/prospectus](#) filed by free of charge at Synopsys' website at <https://investor.synopsys.com/overview/default.aspx> or upon written request to Synopsys.

any other relevant documents that are filed with the SEC relating to the proposed transaction. You may obtain free copies of these documents as described in the preceding paragraph.

675 Almanor Avenue, Sunnyvale, California 94085, Attention: Investor Relations.

No Offer or Solicitation

This document is for informational purposes only and Quarterly Report on Form 10-Q is not intended to and shall not constitute an offer

26

Table of Contents

Act.

Results of Operations

The results of operations discussed below are on a GAAP basis unless otherwise stated.

Three Months Ended **March 31, 2024** **June 30, 2024** Compared to Three Months Ended **March 31, 2023**
June 30, 2023

Revenue:

(in thousands, except percentages)	Three Months Ended March 31,			Change		
	2024		2023			
	GAAP	Constant Currency	GAAP	GAAP	Constant Currency	
		Amount		Amount	%	Amount %
Revenue:						
Subscription lease licenses	\$ 94,800	\$ 95,392	\$ 147,922	\$ (53,122)	(35.9)	\$ (52,530) (35.5)
Perpetual licenses	65,521	65,750	71,230	(5,709)	(8.0)	(5,480) (7.7)
Software licenses	160,321	161,142	219,152	(58,831)	(26.8)	(58,010) (26.5)
Maintenance	289,340	292,289	268,593	20,747	7.7	23,696 8.8
Service	16,944	17,077	21,702	(4,758)	(21.9)	(4,625) (21.3)
Maintenance and service	306,284	309,366	290,295	15,989	5.5	19,071 6.6
Total revenue	\$ 466,605	\$ 470,508	\$ 509,447	\$ (42,842)	(8.4)	\$ (38,939) (7.6)

(in thousands, except percentages)	Three Months Ended June 30,			Change		
	2024		2023			
	GAAP	Constant Currency	GAAP	GAAP	Constant Currency	
		Amount		Amount	%	Amount %
Revenue:						
Subscription lease licenses	\$ 218,589	\$ 221,955	\$ 134,999	\$ 83,590	61.9	\$ 86,956 64.4
Perpetual licenses	64,643	65,679	69,898	(5,255)	(7.5)	(4,219) (6.0)
Software licenses	283,232	287,634	204,897	78,335	38.2	82,737 40.4
Maintenance	293,826	299,113	273,692	20,134	7.4	25,421 9.3
Service	17,080	17,197	18,010	(930)	(5.2)	(813) (4.5)
Maintenance and service	310,906	316,310	291,702	19,204	6.6	24,608 8.4
Total revenue	\$ 594,138	\$ 603,944	\$ 496,599	\$ 97,539	19.6	\$ 107,345 21.6

Revenue for the quarter ended **March 31, 2024** decreased 8.4% **June 30, 2024** increased 19.6% compared to the quarter ended **March 31, 2023**:
million decrease \$83.6 million increase in lease license revenue was attributable to a \$53.8 million

decrease an \$83.7 million increase in value from multi-year licenses, partially offset by a \$0.7 million increase \$0.1 million decrease in value from annual licenses. Perpetual license revenue, which is derived from new sales during the three months ended March 31, 2024, decreased 8.0%, or 7.7% in constant currency, as compared to the three months ended March 31, 2023. Driving the decrease in perpetual license revenue was a 22.6% decrease in the volume of deals, partially offset by a 14.6% increase in average deal size. Maintenance revenue growth of 7.7% 7.4%, or 8.8% 9.3% in constant currency, is correlated with previous license sales. We continue to experience strong demand from our customers for contracts that often include longer-term, subscription leases involving structural timing dynamic affected by the renewal base this quarter in which fewer lease contracts were up for renewal, resulting in comparatively lower up-front lease license revenue recognition. Software products, across a large variety of applications and industries, are increasingly With respect to revenue, on average for the quarter ended March 31, 2024 June 30, 2024, the U.S. Dollar was 2.0% 4.3% stronger, when measured June 30, 2024. Amounts in parenthesis indicate an adverse impact from currency fluctuations.

(in thousands)	Three Months Ended March 31, 2024
Japanese Yen	\$ (4,289)
South Korean Won	(955)
Euro	1,206
Other	135
Total	\$ (3,903)

27

Table of Contents

(in thousands)	Three Months Ended June 30, 2024
Japanese Yen	\$ (6,669)
South Korean Won	(1,314)
Euro	(1,102)
Other	(721)
Total	\$ (9,806)

As a percentage of revenue, our international and domestic revenues, and our direct and indirect revenues, were as follows:

Three Months Ended March 31,		
	2024	2023
International	57.1 %	51.6 %
Domestic	42.9 %	48.4 %
Direct	66.5 %	76.3 %
Indirect	33.5 %	23.7 %

	Three Months Ended June 30,	
	2024	2023
International	47.1 %	57.6 %
Domestic	52.9 %	42.4 %
Direct	76.0 %	71.2 %
Indirect	24.0 %	28.8 %

Deferred Revenue and Backlog:

Deferred revenue consists of billings made or payments received in advance of revenue recognition from customer agreements. The deferr

Balance at March 31, 2024			
(in thousands)	Total	Current	Long-Term
Deferred revenue	\$ 454,601	\$ 433,167	\$ 21,434
Backlog	914,852	433,106	481,746
Total	\$ 1,369,453	\$ 866,273	\$ 503,180

Balance at December 31, 2023			
(in thousands)	Total	Current	Long-Term
Deferred revenue	\$ 479,754	\$ 457,514	\$ 22,240
Backlog	992,830	439,879	552,951
Total	\$ 1,472,584	\$ 897,393	\$ 575,191

Balance at June 30, 2024			
(in thousands)	Total	Current	Long-Term
Deferred revenue	\$ 445,920	\$ 423,848	\$ 22,072
Backlog	948,087	438,189	509,898
Total	\$ 1,394,007	\$ 862,037	\$ 531,970

Balance at December 31, 2023			
(in thousands)	Total	Current	Long-Term
Deferred revenue	\$ 479,754	\$ 457,514	\$ 22,240
Backlog	992,830	439,879	552,951
Total	\$ 1,472,584	\$ 897,393	\$ 575,191

Revenue associated with deferred revenue and backlog that will be recognized in the subsequent twelve months is classified as current

28

Table of Contents

Cost of Sales and Operating Expenses:

The tables below reflect our operating results on both a GAAP and constant currency basis. Amounts included in the discussions that fo

Three Months Ended March 31,										
2024					2023					Ch
(in thousands,	GAAP		Constant Currency			GAAP		GAAP		Constan
except percentages)	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	%	Amount	%
Cost of sales:										
Software licenses	\$ 10,044	2.2	\$ 10,007	2.1	\$ 11,744	2.3	\$ (1,700)	(14.5)	\$ (1,737)	(14.8)
Amortization	22,484	4.8	22,386	4.8	19,618	3.9	2,866	14.6	2,768	14.1
Maintenance and service	36,139	7.7	36,295	7.7	36,290	7.1	(151)	(0.4)	5	-
Total cost of sales	68,667	14.7	68,688	14.6	67,652	13.3	1,015	1.5	1,036	1.5
Gross profit	\$ 397,938	85.3	\$ 401,820	85.4	\$ 441,795	86.7	\$ (43,857)	(9.9)	\$ (39,975)	(9.0)

(in thousands, except percentages)	Three Months Ended June 30,						Change			
	2024			2023			GAAP			
	GAAP		Constant Currency		GAAP		GAAP		Constant Currency	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	%	Amount	%
Cost of sales:										
Software licenses	\$ 11,309	1.9	\$ 11,336	1.9	\$ 8,659	1.7	\$ 2,650	30.6	\$ 2,677	30.9
Amortization	22,385	3.8	22,406	3.7	20,079	4.0	2,306	11.5	2,327	11.6
Maintenance and service	35,661	6.0	36,052	6.0	39,602	8.0	(3,941)	(10.0)	(3,550)	(9.0)
Total cost of sales	69,355	11.7	69,794	11.6	68,340	13.8	1,015	1.5	1,454	2.1
Gross profit	\$ 524,783	88.3	\$ 534,150	88.4	\$ 428,259	86.2	\$ 96,524	22.5	\$ 105,891	24.7

Software Licenses: The decrease in the cost of software licenses was primarily due to decreased third-party royalties.

Amortization: The increase in amortization expense was primarily due to recently acquired intangible assets.

Maintenance and Service: The reduction in maintenance and service costs was primarily due to the following:

- Decreased third-party technical support of \$2.5 million.
- Decreased salaries and other headcount-related costs of \$1.3 million.

The improvement in gross profit was a result of the decrease in revenue, and partially offset by an increase in the cost of sales.

Table of Contents

(in thousands, except percentages)	Three Months Ended March 31,						2023			
	2024			Constant Currency			GAAP		GAAP	
	GAAP		Constant Currency		GAAP		GAAP		GAAP	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	%	Amount	%
Operating expenses:										
Selling, general and administrative	\$ 219,643	47.1	\$ 220,609	46.9	\$ 188,584	37.0	\$ 31,059	16.5	\$ 32,025	17.0
Research and development	128,811	27.6	128,382	27.3	120,335	23.6	8,476	7.0	8,047	6.7
Amortization	6,145	1.3	6,092	1.3	5,181	1.0	964	18.6	911	17.6
Total operating expenses	354,599	76.0	355,083	75.5	314,100	61.7	40,499	12.9	40,983	13.0
Operating income	\$ 43,339	9.3	\$ 46,737	9.9	\$ 127,695	25.1	\$ (84,356)	(66.1)	\$ (80,958)	(63.4)

(in thousands, except percentages)	Three Months Ended June 30,						Change			
	2024			2023			GAAP			
	GAAP		Constant Currency		GAAP		GAAP		Constant Currency	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	%	Amount	%

Operating expenses:											
Selling, general and administrative	\$ 228,623	38.5	\$ 230,738	38.2	\$ 202,142	40.7	\$ 26,481	13.1	\$ 28,596	14.1	
Research and development	132,624	22.3	133,135	22.0	125,023	25.2	7,601	6.1	8,112	6.5	
Amortization	6,120	1.0	6,146	1.0	5,470	1.1	650	11.9	676	12.4	
Total operating expenses	367,367	61.8	370,019	61.3	332,635	67.0	34,732	10.4	37,384	11.2	
Operating income	\$ 157,416	26.5	\$ 164,131	27.2	\$ 95,624	19.3	\$ 61,792	64.6	\$ 68,507	71.6	

Selling, General and Administrative: The net increase in selling, general and administrative costs was primarily due to the following:

- Increased acquisition costs of \$12.1 million, primarily \$10.5 million due to costs related to the Merger Agreement with Synopsys.
- Increased salaries, incentive compensation and other headcount-related costs of \$7.6 million.
- Increased stock-based compensation of \$10.3 million \$6.6 million.
- Increased salaries marketing expenses of \$7.1 million \$3.4 million.
- Decreased costs related to foreign exchange translation of \$2.1 million due to a stronger U.S. Dollar.
- Decreased bad debt expense of \$2.1 million.

We anticipate that we will continue to make targeted investments in our global sales and marketing organizations and our global business.

Research and Development: The increase in research and development costs was primarily due to the following:

- Increased salaries, incentive compensation and other headcount-related costs of \$5.8 million \$3.8 million.
- Increased stock-based compensation of \$3.7 million \$3.8 million.

We have traditionally invested significant resources in research and development activities and expect to continue to make investments.

The impacts from currency fluctuations resulted in decreased operating income of \$3.4 million \$6.7 million for the quarter ended March 2024 June 30, 2024 as compared to the quarter ended March 31, 2023 June 30, 2023.

Interest Income: Interest income for the three months ended March 31, 2024 June 30, 2024 was \$11.0 million \$12.2 million as compared to.

Interest Expense: Interest expense for the quarter ended March 31, 2024 June 30, 2024 was \$12.4 million \$12.2 million as compared to \$10.

Other Expense, net: Other expense for the three months ended June 30, 2024 was \$0.9 million as compared to other expense of \$3.5 million.

Table of Contents

losses on equity investments and net foreign currency losses during the three months ended June 30, 2023.

Income Tax Provision: Our income before income tax provision, income tax provision and effective tax rates were as follows:

Three Months Ended March 31,		
(in thousands, except percentages)		
	2024	2023
Income before income tax provision	\$ 40,958	\$ 120,838
Income tax provision	\$ 6,180	\$ 20,216
Effective tax rate	15.1 %	16.7 %

Three Months Ended June 30,	
(in thousands, except percentages)	
2024	2023

Income before income tax provision	\$ 156,532	\$ 83,983
Income tax provision	\$ 26,498	\$ 14,457
Effective tax rate	16.9 %	17.2 %

The decrease in the effective tax rate for the three months ended **March 31, 2024** was a result of **increased** an increase in benefits related to **research and development credits and stock-based compensation**. **tax planning in a foreign jurisdiction, partially offset by decreased benefits from the foreign-derived intangible income (FDII) deduction** When compared to the federal and state combined statutory rate for each respective period, the effective tax rates for the quarters ended **June 30, 2024** and **March 31, 2023** were favorably impacted by the **foreign-derived intangible income (FDII) deduction** **stock-based compensation deductions** and **research and development credits, partially offset by the non-deductible compensation credits**.

Net Income: Our net income, diluted earnings per share and weighted average shares used in computing diluted earnings per share were as follows:

Three

	Three Months Ended June 30,	
	2024	2023
(in thousands, except per share data)		
Net income	\$ 130,034	\$ 69,526
Diluted earnings per share	\$ 1.48	\$ 0.80
Weighted average shares outstanding - diluted	87,777	87,192

Six Months Ended March 31, 2024 Compared to **Six Months Ended June 30, 2023**

Revenue:

(in thousands, except percentages)	Six Months Ended June 30,			Change		
	2024		2023			Constant
	GAAP	Constant Currency	GAAP	GAAP	%	Currency
Revenue:				Amount		Amount
Subscription lease licenses	\$ 313,389	\$ 317,347	\$ 282,921	\$ 30,468	10.8	\$ 34,426
Perpetual licenses	130,164	131,429	141,128	(10,964)	(7.8)	(9,699)
Software licenses	443,553	448,776	424,049	19,504	4.6	24,727
Maintenance	583,166	591,402	542,285	40,881	7.5	49,117
Service	34,024	34,274	39,712	(5,688)	(14.3)	(5,438)
Maintenance and service	617,190	625,676	581,997	35,193	6.0	43,679
Total revenue	\$ 1,060,743	\$ 1,074,452	\$ 1,006,046	\$ 54,697	5.4	\$ 68,406
						6.8

Revenue for the six months ended June 30, 2024 increased 5.4% compared to the six months ended June 30, 2023, or 6.8% in constant currency. With respect to revenue, on average for the six months ended June 30, 2024, the U.S. Dollar was 3.2% stronger, when measured against other currencies.

(in thousands)	Six Months Ended June 30, 2024
Japanese Yen	\$ (10,958)
South Korean Won	(2,269)
Euro	104
Other	(586)
Total	\$ (13,709)

As a percentage of revenue, our international and domestic revenues, and our direct and indirect revenues, were as follows:

	Six Months Ended June 30,	
	2024	
	2024	2023
International	51.5 %	54.6 %
Domestic	48.5 %	45.4 %
Direct	71.8 %	73.8 %
Indirect	28.2 %	26.2 %

Cost of Sales and Operating Expenses:

The tables below reflect our operating results on both a GAAP and constant currency basis. Amounts included in the discussions that follow are in thousands, except percentages.

(in thousands, except percentages)	Six Months Ended June 30,									
	2024		2023		Change					
	GAAP		Constant Currency		GAAP		GAAP		Constant Currency	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	%	Amount	%
Cost of sales:										
Software licenses	\$ 21,353	2.0	\$ 21,343	2.0	\$ 20,403	2.0	\$ 950	4.7	\$ 940	4.6
Amortization	44,869	4.2	44,792	4.2	39,697	3.9	5,172	13.0	5,095	12.8
Maintenance and service	71,800	6.8	72,347	6.7	75,892	7.5	(4,092)	(5.4)	(3,545)	(4.7)
Total cost of sales	138,022	13.0	138,482	12.9	135,992	13.5	2,030	1.5	2,490	1.8
Gross profit	\$ 922,721	87.0	\$ 935,970	87.1	\$ 870,054	86.5	\$ 52,667	6.1	\$ 65,916	7.6

Amortization: The increase in amortization expense was primarily due to recently acquired intangible assets.

Maintenance and Service: The decrease in maintenance and service costs was primarily due to the following:

- Decreased third-party technical support of \$2.8 million.
- Decreased other headcount-related costs of \$1.1 million.

The improvement in gross profit was a result of the increase in revenue, partially offset by the increase in the cost of sales.

(in thousands, except percentages)	Six Months Ended June 30,									
	2024		2023		Change					
	GAAP		Constant Currency		GAAP		GAAP		Constant Currency	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	%	Amount	%
Operating expenses:										
Selling, general and administrative	\$ 448,266	42.3	\$ 451,347	42.0	\$ 390,726	38.8	\$ 57,540	14.7	\$ 60,621	15.5
Research and development	261,435	24.6	261,517	24.3	245,358	24.4	16,077	6.6	16,159	6.6
Amortization	12,265	1.2	12,238	1.1	10,651	1.1	1,614	15.2	1,587	14.9
Total operating expenses	721,966	68.1	725,102	67.5	646,735	64.3	75,231	11.6	78,367	12.1
Operating income	\$ 200,755	18.9	\$ 210,868	19.6	\$ 223,319	22.2	\$ (22,564)	(10.1)	\$ (12,451)	(5.6)

Selling, General and Administrative: The net increase in selling, general and administrative costs was primarily due to the following:

- Increased acquisition costs of \$22.6 million due to costs related to the Merger Agreement with Synopsys.
- Increased stock-based compensation of \$16.9 million.
- Increased salaries and incentive compensation of \$16.5 million.
- Increased marketing expenses of \$4.5 million.
- Decreased costs related to foreign exchange translation of \$3.1 million due to a stronger U.S. Dollar.

Research and Development: The increase in research and development costs was primarily due to the following:

- Increased salaries and other headcount-related costs of \$8.4 million.
- Increased stock-based compensation of \$7.5 million.

The impacts from currency fluctuations resulted in decreased operating income of \$10.1 million for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023.

Interest Income: Interest income for the six months ended June 30, 2024 was \$23.2 million as compared to \$7.5 million for the six months ended June 30, 2023.

Interest Expense: Interest expense for the six months ended June 30, 2024 was \$24.6 million as compared to \$22.3 million for the six months ended June 30, 2023.

Other Expense, net: Other expense for the six months ended June 30, 2024 was \$1.9 million as compared to other expense of \$3.7 million for the six months ended June 30, 2023.

Income Tax Provision: Our income before income tax provision, income tax provision and effective tax rates were as follows:

(in thousands, except percentages)	Six Months Ended June 30,	
	2024	2023
Income before income tax provision	\$ 197,490	\$ 204,821
Income tax provision	\$ 32,678	\$ 34,673
Effective tax rate	16.5 %	16.9 %

The decrease in the effective tax rate for the six months ended June 30, 2024 was primarily due to an increase in benefits related to When compared to the federal and state combined statutory rate for each respective period, the effective tax rates for the six months ended June 30, 2024 were 16.5% and 16.9% respectively.

Net Income: Our net income, \$ 34,778 \$ 100,622

Diluted earnings per share \$ 0.40 \$ 1.15

Weighted and weighted average shares outstanding - used in computing diluted 87,780 87,431

31

Table of Contents

earnings per share were as follows:

(in thousands, except per share data)	Six Months Ended June 30,	
	2024	2023
Net income	\$ 164,812	\$ 170,148
Diluted earnings per share	\$ 1.88	\$ 1.95
Weighted average shares outstanding - diluted	87,779	87,312

Non-GAAP Results

We provide non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP operating income, non-GAAP operating profit margin, non-GAAP

ANSYS, INC. AND SUBSIDIARIES
Reconciliations of GAAP to Non-GAAP Measures

(Unaudited)						
Three Months Ended						
March 31, 2024						
(in thousands, except	Gross Profit	% of Revenue	Operating Income	% of Revenue	Net Income	EPS - Diluted
except						

ANSYS, INC. AND SUBSIDIARIES							
Reconciliations of GAAP to Non-GAAP Measures							
(Unaudited)							
Three Months Ended							
June 30, 2024							
(in thousands, except percentages and per share data)	Gross Profit	% of Revenue	Operating Income	% of Revenue	Net Income	EPS - Diluted ¹	
Total GAAP	\$ 524,783	88.3 %	\$ 157,416	26.5 %	\$ 130,034	\$ 1.48	
Stock-based compensation expense	3,682	0.6 %	66,890	11.3 %	66,890	0.77	
Excess payroll taxes related to stock-based awards	48	— %	1,363	0.2 %	1,363	0.02	
Amortization of intangible assets from acquisitions	22,385	3.8 %	28,505	4.8 %	28,505	0.32	
Expenses related to business combinations	—	— %	12,409	2.1 %	12,409	0.14	
Adjustment for income tax effect	—	— %	—	— %	(19,999)	(0.23)	
Total non-GAAP	<u>\$ 550,898</u>	<u>92.7 %</u>	<u>\$ 266,583</u>	<u>44.9 %</u>	<u>\$ 219,202</u>	<u>\$ 2.50</u>	
1 percentages and							
per share data)							
Total GAAP	\$ 397,938	85.3 %	\$ 43,339	9.3 %	\$ 34,778	\$ 0.40	
Stock-based compensation expense	3,343	0.7 %	58,664	12.7 %	58,664	0.66	
Excess payroll taxes related to stock-based awards	378	0.1 %	5,362	1.1 %	5,362	0.06	
Amortization of intangible assets from acquisitions	22,484	4.8 %	28,629	6.1 %	28,629	0.33	
Expenses related to business combinations	—	— %	14,261	3.0 %	14,261	0.16	
Adjustment for income tax effect	—	— %	—	— %	(19,698)	(0.22)	
Total non-GAAP	\$ 424,143	98.9 %	\$ 150,255	32.2 %	\$ 121,996	\$ 1.39	

¹ Diluted weighted average shares were 87,780.

Three Months Ended						
March 31, 2023						
(in thousands, except	Gross Profit	% of Revenue	Operating Income	% of Revenue	Net Income	EPS - Diluted
except						
Total GAAP	\$ 428,259	86.2 %	\$ 95,624	19.3 %	\$ 69,526	\$ 0.80
Stock-based compensation expense	3,478	0.7 %	56,301	11.4 %	56,301	0.65
Excess payroll taxes related to stock-based awards	16	— %	953	0.1 %	953	0.01

Amortization of intangible assets from acquisitions	20,079	4.1 %	25,549	5.2 %	25,549	0.29
Expenses related to business combinations	—	— %	2,101	0.4 %	2,101	0.02
Adjustment for income tax effect	—	— %	—	— %	(15,099)	(0.17)
Total non-GAAP	\$ 451,832	91.0 %	\$ 180,528	36.4 %	\$ 139,331	\$ 1.60

¹ percentages and

per share data)

Total GAAP	\$ 441,795	86.7 %	\$ 127,695	25.1 %	\$ 100,622	\$ 1.15
Stock-based compensation expense	2,878	0.6 %	44,171	8.7 %	44,171	0.50
Excess payroll taxes related to stock-based awards	—	— %	—	— %	—	—
Amortization of intangible assets from acquisitions	19,618	3.8 %	24,799	4.8 %	24,799	0.28
Expenses related to business combinations	—	— %	—	— %	—	—
Adjustment for income tax effect	—	— %	—	— %	(14,097)	(0.16)
Total	\$ 464,575	91.2 %	\$ 202,933	39.8 %	\$ 161,763	\$ 1.85
non-GAAP						

¹

Diluted weighted average shares were 87,431.

32

Table of Contents

87,192.

ANSYS, INC. AND SUBSIDIARIES						
Reconciliations of GAAP to Non-GAAP Measures						
(Unaudited)						
Six Months Ended						
June 30, 2024						
<i>(in thousands, except percentages and per share data)</i>	Gross Profit	% of Revenue	Operating Income	% of Revenue	Net Income	EPS - Diluted:
Total GAAP	\$ 922,721	87.0 %	\$ 200,755	18.9 %	\$ 164,812	\$ 1.88
Stock-based compensation expense	7,025	0.7 %	125,554	11.8 %	125,554	1.43
Excess payroll taxes related to stock-based awards	426	— %	6,725	0.7 %	6,725	0.08
Amortization of intangible assets from acquisitions	44,869	4.2 %	57,134	5.4 %	57,134	0.65
Expenses related to business combinations	—	— %	26,670	2.5 %	26,670	0.30
Adjustment for income tax effect	—	— %	—	— %	(39,697)	(0.45)
Total non-GAAP	\$ 975,041	91.9 %	\$ 416,838	39.3 %	\$ 341,198	\$ 3.89

¹ Diluted weighted average shares were 87,779.

Six Months Ended

June 30, 2023						
(in thousands, except percentages and per share data)	Gross Profit	% of Revenue	Operating Income	% of Revenue	Net Income	EPS - Diluted ¹
Total GAAP	\$ 870,054	86.5 %	\$ 223,319	22.2 %	\$ 170,148	\$ 1.95
Stock-based compensation expense	6,356	0.6 %	100,472	10.0 %	100,472	1.14
Excess payroll taxes related to stock-based awards	300	— %	5,029	0.5 %	5,029	0.06
Amortization of intangible assets from acquisitions	39,697	4.0 %	50,348	5.0 %	50,348	0.58
Expenses related to business combinations	—	— %	4,293	0.4 %	4,293	0.05
Adjustment for income tax effect	—	— %	—	— %	(29,196)	(0.33)
Total non-GAAP	<u>\$ 916,407</u>	<u>91.1 %</u>	<u>\$ 383,461</u>	<u>38.1 %</u>	<u>\$ 301,094</u>	<u>\$ 3.45</u>

¹ Diluted weighted average shares were 87,312.

We use non-GAAP financial measures (a) to evaluate our historical and prospective financial performance as well as our performance relative to our peers. While we believe that these non-GAAP financial measures provide useful supplemental information to investors, there are limitations as to the usefulness of these non-GAAP financial measures. The adjustments to these non-GAAP financial measures, and the basis for such adjustments, are outlined below:

Amortization of intangible assets from acquisitions. We incur amortization of intangible assets, included in our GAAP presentation of

Stock-based compensation expense. We incur expense related to stock-based compensation included in our GAAP presentation of cost of ma

33

[Table of Contents](#)

Expenses related to business combinations. We incur expenses for professional services rendered in connection with business combinatio

Non-GAAP tax provision. We utilize a normalized non-GAAP annual effective tax rate (AETR) to calculate non-GAAP measures. This methodo

Non-GAAP financial measures are not in accordance with, or an alternative for, GAAP. Our non-GAAP financial measures are not meant to

We have provided a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures as listed

GAAP Reporting Measure	Non-GAAP Reporting Measure
Gross Profit	Non-GAAP Gross Profit
Gross Profit Margin	Non-GAAP Gross Profit Margin
Operating Income	Non-GAAP Operating Income
Operating Profit Margin	Non-GAAP Operating Profit Margin
Net Income	Non-GAAP Net Income
Diluted Earnings Per Share	Non-GAAP Diluted Earnings Per Share

GAAP Reporting Measure

Gross Profit
Gross Profit Margin
Operating Income
Operating Profit Margin
Net Income
Diluted Earnings Per Share

Non-GAAP Reporting Measure

Non-GAAP Gross Profit
Non-GAAP Gross Profit Margin
Non-GAAP Operating Income
Non-GAAP Operating Profit Margin
Non-GAAP Net Income
Non-GAAP Diluted Earnings Per Share

Constant currency. In addition to the non-GAAP financial measures detailed above, we use constant currency results for financial and o

34

[Table of Contents](#)

Liquidity and Capital Resources

(in thousands, except percentages)	Change		Amount	%
	March 31,	December 31,		
	2024	2023		
Cash, cash equivalents and short-term investments	\$ 1,070,609	\$ 860,390	\$ 210,219	24.4
Working capital	\$ 1,274,597	\$ 1,160,273	\$ 114,324	9.9

(in thousands, except percentages)	June 30,		December 31,		Change	
	2024		2023		Amount	%
	2024	2023	2023	2024		
Cash, cash equivalents and short-term investments	\$ 1,119,272	\$ 860,390	\$ 258,882	30.1		
Working capital	\$ 1,383,082	\$ 1,160,273	\$ 222,809	19.2		

Cash, Cash Equivalents and Short-Term Investments

Cash and cash equivalents consist primarily of highly liquid investments such as money market funds and deposits held at major banks.

(in thousands, except percentages)	March 31,	% of Total	December 31,	% of Total
	2024		2023	
	2024	2023	2023	2024
Domestic	\$ 670,428	62.6	\$ 529,092	61.5
Foreign	400,181	37.4	331,298	38.5
Total	\$ 1,070,609	\$ 860,390		

(in thousands, except percentages)	June 30,	December 31,		% of Total
	2024	% of Total	2023	
	2024	2023	2023	2024
Domestic	\$ 700,837	62.6	\$ 529,092	61.5
Foreign	418,435	37.4	331,298	38.5
Total	\$ 1,119,272		\$ 860,390	

In general, it is our intention to permanently reinvest all earnings in excess of previously taxed amounts. Substantially all of the p
The amount of cash, cash equivalents and short-term investments held by foreign subsidiaries is subject to translation adjustments cau

Cash Flows from Operating Activities

(in thousands, except percentages)	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
	2024	2023	2023	2024
Net cash provided by operating activities	\$ 282,817	\$ 260,766	\$ 22,051	8.5

(in thousands, except percentages)	Six Months Ended June 30,		Change	
	2024	2023	Amount	%
	2024	2023	2023	2024
Net cash provided by operating activities	\$ 363,530	\$ 323,632	\$ 39,898	12.3

Net cash provided by operating activities increased during the **threesix** months ended **March 31, 2024** **June 30, 2024** compared to the **thre**
payments, as compared to the **threesix** months ended **March 31, 2023** **June 30, 2023**.

Cash Flows from Investing Activities

(in thousands, except percentages)	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
	2024	2023	2023	2024
Net cash used in investing activities	\$ (34,436)	\$ (128,390)	\$ 93,954	73.2

(in thousands, except percentages)	Six Months Ended June 30,		Change	
	2024	2023	Amount	%
Net cash used in investing activities	\$ (49,375)	\$ (215,627)	\$ 166,252	77.1

Net cash used in investing activities decreased by **\$94.0 million** during the **three** months ended **March 31, 2024** **June 30, 2023** due to decreased acquisition-related net cash outlays of **\$120.6 million**, partially offset by increased **\$20.0 million** and capital expenditures of **\$3.7 million**.

35

[Table of Contents](#)

Cash Flows from Financing Activities

(in thousands, except percentages)	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
Net cash used in financing activities	\$ (54,643)	\$ (240,828)	\$ 186,185	77.3

(in thousands, except percentages)	Six Months Ended June 30,		Change	
	2024	2023	Amount	%
Net cash used in financing activities	\$ (69,183)	\$ (244,021)	\$ 174,838	71.6

Net cash used in financing activities decreased during the **three** months ended **March 31, 2024** **June 30, 2024** compared to the **three**

Other Cash Flow Information

On June 30, 2022, we entered into a credit agreement (as amended, the 2022 Credit Agreement) with PNC Bank, National Association as ad As of **March 31, 2024** **June 30, 2024**, the carrying value of our term loan was \$754.0 million, with no principal payments due in the next On September 29, 2023, the 2022 Credit Agreement was amended to provide for an interest rate adjustment (Sustainability Rate Adjustmen The rate in effect for the **second** quarter of 2024 under the 2022 Credit Agreement is **6.23%**.

We previously entered into operating lease commitments, primarily for our domestic and international offices. The commitments related There were no share repurchases in the first **quarter** of 2024. For the **three** months ended **March 31, 2023** **June 30, 2023**, 650 thou: **2024** **June 30, 2024**, 1.1 million shares remained available for repurchase under the program.

We continue to generate positive cash flows from operating activities and believe that the best uses of our excess cash are to invest We believe that existing cash and cash equivalent balances, together with cash generated from operations and access to our \$500.0 mill

Contractual and Other Obligations

On December 5, 2023, we entered into an agreement to make a strategic equity investment in Humanetics in the amount of \$300.0 million, There were no other material changes to our significant contractual and other obligations during the **three** months ended **March 31, 2**

36

[Table of Contents](#)

Critical Accounting Estimates

During the first quarter of 2024, we completed the annual impairment test for goodwill and the indefinite-lived intangible asset and d No significant changes have occurred to our critical accounting estimates as previously reported within "Management's Discussion and A

37

[Table of Contents](#)

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Risk. As we operate in international regions, a portion of our revenue, expenses, cash, accounts receivable and accounts payable are denominated in currencies other than the U.S. Dollar. We are exposed to foreign currency risk on our cash and cash equivalents, accounts receivable, accounts payable and certain of our operating expenses. With respect to revenue, on average for the quarter ended **March 31, 2024** **June 30, 2024**, the U.S. Dollar was **2.0%** **4.3%** stronger, when measured against **March 31, 2024** **June 30, 2024**. Amounts in parenthesis indicate a net adverse impact from currency fluctuations.

(in thousands)	Three Months Ended March 31, 2024
Japanese Yen	\$ (4,289)
South Korean Won	(955)
Euro	1,206
Other	135
Total	\$ (3,903)

(in thousands)	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Japanese Yen	\$ (6,669)	\$ (10,958)
South Korean Won	(1,314)	(2,269)
Euro	(1,102)	104
Other	(721)	(586)
Total	\$ (9,806)	\$ (13,709)

The impacts from currency fluctuations resulted in decreased operating income of **\$3.4 million** **\$6.7 million** and **\$10.1 million** for the **th** **June 30, 2023**, respectively.

A hypothetical 10% strengthening in the U.S. Dollar against other currencies would have decreased our revenue by **\$20.0 million** **\$23.1 million** **June 30, 2024**, respectively.

The most meaningful currency impacts on revenue and operating income are typically attributable to U.S. Dollar exchange rate changes as follows:

Period-End Exchange Rates		
As of	EUR/USD	USD/JPY
March 31, 2024	1.08	151
December 31, 2023	1.10	141
March 31, 2023	1.08	133

Average Exchange Rates		
Three Months Ended	EUR/USD	USD/JPY
March 31, 2024	1.09	148
March 31, 2023	1.07	132

As of	Period-End Exchange Rates	
	EUR/USD	USD/JPY
June 30, 2024	1.07	161
December 31, 2023	1.10	141
June 30, 2023	1.09	144

Three Months Ended	Average Exchange Rates	
	EUR/USD	USD/JPY
June 30, 2024	1.08	156
June 30, 2023	1.09	137

Six Months Ended	Average Exchange Rates	
	EUR/USD	USD/JPY

June 30, 2024	1.08	152
June 30, 2023	1.08	135

Interest Rate Risk. Changes in the overall level of interest rates affect the interest income that is generated from our cash, cash equivalents and marketable securities. As of June 30, 2024, we had \$12.2 million and \$24.6 million, respectively.

Cash and cash equivalents consist primarily of highly liquid investments such as money market funds and deposits held at major banks.

Our outstanding term loan borrowings of \$755.0 million as of March 31, 2024 June 30, 2024 accrue interest at a rate that is subject to change. On September 29, 2023, the 2022 Credit Agreement was amended to provide for an interest rate adjustment (Sustainability Rate Adjustment).

38

Table of Contents

Because interest rates applicable to the outstanding borrowings are variable, we are exposed to interest rate risk from changes in the market value of these assets. No other material change has occurred in our market risk subsequent to December 31, 2023.

39

Table of Contents

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As required by Rules 13a-15 and 15d-15 of the Exchange Act, we have evaluated, with the help of our internal audit function, the effectiveness of our disclosure controls and procedures as of June 30, 2024. We believe, based on our knowledge, that the financial statements and other financial information included in this report fairly present the financial position, results of operations and cash flows of the Company. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of future performance should not be relied upon as indications of future actual results.

Changes in Internal Control. There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2024.

40

Table of Contents

PART II ■ OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to various claims, investigations and legal and regulatory proceedings that arise in the ordinary course of business, including environmental, employment and other legal proceedings.

Item 1A. Risk Factors

We face a number of risks that could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Trading Arrangements

Table of Contents

Item 6. Exhibits

Exhibit No.	Exhibit
2.1	Agreement and Plan of Merger, dated as of January 15, 2024, by and among Synopsys, Inc., ANSYS, Inc. and ALTA Acquisition Corp. (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K, filed January 16, 2024, and incorporated herein by reference)
10.1	ANSYS, Inc. Tier Two Executive Severance Plan, dated January 1, 2024 (filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K, filed February 21, 2024, and incorporated herein by reference).
10.2	Transition Agreement between ANSYS, Inc. and Nicole Anasenes, dated February 15, 2024 (filed as Exhibit 10.27 to the Company's Annual Report on Form 10-K, filed February 21, 2024, and incorporated herein by reference)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Indicates management contract or compensatory plan, contract or arrangement.

Table of Contents

Exhibit No. Exhibit

31.1 [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
31.2 [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
32.1 [Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
32.2 [Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
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101.SCH Inline XBRL Taxonomy Extension Schema
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101.DEF Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB Inline XBRL Taxonomy Extension Label Linkbase
101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase
104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf

ANSYS, Inc.		
Date:	May 1, 2024	By: /s/
		Ajei S. Gopal
Ajei S. Gopal		
President and Chief Executive Officer		
(Principal Executive Officer)		
Date:	May 1, 2024	By: /s/
		Rachel Pyles
Rachel Pyles		
Chief Financial Officer and Senior Vice President of Finance		
(Principal Financial Officer)		

43

ANSYS, Inc.

Date: July 31, 2024	By: <u>/s/ Ajei S. Gopal</u>
	Ajei S. Gopal
	President and Chief Executive Officer
	(Principal Executive Officer)
Date: July 31, 2024	By: <u>/s/ Rachel Pyles</u>
	Rachel Pyles
	Chief Financial Officer and Senior Vice President of Finance
	(Principal Financial Officer)

48

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Ajei S. Gopal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ANSYS, Inc. ("Ansys");
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. Ansys' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e)) and we 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 Ansys' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, as of the end of the period covered by this report;
 - d. Disclosed in this report any change in Ansys' internal control over financial reporting that occurred during Ansys' most recent fiscal quarter, including any significant deficiencies in such controls;

5. Ansys' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting:

 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting;
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in Ansys' internal control over financial reporting.

Date: May 1, 2024 /s/ Ajei S. Gopal
Ajei S. Gopal
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 31, 2024

/s/ Ajei S. Gopal
Ajei S. Gopal
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Rachel Pyles, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ANSYS, Inc. ("Ansys");
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. Ansys' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e)) and we 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 Ansys' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of such controls and procedures, as of the end of the period covered by this report;
 - d. Disclosed in this report any change in Ansys' internal control over financial reporting that occurred during Ansys' most recent fiscal quarter, including any significant deficiencies in such controls;

5. Ansys' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting:

 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting;
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in Ansys' internal control over financial reporting.

Date: May 1, 2024 /s/ Rachel Pyles
Rachel Pyles

Chief Financial Officer and Senior Vice President of Finance
(Principal Financial Officer)

Date: July 31, 2024

/s/ *Rachel Pyles*

Rachel Pyles

Chief Financial Officer and Senior Vice President of Finance
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ANSYS, Inc. (the "Company") on Form 10-Q for the quarter ended **March 31, 2024** **June 30, 2024**

- (1) The Report fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of

This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act

/s/
Ajei S. Gopal
Ajei S. Gopal
President and Chief Executive Officer
(Principal Executive Officer)
May 1, 2024

/s/ *Ajei S. Gopal*
Ajei S. Gopal
President and Chief Executive Officer
(Principal Executive Officer)
July 31, 2024

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ANSYS, Inc. (the "Company") on Form 10-Q for the quarter ended **March 31, 2024** **June 30, 2024**

- (1) The Report fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of

This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act

/s/
Rachel Pyles
Rachel Pyles
Chief Financial Officer and Senior Vice President of Finance
(Principal Financial Officer)
May 1, 2024

{graphic omitted}
{graphic omitted}

/s/ Rachel Pyles
Rachel Pyles
Chief Financial Officer and Senior Vice President of Finance
(Principal Financial Officer)
July 31, 2024

DISCLAIMER

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